



**Australian Government**  
**Anti-Dumping Commission**

Application for the publication of  
dumping and/or  
countervailing duty notices

**ROD IN COILS**  
exported from  
The People's Republic of  
China

June 2015

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APPLICATION UNDER SECTION 269TB OF THE *CUSTOMS ACT*  
1901 FOR THE PUBLICATION OF DUMPING AND/OR  
COUNTERVAILING DUTY NOTICES

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## DECLARATION

I request, in accordance with Section 269TB of the Customs Act 1901, that the Minister publishes 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

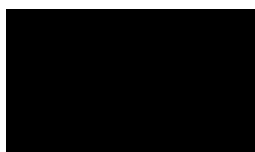
This application is made on behalf of the Australian industry producing like goods to the imported goods the subject of this application. The application is supported by Australian producers whose collective output comprises:

- 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: Matt Condon  
Position: Manager, Trade Development  
Company: OneSteel Manufacturing Pty Ltd  
ABN: 42 004 651 325  
Date:

## IMPORTANT INFORMATION

### Signature requirements

Where the application is made:

*By a company* - the application must be signed by a director, servant or agent acting with the authority of the body corporate.

*By a joint venture* - a director, servant, agent of each joint venturer must sign the application. Where a joint venturer is not a company, the principal of that joint venturer must sign the application form.

*On behalf of a trust* - a trustee of the trust must sign the application.

*By a sole trader* - the sole trader must sign the application.

*In any other case* - contact the Commission's Client support section for advice.

### Assistance with the application

The Anti-Dumping Commission has published guidelines to assist applicants with the completion of this application. Please refer to the following guidelines for additional information on completing this application:

- *Instructions and Guidelines for applicants: Application for the publication of dumping and or countervailing duty notices*
- *Instructions and Guidelines for applicants: Examination of a formally lodged application*

The Commission's client support section can provide information about dumping and countervailing procedures and the information required by the application form. Contact the team on:

**Phone:** 1300 884 159

**Fax:** 1300 882 506

**Email:** [clientsupport@adcommission.gov.au](mailto:clientsupport@adcommission.gov.au)

Other information is available from the Commission's website at [www.adcommission.gov.au](http://www.adcommission.gov.au).

Small and medium enterprises (i.e., those with up to 200 employees) may obtain assistance, at no charge, from the International Trade Remedies Adviser, employed by Australian Industry Group and funded by the Australian government. To access this service, visit [www.aigroup.com.au/traderemedies](http://www.aigroup.com.au/traderemedies) or telephone (03) 9867 0267.

### Important information

To initiate an investigation into dumping and/or subsidisation, the Commission 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 the Commission 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.

The Commission 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 the Commission.

The application form requests data over several periods ( $P^1$ ,  $P^2$ ... $P^n$ ) to evaluate industry trends and to correlate injury with dumped imports. The labels  $P^1$ ... $P^n$  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, the Commission 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 verification visit, the Commission will examine company records and obtain copies of documents relating to the manufacture and sale of the goods.

<b>Appendices</b>	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 organisation chart. To facilitate reference, the chart should be labelled <u>Attachment A2.2</u> . If a second organisation chart is provided in response to the same question, it should be labelled <u>Attachment A2.2.2</u> (the first would be labelled <u>Attachment A2.2.1</u> ).
<b>Provision of data</b>	<p>Industry financial data must, wherever possible, be submitted in an electronic format.</p> <ul style="list-style-type: none"> <li>• The data should be submitted on a media format compatible with Microsoft Windows.</li> <li>• Microsoft Excel, or an Excel compatible format, is required.</li> <li>• If the data cannot be presented electronically please contact the Commission's client support section for advice.</li> </ul>
<b>Lodgement of the application</b>	<p>This application, together with the supporting evidence, should be lodged with:</p> <p style="padding-left: 40px;">The National Manager - Operations Anti-Dumping Commission Level 35, 55 Collins Street MELBOURNE VIC 3000</p> <p style="padding-left: 40px;">or</p> <p style="padding-left: 40px;">Sent by facsimile to <b>1300 882 506</b></p>
<b>Public Record</b>	<p>During an investigation all interested parties are given the opportunity to defend their interests, by making a submission. The Commission maintains a public record of these submissions. The public record is available on the Commission's website at <a href="http://www.adcommission.gov.au">www.adcommission.gov.au</a>.</p> <p>At the time of making the application both a confidential version (for official use only) and non-confidential version (public record) of the application <u>must</u> be submitted. Please ensure each page of the application is clearly marked "FOR OFFICIAL USE ONLY" or "PUBLIC RECORD". The non-confidential application should enable a reasonable understanding of the substance of the information submitted in confidence, clearly showing the reasons for seeking the conduct of a dumping and/or subsidy investigation, or, if those reasons cannot be summarised, a statement of reasons why summarisation is not possible. If you cannot provide a non-confidential version, contact the Commission's client support section for advice.</p>

# 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.

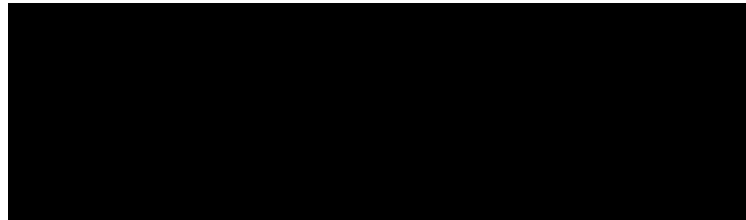
For advice about completing this part please contact the Commission's client support section on:

**Phone:** 1300 884 159  
**Fax:** 1300 882 506  
**Email:** [clientsupport@adcommission.gov.au](mailto:clientsupport@adcommission.gov.au)

**A-1 Identity and communication.**

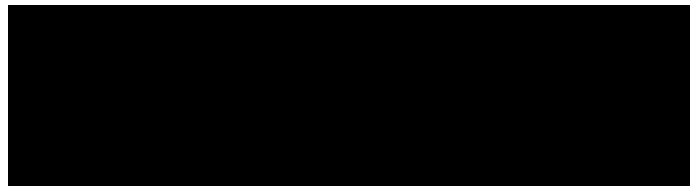
**Please nominate a person in your company for contact about the application:**

Contact Name:  
Company and position:  
Address:  
Telephone:  
Facsimile:  
E-mail address:  
ABN:



**Alternative contact**

Name:  
Position in the company:  
Address:  
Telephone:  
Facsimile:  
E-mail address:



**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.**

OneSteel Manufacturing Pty Ltd (ABN 42 004 651 325) ("OneSteel") is a proprietary company, and manufactures and sells like goods to the goods the subject of this application.

**[The remainder of this page has intentionally been left blank]**

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

An internal organisation chart for OneSteel forms CONFIDENTIAL ATTACHMENT A-2.2.1.

The like goods are produced within the Arrium Steel division of the organisation identified in CONFIDENTIAL ATTACHMENT A-2.2.1.

██████████" [group]

The "██████████" business group within the "██████████" sub-division identified in CONFIDENTIAL ATTACHMENT A-2.2.1, appears in CONFIDENTIAL ATTACHMENT A-2.2.2, specifically the "██████████" is responsible for ██████████ production for use in the production of like goods (refer section A-3.6, below).

██████████" [group]

The "██████████" business group within the Arrium Steel Division identified in CONFIDENTIAL ATTACHMENT A-2.2.1, appears in CONFIDENTIAL ATTACHMENT A-2.2.3 and CONFIDENTIAL ATTACHMENT A-2.2.4 specifically the "██████████" is responsible for ██████████ production for use in ██████████ in Laverton (Victoria), and Newcastle (NSW). The "██████████" via the "██████████" sub-division is responsible for rod in coil production in Newcastle (refer CONFIDENTIAL ATTACHMENT A-2.2.4).

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

OneSteel is a wholly owned subsidiary of Arrium Limited (ABN 63 004 410 833).

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

Arrium Limited is a publicly listed company on the Australian Stock Exchange (ASX: ARI). Major shareholders within the Arrium Limited group of companies are disclosed in the company's annual report which forms NON-CONFIDENTIAL ATTACHMENT A-2.4 (at p. 128).

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

Arrium Limited is not a subsidiary of any other company.

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).**

Full details of controlled entities within the Arrium Limited group of companies are disclosed in the company's annual report (NON-CONFIDENTIAL ATTACHMENT A-2.4 (at pp. 110 - 112)).

A diagram identifying a subset of associated or affiliated companies to OneSteel; and relevant to this application; is included at CONFIDENTIAL ATTACHMENT A-2.6.

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

Corporate allocations are made to OneSteel by Arrium Limited in the form of corporate charges (for shared services, etc). The allocations have been included in confidential appendices A6.1 and A6.2.

Specifically, an allocation of Arrium Limited's ██████████ have been allocated to appendices A6.1 and A6.2 (██████████ item under 'selling, distribution & administration' costs) in proportion to ██████████ of each division within Arrium Limited (refer section A-2.2, above), CONFIDENTIAL ATTACHMENT A-2.7.1 refers.



Under the [REDACTED] item in 'selling, distribution & administration' costs the following corporate allocations have been charged to OneSteel by Arrium Limited:

- [REDACTED]

The allocation methodology for corporate overhead expenses follows an approach proportionate to the subsidiary's benefit from the expense. This can be demonstrated at verification.

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

In relation to the goods the subject of this application, the applicant has no commercial relationship with the manufacturers or exporters to Australia, or Australian importers, of the goods exported from China.

**9. Provide a copy of all annual reports applicable to the data supplied in Appendix A3 (Sales Turnover). Any relevant brochures or pamphlets on your business activities should also be supplied.**

Arrium Limited's annual report for financial year (FY) 2014 forms NON-CONFIDENTIAL ATTACHMENT A-2.4. Copies of earlier annual reports are available from the company's website at [www.arrium.com/investor-centre/reports-presentations](http://www.arrium.com/investor-centre/reports-presentations).

The most relevant current brochures concerning the like goods, produced by the applicant, are:

- *Product & Availability Guide: Rods* (CONFIDENTIAL ATTACHMENT A-2.9.1); and
- *Rod and Bar Steels Grade Information Sheet* (CONFIDENTIAL ATTACHMENT A-2.9.2)

**10. Provide details of any relevant industry association.**

Arrium is a member of the Australian Industry Group, the Australian Steel Institute, the Bureau of Steel Manufacturers of Australia and the South East Asian Iron & Steel Institute.

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**A-3 The imported and locally produced goods.****1. Fully describe the imported product(s) the subject of your application:**

- Include physical, technical or other properties.
- Where the application covers a range of products, list this information for each make and model in the range.
- Supply technical documentation where appropriate.

Goods the subject of the application

The goods the subject of this application (the goods) is:

*Hot rolled rods in coils of steel, whether or not containing alloys, that have maximum cross sections that are less than 14 mm.*

The goods covered by this application include all steel rods meeting the above description of the goods regardless of the particular grade or alloy content.

Goods excluded from this application include hot-rolled deformed steel reinforcing bar in coil form, commonly identified as rebar or debar, and stainless steel in coils.

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

Imports of the goods described above are typically, but not exclusively classified under the following tariff classifications and statistical codes:

Product	Tariff Classification (statistical code)	Rate	DCS	DCT
Rod in coils – Non Alloy (≤14 mm in diameter)	7213.91.00 (44)	5%	Free	Free
Rod in coil – Other Alloy (Other)	7227.90.90 (42)*	5%	Free	Free
Rod in coils – Other Alloy (≤14 mm in diameter)	7227.90.90 (02)**	5%	Free	Free

\* Operative until 31 December 2014.

\*\* Operative since 1 January 2015.

Extracts from Schedule 3 of the *Customs Tariff Act 1995* for codes contained in the above table is enclosed at NON-CONFIDENTIAL ATTACHMENT A-3.2.1 and A-3.2.2.

China is designated a DCS country for the goods the subject of this application.

**[The remainder of this page has been left intentionally blank]**

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

- Include physical, technical or other properties.
- Where the application covers a range of products, list this information for each make and model in the range.
- Supply technical documentation where appropriate.
- 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.

Rod in coils, also known as "wire rod" is sold into the Australian market typically in a range of diameters from 5.5mm to 18.5mm. Whilst rod is typically circular in cross section, it can also be supplied in a range of non-circular shapes. This application only includes rods with a cross section of less than 14mm and excludes products 14mm and above.

The rod in coils that are the subject of this application are sold in a range of grades that include low, medium and high carbon grades, whether or not containing alloys.

Table A-3.3.1, below, summarises the diameter range across the most popular customer grades for the like goods produced by the Australian industry.

Diameter (mm)	Customer Grade	Tolerance (mm)	Mass/m
5.5		+/- 0.40	0.187
5.5		+/- 0.40	0.187
6.0		+/- 0.40	0.222
6.5		+/- 0.40	0.260
7.5		+/- 0.40	0.347
8.5		+/- 0.40	0.445
9.5		+/- 0.40	0.556
10.0		+/- 0.40	0.617
10.5		+/- 0.40	0.680
12.0		+/- 0.40	0.888
13.5		+/- 0.40	1.120

Table A-3.3.1 Physical specifications of most popular customer grades of like goods produced by the Australian industry (Source: CONFIDENTIAL ATTACHMENT A-2.9.2.)

The customer grades are determined by the billet grade used. Table A-3.3.2, below, summarises the billet grades used for each of the most popular customer grades sold by the Australian industry.

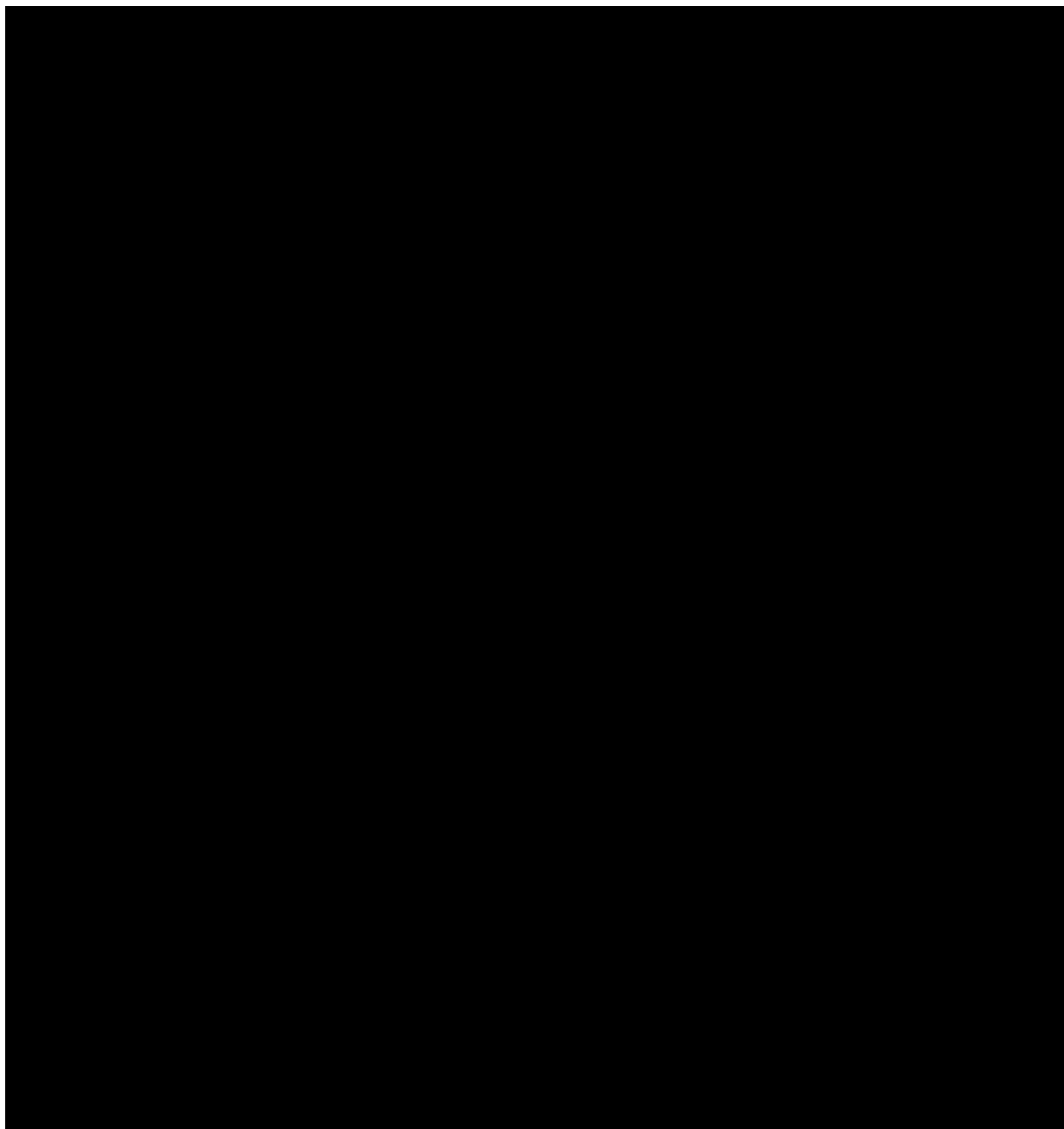
Billet feed	Customer Grade	Billet Grade (as per source)

Table A-3.3.2 OneSteel Customer grades as per billet source name conventions

The Australian industry manufactures equivalent goods to the imported goods the subject of this application across the entire diameter range produced by the Australian industry. The imported goods the subject of this application are also produced to the same billet grades produced by the applicant Australian industry. The billet grades used by the Australian industry are in accordance with the specifications set by AS 1442:1992 *Carbon Steels and Carbon Manganese Steels – Hot Rolled Bars and Semifinished Products*. The imported goods the subject of this application are produced from billet grades meeting the equivalent international standards, including but not confined to the Chinese Standard GB/T 701-2008.

A comparison of the Australian billet grades specified in AS 1442:1992 or customer requirements and the equivalent international standards to which billet used for the production of the imported goods are reproduced in table A-3.3.3, below.

*[The whole of Table A-3.3.3 is confidential]*



*Table A-3.3.3 Comparison of billet grades across Australian and equivalent international standards of billet used in the production of the imported goods the subject of this application*

Therefore, it is the Australian industry's contention that the imported goods are produced both to the same diameter and using equivalent billet grades to the like goods produced by the applicant Australian industry.

Alloyed or non-alloyed low carbon rod is typically used as a feed material for general reinforcing mesh applications and plain wire fencing. Alloyed or non-alloyed medium and high carbon rods are drawn into manufacturing feed wires for products such as wire ropes, springs and high tensile wire for fencing.

The weight of the coils supplied varies depending on the customer's requirements but are typically in the range of 1 to 2 tonnes.

OneSteel is the only Australian producer of rod in coils and manufactures equivalent goods to the imported rod in coils.

OneSteel manufactures rod in coils in a range of grades and diameters at its manufacturing facilities in Laverton in Victoria and Newcastle in NSW.

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

OneSteel considers that the imported rod in coils possess the same essential characteristics as locally produced rod in coils.

i. Physical likeness:

OneSteel's locally produced rod in coils and the imported goods are manufactured to the requirements of the Australian and International Standards for the applicable end-use, and are alike in physical appearance. The imported and locally produced rod in coils are manufactured in a range of grades and diameters.

ii. Commercial likeness:

OneSteel's locally produced rod in coils compete directly with imported rod in coils in the Australian market.

iii. Functional likeness

Both the locally produced and imported rod in coils have comparable or identical end-uses.

iv. Production likeness

The rod in coils manufactured by OneSteel are manufactured in a similar manner and via similar manufacturing processes to the imported goods.

On the basis of the foregoing it can be concluded that the rod in coils manufactured by OneSteel, while not identical, possesses characteristics closely resembling the imported goods.

As at the date of this application, OneSteel considers that locally produced rod in coils continue to have characteristics that closely resemble the imported goods.

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

The ANZSIC code applicable to rod in coils is category 2110 for **Iron Smelting and Steel Manufacturing**.

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

The rod in coils manufacturing process may be summarised as follows:

- The raw material feed is steel billet which is supplied from the [REDACTED] steel works. The source of iron from [REDACTED] steelworks is scrap metal, whereas from [REDACTED], it is iron ore;
- The billet is loaded into the reheat furnace and heated to approximately 1,300°C;
- The heated billet passes through a series of rolling stands;
- As the billet passes through each stand it gradually reduces in size and changes shape from a square section to a circular section.
- At the end of the rolling line, the wire rod is cooled and then formed into coils; and
- The rod in coils product is then tagged and strapped and transported to storage or despatched to customers.

Please refer to CONFIDENTIAL ATTACHMENT A-3.6 for a diagram of the rod in coils production process.

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).

OneSteel uses [REDACTED] to produce billets supplied by the [REDACTED] business and produces billets at [REDACTED], from [REDACTED].

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

Rod in coils is not a close processed agricultural product.

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

As indicated above OneSteel is the sole Australian producer of like goods to the goods the subject of this application.

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## A-4 The Australian market.

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

Hot rolled rod in coils of steel with cross sections that are less than 14 mm are a semi-finished intermediate feed material that is generally further processed by cold drawing<sup>1</sup> through a die to produce a wire. Wire drawn from rod is used in a variety of applications across a range of sectors of the Australian economy including, but not limited to:

- Reinforcing mesh manufacturing;
- Wire manufacturing;
- Mine mesh manufacturing;
- General manufacturing; and
- Reinforcing ligatures.

Reinforcing mesh is used in combination with concrete to produce 'reinforced concrete' in the residential, commercial and engineering construction industries. The rod for this application is predominately a low carbon rod that may or may not contain alloys.

Reinforcing ligatures are an end use that does not require the rod to be further drawn. These are typically square, rectangular and circular shapes made from rod. Common uses of ligatures are to separate mesh sheets or to assist in forming reinforcing bar cages.

The wire manufacturing industry draws low, medium and high carbon rods (that may or may not contain alloys), to meet the needs of a broad wire industry. Key segments in the wire industry include rural wires, manufacturer's wire (e.g. welded mesh, chain mesh, springs, nails etc), steel in concrete wires and feed wire for wire rope and strand products.

Rod in coils sold to the automotive market for spring manufacture is typically sold in diameters that are 14mm or greater and as such are not likely to be impacted by this application.

The locally produced and imported goods are interchangeable across the range of major market segments identified above.

### 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.

#### Australian market and sources of product demand

For the purposes of this application, the size of the Australian market for rod in coils includes both the sales of rod in coils by the Australian industry to unrelated, third-party downstream fabricators of finished product, and the sale of like goods to the Australian industry's related party customers, as intermediate product who then further fabricate it into finished product. This approach is consistent with the Commission's treatment of related party transactions and was most recently applied with regard to the circumstances of the Australian industry in *Dumping Investigation No. 240*.

Although, the Australian industry accounts for the size of the Australian rod in coils market in terms of the external market - that is, sales of rod in coils to downstream, unrelated/third party, fabricator customers – the Australian industry does acknowledge the Commission's reason for

<sup>1</sup> Drawing refers to the further reduction in diameter



consolidating the market in order to measure the level of material injury being suffered, especially value and price injury. However, the Australian industry submits that the consolidated view of the Australian market is best used by the Commission to compare variations and trends in the Australian industry's market size and share across the injury analysis period.

By way of comparison, in the April 2014 to March 2015 period, the [REDACTED] Australian market for rod in coils, as a commodity, intermediate raw material used in downstream fabrication, sold to unrelated/third party customers by the Australian industry and exporters was [REDACTED] tonnes. Of this volume:

- the Australian industry sold [REDACTED] tonnes;
- exporters of dumped imports (not including Indonesia and Taiwan) accounted for [REDACTED] tonnes;
- dumped imports from Indonesia (including PT Ispat) and Taiwan accounted for [REDACTED] tonnes; and
- non-dumped imports (not including Indonesia) constituted [REDACTED] metric tonnes.

However, if the Australian industry's sales of rod in coils to its related, downstream, fabricator customers are also taken into account, then the size of the Australian market is increased by [REDACTED] tonnes across the same period, with a total market size of [REDACTED] tonnes.

As is observed in the latter sections of this application, the value and price of the Australian industry's sales are affected by the prices of dumped imports in both the 'contestable' Australian market, and sales to its related downstream fabricator customers. This is an observation shared by the Commission in *Dumping Investigation No. 240*.

Rod in coils is sold nationally with the majority of the volume sold in the eastern States of Queensland, New South Wales and Victoria.

#### Marketing and distribution

During the proposed investigation period, OneSteel sold the majority of the like goods to third-party/unrelated customers who used rod in coils to draw wire to feed reinforcing mesh machines. These customers include:

• [REDACTED]

[third-party (unrelated) reinforcing mesh manufacturer customer names]

A small percentage of the like goods are sold by OneSteel to third-party/unrelated general manufacturing or automotive industry customers who process the goods and like goods to manufacture components such as springs and include the following companies:

• [REDACTED]

[third-party (unrelated) manufacturing or automotive customer names]



#### Rod in coils distribution diagram

The Australian rod in coils market comprises a single Australian producer, exporters, importers and end-users that draw the rod into wire, and then process the wire further to make other products. The largest customer market segment is the reinforcing mesh manufacturers. *Diagram A-4.2*, below, illustrates the distribution of both Australian produced like goods and the imported goods the subject of this application:

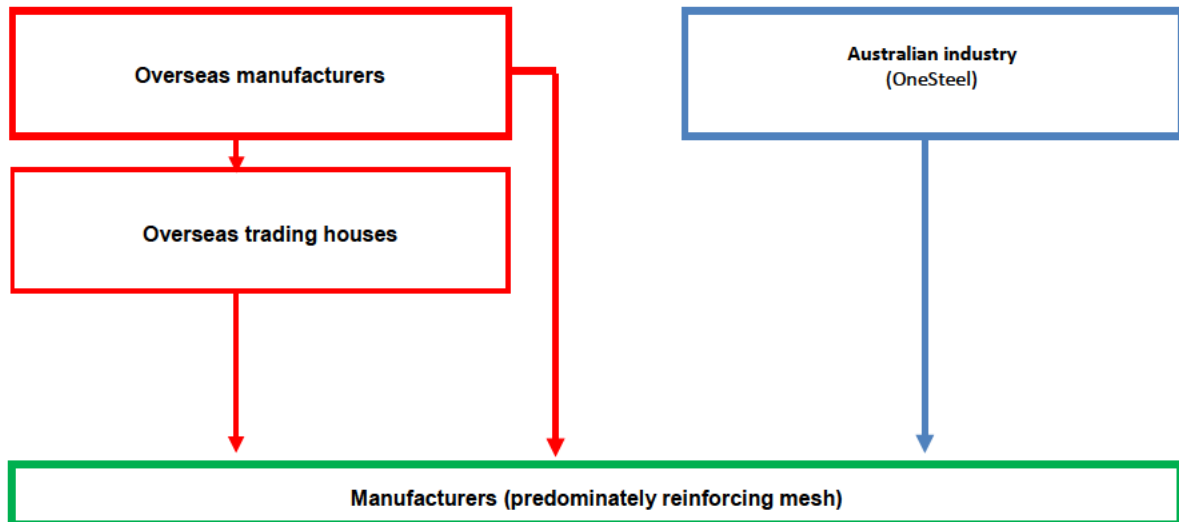


Diagram A-4.2 Rod in coils Australian market distribution diagram

#### Market Negotiations

OneSteel negotiates [REDACTED], based on the [REDACTED]

[REDACTED]. [price negotiation matters]

An extract of the Australian industry's [REDACTED] pricing model forms CONFIDENTIAL ATTACHMENT A-4.2.1

[REDACTED] [business strategy] It is in this manner that imported products, where dumped, directly cause material injury to the Australian industry in the form of price and value injury, as the Australian industry attempts to combat price undercutting by importers of dumped goods by responding with a reduction in price. This in turn aims to improve the company's overall profit performance. Therefore, unless the Australian industry responds to price undercutting by exporters of dumped goods, the Australian industry would suffer greater injury in terms of its net gain or loss position.

#### The way in which the imported and Australian product compete

The majority of unrelated/third-party rod in coils customers can purchase either from the Australian industry or from an import supply source. [REDACTED]

[REDACTED]. [price negotiation matters]

Given the commodity nature of the products (i.e. non-alloy or alloy, low carbon semi-finished products for reinforcing mesh), and the [REDACTED], customer negotiations are very price sensitive. OneSteel is obliged to respond to the alleged dumped price in order to secure sales volumes with rod in coils customers. That this in fact occurred is evidenced by CONFIDENTIAL ATTACHMENT A-4.2.1.

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

Rod in coils are commodity, intermediate goods used in downstream production, which typically first require drawing into wire. As such rod in coils have no commercially significant market substitutes.

**[The remainder of this page has been left blank intentionally]**

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

OneSteel has completed appendix A1 for the goods the subject of this application produced in Australia during the period 1 April 2014 to 31 March 2015. Please refer to appendix A1.

5. Complete appendix A2 (Australian market).

OneSteel has completed appendix A2 – Australian market for the period 2011/12 to 2013/14, and 12-months ending 31 March 2015, inclusive.

Please refer to appendix A2. OneSteel's sales data includes sales to related and independent customers.

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

*Indexed table of sales quantities\**

Period	(a) Your Sales	(b) Other Aust <sup>n</sup> Sales	(c) Total Aust <sup>n</sup> Sales (a+b)	(d1) Dumped Imports (China)	(d2) Dumped Imports (Indonesia) <sup>#</sup>	(e) Other Imports <sup>*</sup>	(f) Total Imports (d1+d2+e)	(g) Total Market (c+f)
FY 2012	100	n/a	100	100	100	100	100	100
FY 2013	93.1	n/a	93.1	161	154	113	136	96.4
FY 2014	93.4	n/a	93.4	15	222	78.5	158	98.4
12 month end 31 Mar 2015	102.7	n/a	102.7	2137	110	18	93	102.0

**Notes**

\* Includes dumped imports from Taiwan following *Dumping Investigation No. 240*

# Following *Dumping Investigation No. 240* (includes imports from [REDACTED])

1 Data source: [REDACTED] export data for Tariff Codes 721391 (non-alloy) and 722790 (alloy)  
Downloaded: 20/05/2015

Filters Applied: Where Price > A\$1,000/t, then excluded (nil exclusions apply to China)

Reason for filter: Data only available to 6-digit tariff code. Includes higher value products for automotive & engineering applications.

2 No export volumes for Tariff Codes 72279 (alloy) were found for sources other than China, NZ and USA (historic)

3 - Tariff Classification 7227 9090 (02) became the operative code for alloy rod in coils since 1 January 2015

- Actual imports from China were identified in the ABS import statistics for the period 1 January to 30 April 2015

[REDACTED] statistics for the period Dec 14 - Mar 15 are likely to include the imports identified in the ABS statistics for the period 1 January to 30 April 2015, then based on the comparison of volumes, there is an [REDACTED] of

Chinese exports under Tariff Code 722790 were declared as imports of Tariff Classification [REDACTED] in preceding periods

4 Chinese rod largely exported under the "alloy" classification (Chinese rebates apply for alloyed products)

The Australian industry's sales volume contracted by more than the total Australian market in FY 2013, and grew by less than the total Australian market in FY 2014. Across the injury analysis period, the growth in the Australian industry's sales volume only kept pace with the growth in the total Australian market (approximately (+)2% growth).

Over this time, the volume of dumped imports from sources other than China grew, fiscal period-on-period, until 31 March 2014, before declining between the April 2014 to March 2015 period. This corresponds with the initiation of *Dumping Investigation No. 240* on 10 April 2014.

On the other hand, dumped imports from China grew in FY 2013, then contracted in FY 2014. It was not until the initiation of *Dumping Investigation No. 240* on 10 April 2014, that the volume of dumped imports from China grew by over (+)2,100 index points in the April 2014 to March 2015 period.

All the volume gained by dumped imports from China was at the loss of volume imports from other sources, including dumped imports the subject of *Dumping Investigation No. 240*. In other words, although the Australian industry was able to, broadly, maintain its market share, it was unable to increase its market share as it lost sales volume to dumped imports, specifically, the transfer of sales volume from other imports.

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**A-5 Applicant's sales.****1. Complete appendix A3 (sales turnover).**

OneSteel has completed appendix A3 for all its sales of rod in coils to both related and third-party (unrelated) customers.

Please refer to appendix A3.

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

*Indexed table of Applicant's sales quantities*

Period	FY 2012	FY 2013	FY 2014	1 April 2014 - 31 March 2015
<b>All products</b>				
Australian market	100	95	91	98
Export market	100	59	110	71
<b>Total</b>	100	95	92	97
<b>Like goods</b>				
Australian market	100	93	93	103
Export market	100	121	47	51
<b>Total</b>	100	93	93	102

**Notes:**

1. Unless otherwise specified, years are fiscal periods, July to June
2. "All Products" includes all steel product sales by OneSteel Manufacturing
3. "Like Goods" includes goods the subject of this application

*Indexed table of Applicant's sales values*

Period	FY 2012	FY 2013	FY 2014	1 April 2014 - 31 March 2015
<b>All products</b>				
Australian market	100	92	89	93
Export market	100	66	116	75
<b>Total</b>	100	91	89	92
<b>Like goods</b>				
Australian market	100	91	92	99
Export market	100	115	59	55
<b>Total</b>	100	91	92	98

**Notes:**

1. Unless otherwise specified, years are fiscal periods, July to June
2. "All Products" includes all steel product sales by OneSteel Manufacturing
3. "Like Goods" includes goods the subject of this application

The Australian industry's total domestic sales value for the like goods declined across the injury analysis period. This reflects the impact of price undercutting by exporters of the dumped imports. It is observed that in the April 2014 to March 2015 period, an (-)8% decline in sales value in FY 2014 reversed. The reversal was in part due to the impact of:

- the Commission's initiation of *Dumping Investigation No. 240* on 10 April 2014, saw a reduction in the volume of dumped imports from Turkey, Taiwan and Indonesia;
- the Australian industry's continued practice of [REDACTED] (refer CONFIDENTIAL ATTACHMENT A-4.2.1) [price negotiation matters], meant that the Australian industry was able to partly mitigate the loss of sales volume by responding to the price undercutting offers made by suppliers of dumped imports.

Although the above factors helped stabilise overall sales revenue, they do not indicate a mitigation of material injury, but rather help to quantify it. If not for the dumped imports from China, the Australian industry should have been able to increase overall sales value, given its (+)3% increase in sales volume across the injury analysis period. However, instead of a (+)3% increase in sales revenue, the Australian industry has suffered a (-)1% decline, due in direct part to the price depression caused by the price undercutting by suppliers of the dumped imports exported from China.

**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.

OneSteel has completed appendix A5 for its sales of local production to related parties.

Please refer to appendix A5.

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

OneSteel has completed appendix A4, as an electronic attachments to this application.

For completeness, appendix A4 includes all sales of like goods, including export sales. Filters have been applied, so that they can be easily identified by the Commission for reconciliation purposes.

A summary of the like goods produced by the Australian industry, but product description and customer grade is produced at *table A-5.4.1*, below.

Low Carbon	0.05-0.3%C
Medium carbon	0.3-0.6%C
High carbon	>0.6%C

**Table A-5.4.1 Summary of range of products that like goods produced by the Australian industry**

It is important to note that notwithstanding the range of products produced by the Australian industry, the majority of sales (over 80% by volume) relate to six customer grades, as indicated in *Figure A-5.4.2*, below.

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[The whole of *Figure A-5.4.2*, below is confidential]



**Figure A-5.4.2** *Percentage distribution of customer grades by sales volume*  
(CONFIDENTIAL ATTACHMENT A-5.4.1)

Please refer to appendix A4.

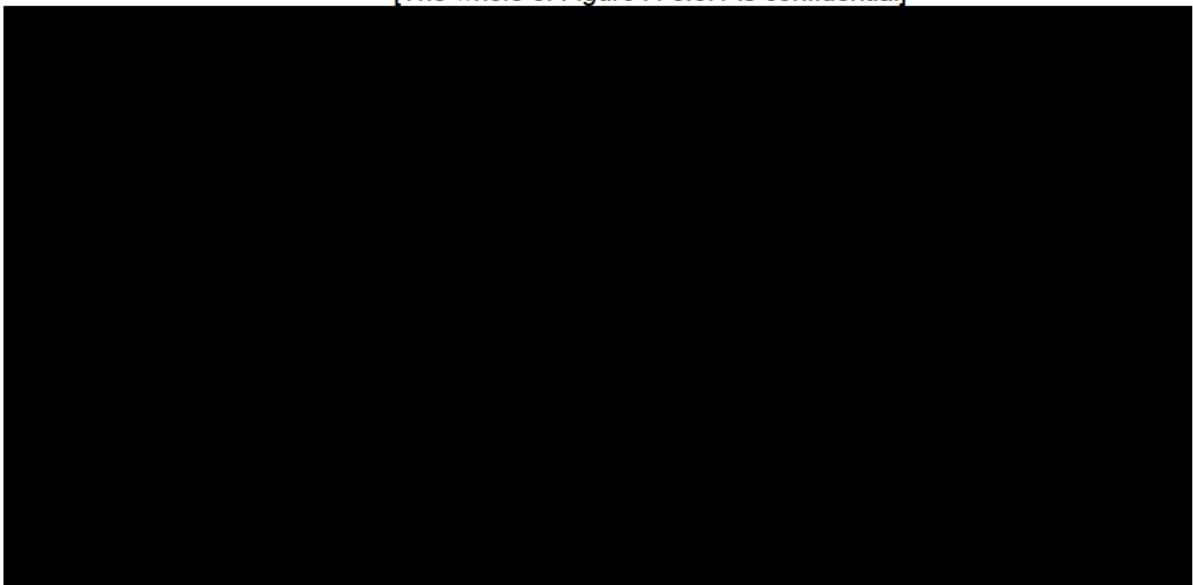
5. If any of the customers listed at appendix A4 (domestic sales) are associated with your business, provide details of the association. Describe the price effect of the association.

Related party sales in appendix A4 are readily identified by reference to the "level of trade" column in the attached worksheets.

The applicant has assessed the price effect of sales to associated/related parties, [REDACTED]

This is illustrated in an analysis of appendix A4 data for all the applicant's customers contained in *Figure A-5.5.1* below.

[The whole of *Figure A-5.5.1* is confidential]



**Figure A-5.5.1** *Ranking of average (net) sales price to related and unrelated customers of like goods during the period 1 April 2014 to 31 March 2015 (Source: appendix A4)*

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

OneSteel has included copies of supply agreements with [REDACTED]  
[third-party customer names] Please refer to CONFIDENTIAL ATTACHMENT A-5.6.



**7. Provide copies of any price lists.**

Current customer price lists have been included at CONFIDENTIAL ATTACHMENT A-5.7.1.

OneSteel has also included a copy of its Transport Delivery Guide for Steel in Concrete products (including rod in coils) effective from 1 February 2013 (CONFIDENTIAL ATTACHMENT A-5.7.2).

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

Relevant details have been included in appendix A4.

**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.**

OneSteel has included complete sets of commercial documentation for two sales in each quarter across the period, 12-months ending 30 June 2015. Please refer to CONFIDENTIAL ATTACHMENT A-5.9.

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**A-6 General accounting/administration information.****1. Specify your accounting period.**

OneSteel's financial year is 1 July to 30 June.

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

The financial records for OneSteel are located at the premises nominated at *section A-1*, above.

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

The Chart of Accounts for OneSteel form CONFIDENTIAL ATTACHMENT A-6.3.1.

The Annual Report for Arrium's 2014 year forms NON-CONFIDENTIAL ATTACHMENT A-2.4.

Internal management reports for OneSteel have been included at CONFIDENTIAL ATTACHMENT A-6.3.2.

**4. If your accounts are not audited, provide the unaudited 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.**

Not applicable. The accounts OneSteel's parent company, Arrium Ltd, are audited annually.

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

The accounting practices of OneSteel are maintained in accordance with Australia's generally accepted accounting practices.

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

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

Income from the sale of goods is recognised when the consolidated entity has passed control of the goods to the buyer.

- **provisions for bad or doubtful debts;**

Trade debtors are reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised when some doubt as to collection exists.

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

Cost is comprised of materials, labour and an appropriate proportion of fixed and variable overheads, on an absorption cost basis.

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

Costing methodology is by production/sales tonnes.

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

Raw materials, stores, work in progress and manufactured stocks are valued at the lower of cost and net realisable value. The methods used to assign costs to inventories are actual invoiced cost or standard costs.

- **valuation methods for scrap, by-products, or joint products;**

Lower of cost and net realisable value.

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

Lower of cost and net realisable value.

- **valuation and revaluation of fixed assets;**

Subsequent to initial recognition, assets are valued at fair value. Revaluations are made with sufficient regularity to ensure carrying amounts do not differ dramatically from fair value.

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

Buildings 10-40 years

Plant and equipment 3-20 years

Equipment under finance lease 3-5 years

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

Foreign exchange gains and losses are brought to account using the rate of exchange applicable at the date of the transaction.

- **restructuring costs, costs of plant closure, expenses for idle equipment and/or plant shut-downs.**

Provisions for restructuring represents best estimate of the costs directly and necessarily incurred for the restructuring and not associated with ongoing activities.

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.**

Accounting methods have not altered over the periods for which financial data has been prepared for this application, unless required to by the relevant accounting standard.

## **A-7 Cost information**

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

OneSteel has completed appendices A6.1 and A6.2 for domestic and export sales, respectively.

## A-8 Injury

### 1. Estimate the date when the material injury from dumped imports commenced.

The Australian industry alleges that the material injury from the dumped imports of the goods exported from China commenced in or about May 2014 with [REDACTED] (refer CONFIDENTIAL ATTACHMENT A-4.2.1).

### 2. Using the data from appendix A6 (cost to make and sell), complete the following tables for each model and grade of your production.

*Index of production variations (metric tonnes)*

Period	FY 2012	FY 2013	FY 2014	FY 2015*
Index	100	94	92	106

Source: Label A, Production, Appendix A6.1

Notes: \* A projection of FY 2015 outcome based on FYTD Mar 2015

The Australian industry's production of rod in coils declined in FY 2013 (by (-)6%) and decreased further in FY 2014. However, in FY 2015 (as projected), the Australian industry's production volume increased to levels higher than the FY 2012 base year. There were two factors that helped achieve that result:

- the Commission's initiation of *Dumping Investigation No. 240* on 10 April 2014, saw a reduction in the volume of dumped imports from Turkey, Taiwan, and Indonesia; and
- the Australian industry's practice of negotiating [REDACTED] prices for rod in coils with related and unrelated/third-party reinforcing mesh fabricator customers, based on the delivered price of [REDACTED] (refer CONFIDENTIAL ATTACHMENT A-4.2.1) [price negotiation matters], meant that the Australian industry was able to partly mitigate the loss of sales volume by responding to the price undercutting offers made by suppliers of dumped imports.

*Index of cost variations (A\$ per metric tonnes)*

Period	FY 2012	FY 2013	FY 2014	FY 2015*
Index	100	96	100	93

Source: Label J, Unit Cost to Make and Sell, Appendix A6.1

Notes: \* A projection of FY 2015 outcome based on FYTD Mar 2015

There was a decrease in OneSteel's cost to make and sell ("CTMS") the like goods in FY 2013, when compared to the base year FY 2012. Costs then increased again in FY 2014, brought on by (that stage) an (-)8% loss in manufacturing output (production volume), resulting in a higher cost per tonne for plant overheads. With production volumes again increasing in FY 2015 (as projected), this has assisted in reducing unit costs for the like goods, so that in FY 2015, the projection is that the Australian industry's CTMS for the like goods will be (-)7% less than the CTMS in the base year FY 2012. Coinciding with the increased production volumes, the raw material costs of the steel billet feedstock used in the production of the like goods has also decreased since the commencement of January 2014. These two factors combined to improve the Australian industry's unit CTMS across the injury analysis period.

*Index of price variations*

Period	FY 2012	FY 2013	FY 2014	FY 2015*
Index	100	98	98	95

Source: Label L, Unit Sales Revenue, Appendix A6.1

Notes: \* A projection of FY 2015 outcome based on FYTD Mar 2015

The Australian industry has experienced price depression in FY 2013, FY 2014 and is projected to experience an average loss of unit sales revenue value for the like goods of (-)5% in FY 2015, when compared to the base year, FY 2012.

This observation supports the Australian industry's statement at *section A-4.2*, above, that OneSteel negotiates [REDACTED]

[REDACTED] . [price negotiation matters] Further, the (-)5% decline in price across the injury analysis period, reflects the price pressure brought to bear on the Australian industry following the entry, and subsequent exponential growth of volumes of dumped goods exported from China since the April to June 2014 period.

*Index of profit variations (model, type, grade of goods)*

The trend in net gains or losses across the injury analysis period has tended to follow the variation in the Australian industry's variable costs, and the capacity of the Australian industry to reduced its unit fixed costs by increasing sales volume. As can be seen from the deterioration in net profit in FY 2014, this corresponds with the (-)8 decline in production volume in that year, whereas the improvement in net gain or loss in the project FY 2015 reflects the improvement in production volumes in that period.

However, the fact that the Australian industry's production of the like goods remains [REDACTED] reflects the fact that the [REDACTED].

Period	FY 2012	FY 2013	FY 2014	FY 2015*
Index	100	96	100	93

Source: Label J, Unit Cost to Make and Sell, Appendix A6.1

Notes: \* A projection of FY 2015 outcome based on FYTD Mar 2015

Period	FY 2012	FY 2013	FY 2014	FY 2015*
Index	100	109	99	107

Source: Label N, Net Gain or Loss, Appendix A6.1

Notes: \* A projection of FY 2015 outcome based on FYTD Mar 2015

1. Where net losses have been observed, the inverse of the calculated index number has been used

The calculation supporting the projection of FY 2015 is contained in CONFIDENTIAL ATTACHMENT A-8.2.1.

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*Index of Profitability variations (model, type, grade of goods)*

Period	FY 2012	FY 2013	FY 2014	FY 2015 *
Index	100	107	98	103

Source: Label O, Profitability, Appendix A6.1

Notes: \* A projection of FY 2015 outcome based on FYTD Mar 2015

1. Where net losses have been observed, the inverse of the calculated index number has been used

OneSteel's profit as a percentage of selling price has mirrored the trends in net profit over the injury analysis period.

### 3. Complete appendix A7 (other economic factors).

Where applicable to injury claims, prepare an indexed table for other injury factor(s) in the format above.

OneSteel has completed appendix A7 to this application. OneSteel has experienced injury in the following indicators identified in appendix A7:

#### *Index of revenue variation*

	FY 2012	FY 2013	FY 2014	12 Mths End Mar 2015
<b>Revenue</b>				
<i>like goods</i>	100	91	92	98

Source: Revenue, appendix A7

OneSteel's revenue from domestic sales deteriorated across the injury analysis period as it lost sales volume to dumped imports from sources identified in *Dumping Investigation No. 240*.

#### *Index of employment variation*

	FY 2012	FY 2013	FY 2014	12 Mths End Mar 2015
<b>Employment</b>				
<i>Available for 'like goods'</i>	100	97	94	92

Source: Employment, appendix A7

Since FY 2012, OneSteel has reduced its employment levels in the production of the like goods by (-)8% across the injury analysis period.

#### *Index of productivity variation*

	FY 2012	FY 2013	FY 2014	12 Mths End Mar 2015
<b>Productivity</b>				
<i>like goods</i>	100	98	97	112

Source: Productivity, appendix A7

In contrast with the decline in employment levels associated with the production of like goods since FY 2012, OneSteel has been able to increase its productivity since 2014, as it has sought to secure sales volume through a [REDACTED].

*Index of wages variation*

	FY 2012	FY 2013	FY 2014	12 Mths End Mar 2015
<b>Wages</b>				
<i>like goods</i>	100	96	98	93
<i>other production</i>	100	101	101	94

Source: Wages, confidential appendix A7

In line with the decline in OneSteel's employment levels available for the production of the like goods, the company's wages expense has also declined across the injury analysis period at a faster, and by a greater, rate than the wages expense for all other production.

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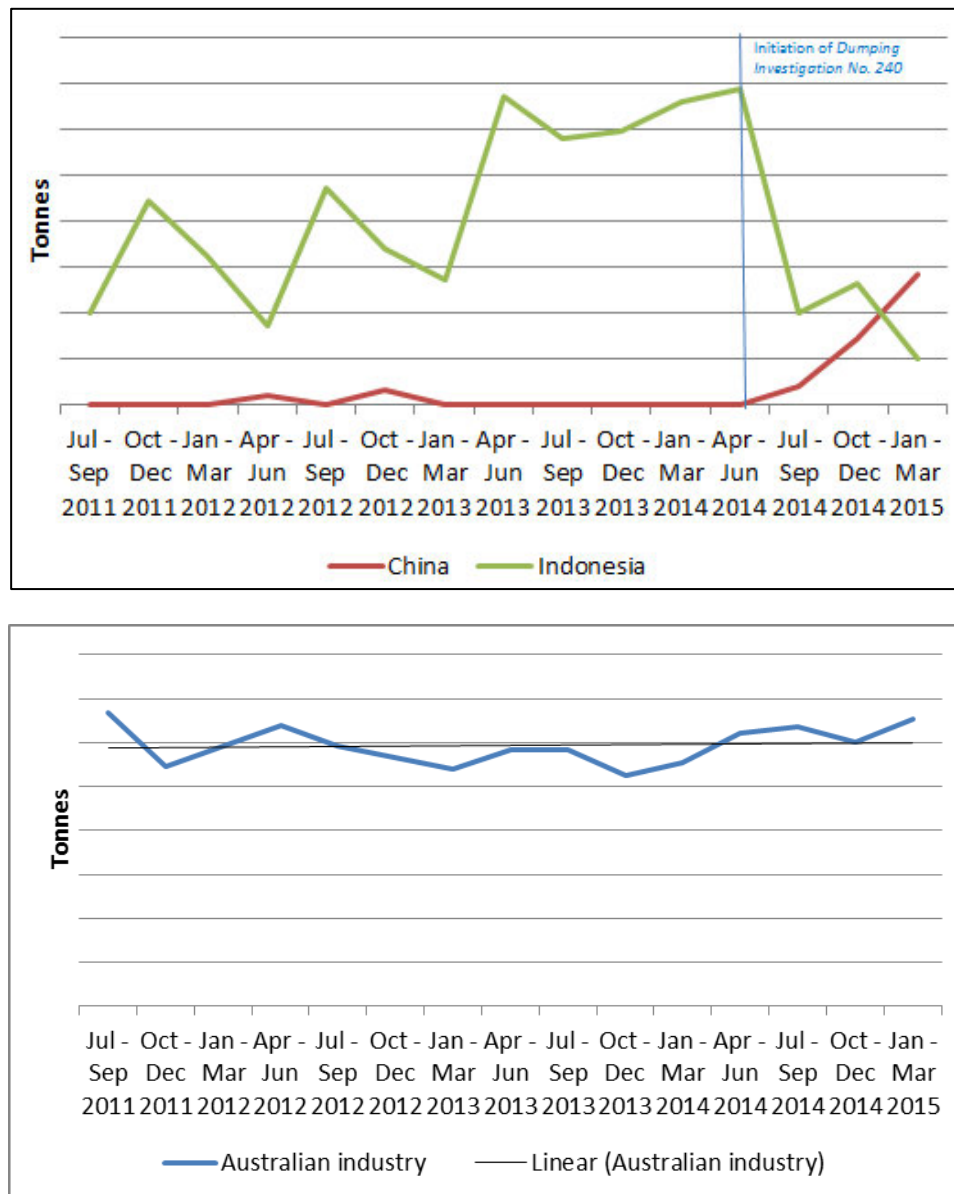


## A-9 Link between injury and dumped imports.

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.

Diagrams A-9.1.1 and A-9.1.2, below, should be read in conjunction to demonstrate the influence of the volume of dumped imports on the Australian industry's quarterly sales volume.



**Diagram A-9.1.1 (top graph)** Volume of dumped imports and imports from Indonesia, tonnes across injury analysis period  
**Diagram A-9.1.2 (bottom graph)** Volume of Australian industry sales, tonnes across injury analysis period  
 (Source: Appendix A2) ( $x$ -intercept:  $y = 0$ )

Although the impact of the initiation of *Dumping Investigation No.240* (in April 2014) can be seen on the volumes of dumped imports from Indonesia in the April to June 2014 period, the inverse occurred in relation to dumped imports from China.

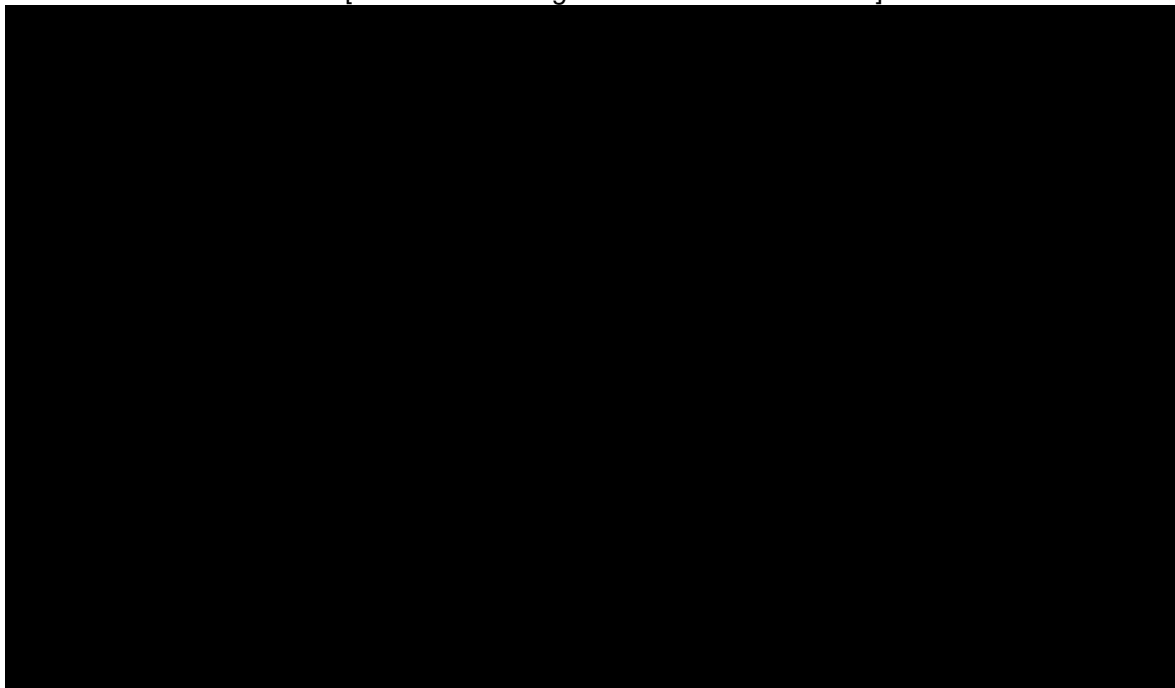
Initially, *Dumping Investigation No. 240* had a positive impact on Australian industry sales volumes, with the Australian industry regaining lost volume in the April to June 2014 and July to September 2014 periods. However, as the volume of dumped imports from China began to flow in the July to September 2014 period, then the Australian industry again began to experience a decline in sales volumes in the October to December 2014 period.



In the January to March 2015 period, the Australian industry reduced prices in response to importer price offers for the dumped goods exported from China. This had the effect of recovering some volume in the January to March 2015 period that would be otherwise lost to sales of dumped imports from China. Therefore, the Australian industry contends that if not for suffering a loss of value in its Australian sales of the like goods (both in terms of unit value and overall), that it would have suffered a greater loss of sales volume.

Subject to the Australian industry's comments regarded overall market size at *section A-4.2*, above, translated into the impact on the Australian industry's market share, *diagram A-9.1.3*, below, illustrates that the loss of market share by importers of dumped goods from Turkey, Indonesia and Taiwan following the initiation of *Dumping Investigation No. 240*, has disproportionately benefited Chinese suppliers of dumped imports.

[The whole of *Diagram A-9.1.3* is confidential]



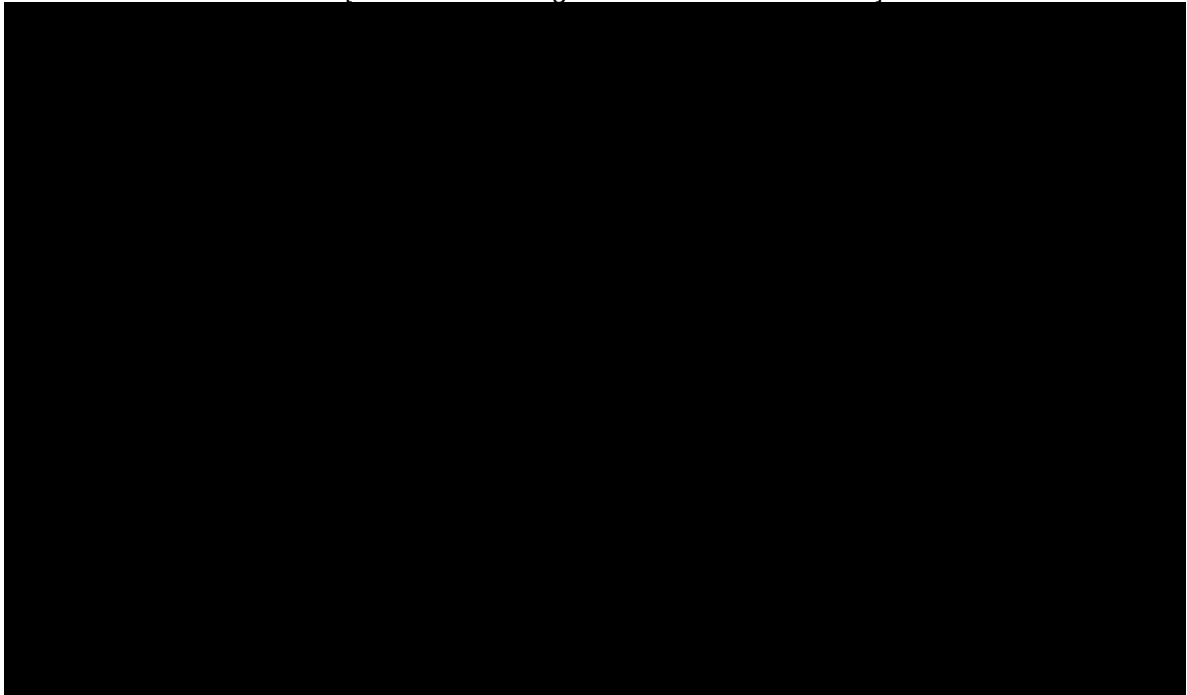
**Diagram A-9.1.3** Australian market, market share (including Australian industry internal sales), across injury analysis period  
(Source: Appendix A2) (x-intercept:  $y \neq 0$ )

Again, *diagram A-9.1.3*, above, illustrates the improvement in the Australian industry's volume and market share following the initiation of *Dumping Investigation No. 240* (refer July to September 2014 period). However, the volume and market share lost by importers of dumped goods the subject of *Dumping Investigation No. 240*, did not translate to a gain in market share for the Australian industry, but rather to the new source of dumped goods, specifically China.

The growth of volume of dumped goods exported from China between April 2014 and March 2015, may be best described as exponential, as illustrated in *diagram A-9.1.5*, below. The impact of the increased volumes of goods imported from China was entirely at the expense of the Australian industry's market share (in the October to December 2014 period). Then in the January to March 2015 period, Chinese imported goods gained most of the loss of market share by the Indonesian and other suppliers.

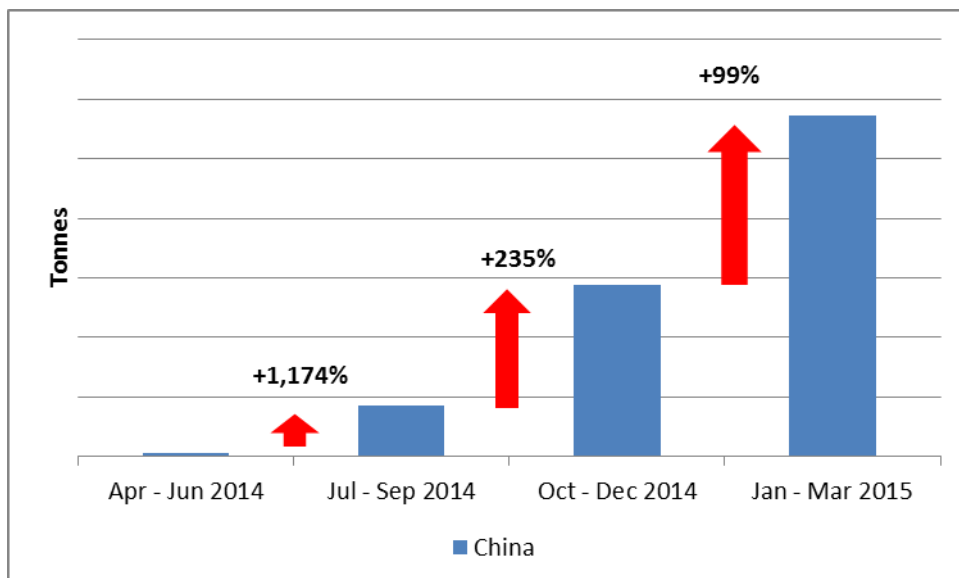
To demonstrate the difference in market share when only the 'contestable' market as defined at *section A-4.2*, above, is considered (refer *diagram A-9.1.4*, below). This shows that although the overall market share values have changed, the trends and relationships between the sources of the imported goods and like goods are consistent with those illustrated in *diagram A-9.1.3*, above.

[The whole of *Diagram A-9.1.4* is confidential]



**Diagram A-9.1.4** Australian external market, market share, across injury analysis period  
(Source: appendix A2 and A5) (x-intercept:  $y \neq 0$ )

*Diagrams A-9.1.3 and A-9.1.4*, above, illustrate that although the Australian industry gained market share following the initiation of *Dumping Investigation No.240* (refer July to September 2014 period), the Australian industry was unable to hold that gained market share, and again began to lose market share to dumped goods exported from China, as the volume from that source grew exponentially (refer diagram A-9.1.5, below). Further, as exporters the subject of *Dumping Investigation No. 240* began to lose market share, it was not gained by the Australian industry, with the majority of market share lost by imports from non-Chinese sources, in fact going to dumped goods exported from China.



**Diagram A-9.1.5** Volume of dumped imports from China, tonnes between 1 April 2014 and 31 March 2015  
(Source: Appendix A2) (x-intercept:  $y = 0$ )

*Diagram A-9.1.5*, above, reflects the Australian industry's observation of the predatory nature of Chinese suppliers of rod in coils, and the significant excess capacity to produce the goods. Following the initiation of *Dumping Investigation No. 240*, the volume of supply of the goods grew by (+)1,174% between 30 June and 30 September 2014. In fact, with the 12-months ending 31 March 2015, the volume of dumped imports from China grew by (+) 8,401%. This experience was also observed in the United States, where the volume of the goods exported to that country

from China grew by approximately (+) 4,300% between 2011 and 2013<sup>2</sup>.

That Chinese exports of rod in coils into the world market is dumped, is supported by two recent key dumping investigations, both of which have imposed dumping duties. In summary, these are:

- United States Department of Commerce International Trade Administration, *Carbon and Certain Alloy Steel Wire Rod From the People's Republic of China: Final Determination of Sales at Less Than Fair Value and Final Affirmative Determination of Critical Circumstances, in Part*, (19 November 2014)<sup>3</sup>; and
- European Commission, *Notice of initiation of an expiry review of the anti-dumping measures applicable to imports of wire rod originating in the People's Republic of China* (2014/C 252/05)<sup>4</sup>

In the US case, weighted average dumping margins of between 106.19% and 110.25% were found<sup>5</sup>.

The definitive dumping margins found by the European Commission against Chinese exporters ranged between 38.6% and 52.3%<sup>6</sup>.

**[The remainder of this page has been left blank intentionally]**

<sup>2</sup> [http://www.usitc.gov/publications/701\\_731/pub4509.pdf](http://www.usitc.gov/publications/701_731/pub4509.pdf) at p. 15 (Accessed 26 May 2015)

<sup>3</sup> NON-CONFIDENTIAL ATTACHMENT A-9.1.1

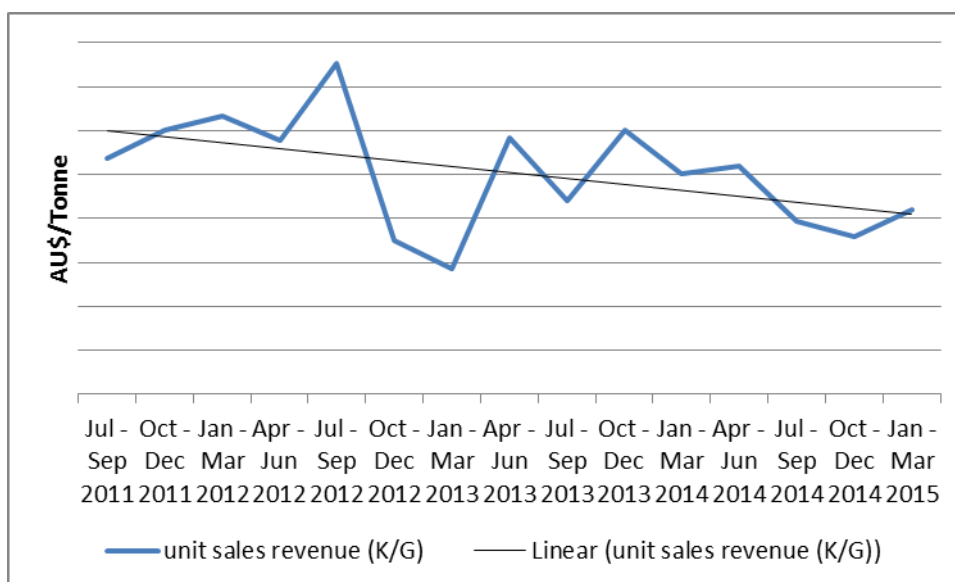
<sup>4</sup> [http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52014XC0802\(01\)&from=EN](http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52014XC0802(01)&from=EN) (Accessed 26 May 2015)

<sup>5</sup> Refer fn 3

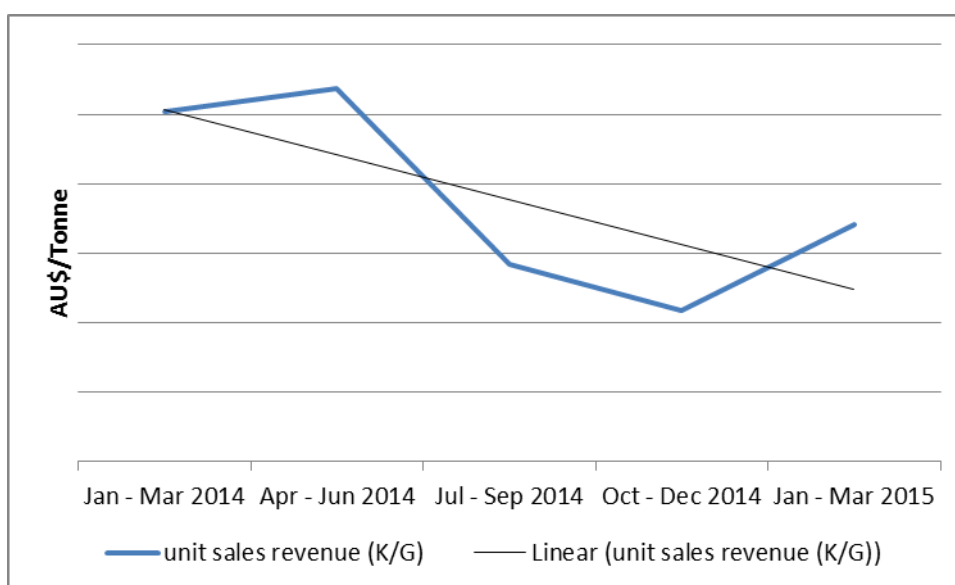
<sup>6</sup> <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:203:0001:0013:EN:PDF> (Accessed 26 May 2015)

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.

*Diagram A-9.2.1*, below, demonstrates the incidence of price depression suffered by the Australian industry across the injury analysis period, and, specifically *diagram A-9.2.2*, below, demonstrates the incidence of price depression across the proposed investigation period of 1 July 2014 to 30 June 2015, which corresponds with the commencement of export from China of the dumped goods.

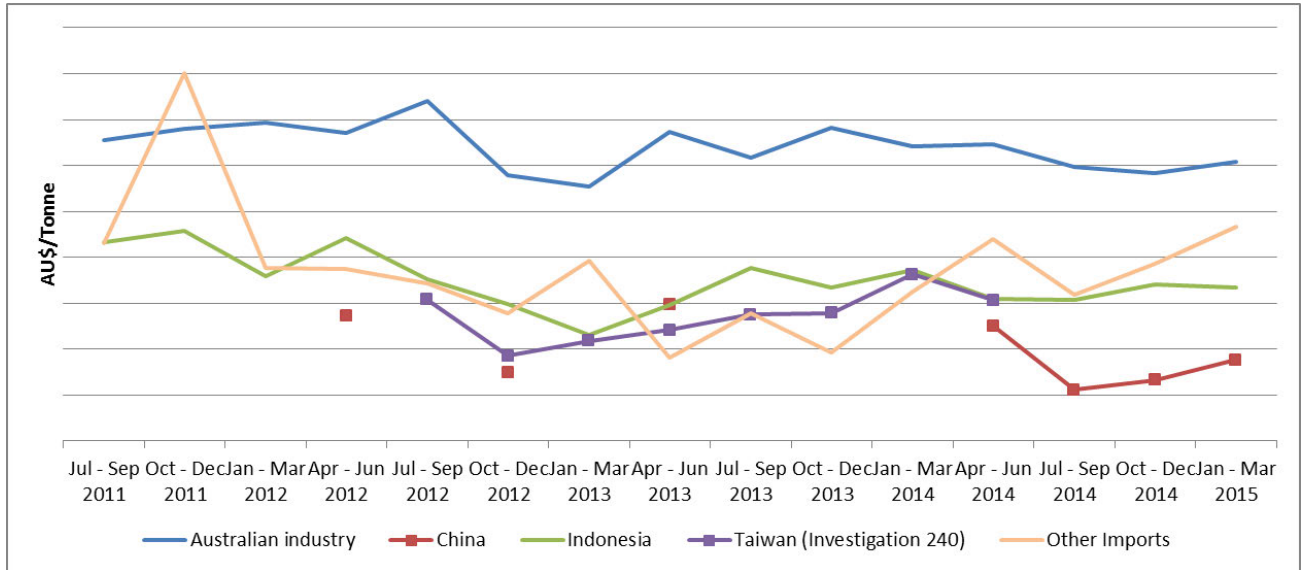


**Diagram A-9.2.1** Unit sales revenue for domestic sales of like goods produced by the Australian industry (Source: Appendix A6.1) ( $x$ -intercept:  $y \neq 0$ )



**Diagram A-9.2.2** Unit sales revenue for domestic sales of like goods produced by the Australian industry between 1 January 2014 and 31 March 2015 (Source: Appendix A6.1) ( $x$ -intercept:  $y \neq 0$ )

In turn, *diagram A-9.2.3*, below, demonstrates the influence of the price of dumped imports from China on the Australian industry's quarterly prices.



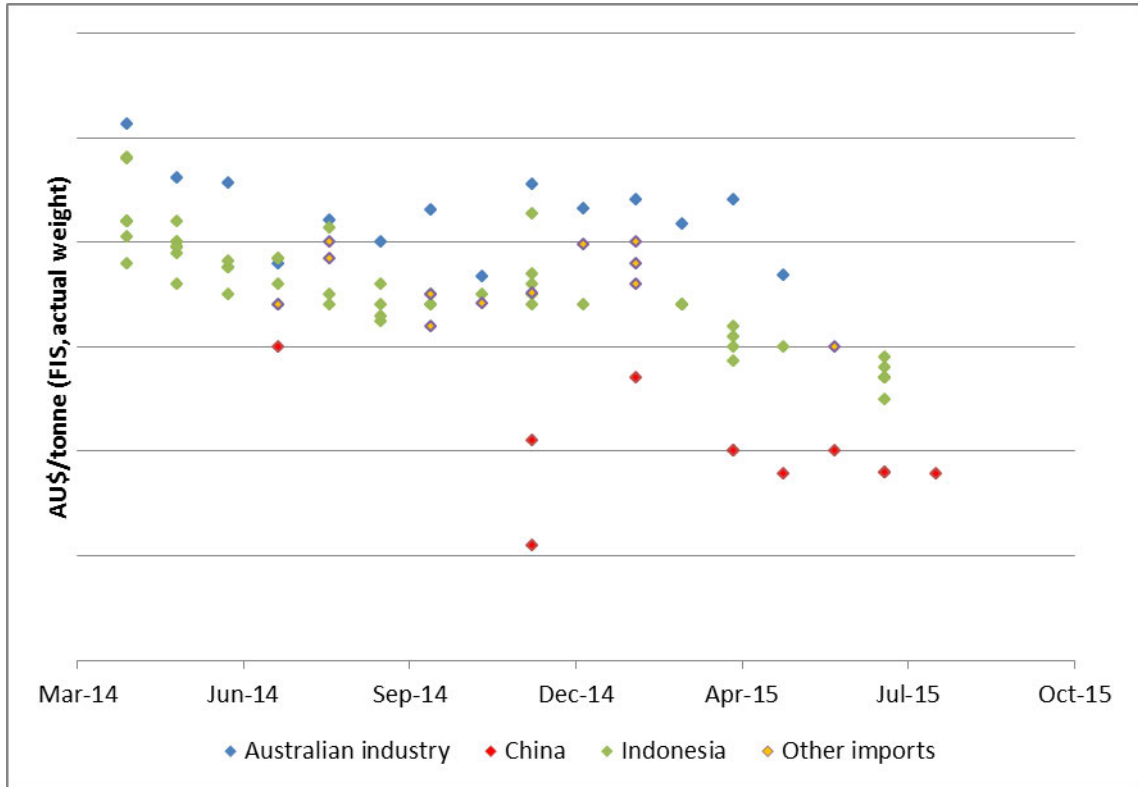
**Diagram A-9.2.3** Unit export prices for imports (goods) from sources (as named) (Appendix A2) and domestic unit sales revenue for like goods produced by the Australian industry (Appendix A6.1), since 1 July 2011 (x-intercept:  $y \neq 0$ )

Firstly, *diagram A-9.2.3*, above, illustrates that the Australian industry was consistently undercut by dumped imports from China. In fact, on a weighted average basis China consistently undercut all other sources of the goods (except for one period between April and June 2013).

Secondly, *diagram A-9.2.3*, above, specifically illustrates the direct impact of the export prices of dumped imports from China on the Australian industry's prices for the like goods. For example, in response to the prices of the Chinese dumped imports commencing in April 2014, the Australian industry reduced price by (-)3.1% in the July to September 2014 period. When the export price of Chinese dumped imports increased in the October to December 2014 period by (+)2%, the Australian industry's response to the continued price undercutting was a smaller price reduction of (-)0.8%. In the January to March 2015 period, when the export price of Chinese dumped imports increased by (+)4%, the Australian industry was able to also increase its prices for like goods by a (+)1.6%. In other words, there is a very clear correlation between the prices of Chinese exports of dumped imports and the Australian industry's prices for the like goods sold in the domestic market.

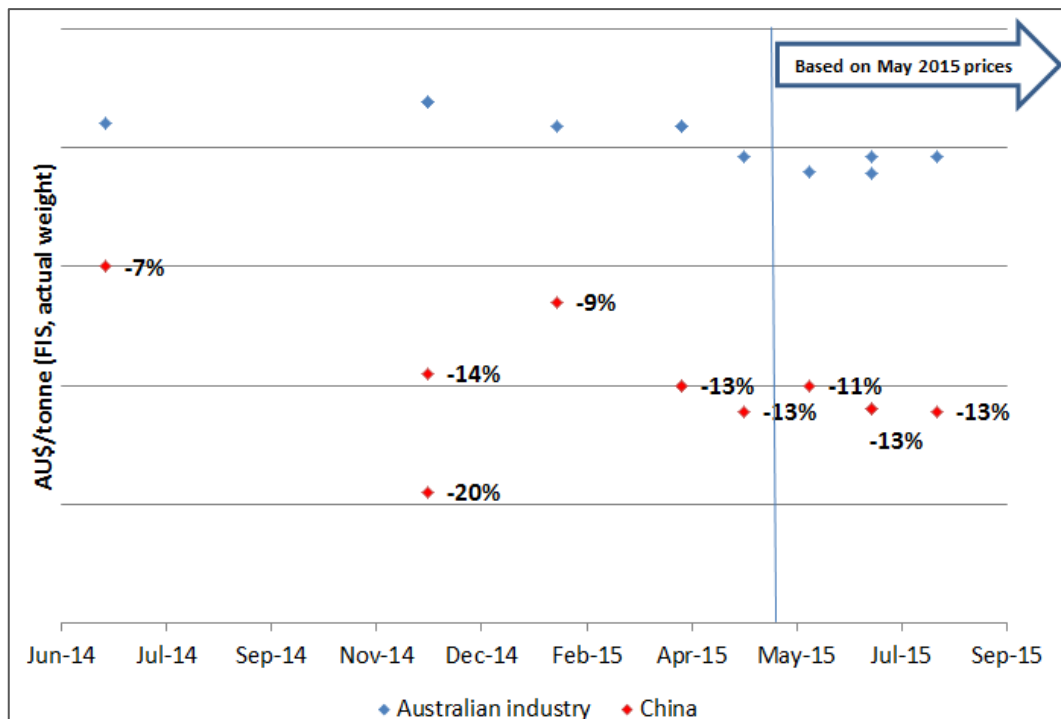
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Diagram A-9.2.4, below, summarises the overall extent of price undercutting by China, Indonesia and other known price offers by exporters into the Australian market.



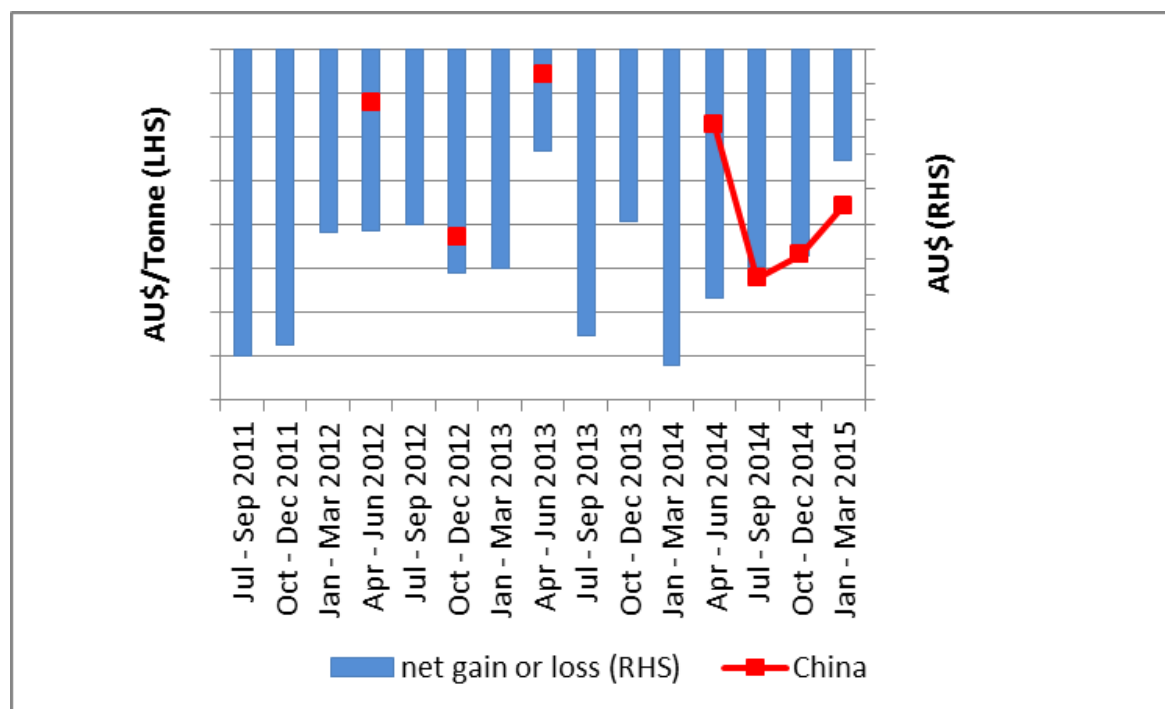
**Diagram A-9.2.4** Scatter diagram plotting the average undercutting margins of import price offers (AU\$/tonne, FIS, actual weight) (CONFIDENTIAL ATTACHMENT A-4.2.1) against the applicant's average monthly prices to import targeted customers (AU\$/tonne, FIS, actual weight) (Appendix A6.1) ( $x$ -intercept:  $y \neq 0$ )

Diagram A-9.2.4, above, confirms the trends and relationships identified in [appendix A2](#) that the price offers of goods exported from China undercut the Australian industry's prices to import targeted customers, and all other sources. In fact, price offers by exporters from China undercut the Australian industry by margins of between (-)7% and (-)20%, as [diagram A-9.2.4.1](#), below illustrates.



**Diagram A-9.2.4.1** Scatter diagram plotting the undercutting margins of dumped imports from China (AU\$/tonne, FIS, actual weight) (CONFIDENTIAL ATTACHMENT A-9.2.1) against the applicant's average monthly prices to import targeted customers (AU\$/tonne, FIS, actual weight) (Appendix A4) ( $x$ -intercept:  $y \neq 0$ )

The influence of the price of dumped imports on the Australian industry's profits and profitability is demonstrated in *diagrams A-9.2.5 and A-9.2.6*, below.



**Diagram A-9.2.5** Average export prices of dumped goods (source: [appendix A2](#)) and net gain or loss of Australian industry sales of like goods (source: [appendix A6.1](#)) across injury analysis period

Although, the factors of reducing unit variable costs, and greater absorption of the Australian industry's fixed costs by increased sales volume (achieved by responding to price undercutting by exporters of dumped goods) have influenced the net gain or loss position of the Australian industry since April 2014, *diagram A-9.2.5*, above also demonstrates that, the Australian industry's net gain or loss position is strongly influenced by the Chinese export price for the dumped goods.

In the April to June 2014 period, Chinese export volumes were low. Therefore the improvement in the net gain or loss position in that period, when compared to the January to March 2014 period, reflects the influence of the initiation of *Dumping Investigation No. 240*.

However, in the July to September 2014 period, as Chinese export volumes increased, and the price of Chinese exports decreased, the Australian industry was unable to maintain the previously observed improvement in its net gain or loss position.

Consistent with this relationship, in the October to December 2014 period, as Chinese export prices further increased, the Australian industry's net gain or loss position also improved. Again, in the January to March 2015 period, the net gain or loss position improved, as Chinese export prices also increased.

In other words, since July 2014, a strong correlation between Chinese export prices and the Australian industry's net gain or loss position has developed.

A similar relationship between the export prices of the dumped goods and the Australian industry's profitability can be observed in *diagram A-9.2.6*, below.

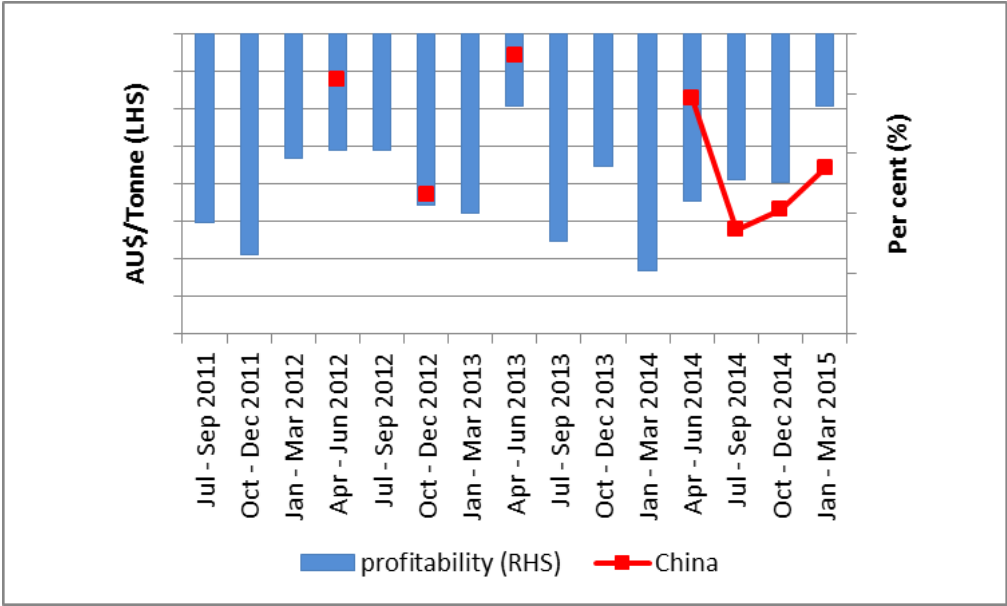


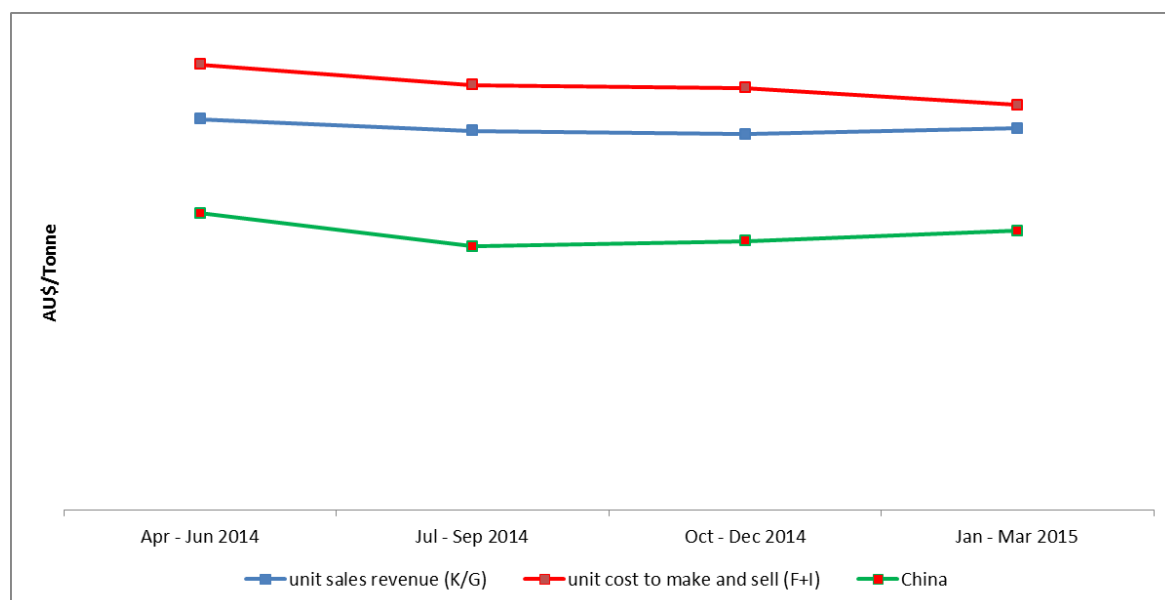
Diagram A-9.2.6 Average export prices of dumped goods (source: [appendix A2](#)) and profitability of Australian industry sales of like goods (source: [appendix A6.1](#)) across injury analysis period

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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).

Diagram A-9.3.1, below follows the influence of the FOB unit price of dumped imports on the Australian industry's ability to raise price in response to changes in the quarterly costs to make and sell the like goods. Due to the low export volumes from China prior to April 2014, the analysis is confined to a 12-month period ending March 2015.



**Diagram A-9.3.1** Unit FOB export prices for dumped imports from China (appendix A2) and the Australian industry's quarterly unit cost to make and unit sales revenue (appendix A6.1) ( $x$ -intercept:  $y = 0$ )

Diagram A-9.3.1, above, illustrates that notwithstanding the initiation of *Dumping Investigation No. 240* in April 2014, the Australian industry was not able to increase its price for like goods by an amount sufficient to cover its cost to make and sell. This was in spite of the historic reduction in the material costs of the like goods, namely the cost of scrap. *Figure A-9.3.2*, below, illustrates the decline in the cost of scrap to the Australian industry since April 2014. *Figure A-9.3.3*, below, also illustrates how this has translated into reduced variable costs for the Australian industry.

In fact, the Australian industry's trend for the price of like goods follows the trend in the average FOB export price for dumped imports from China. So that in the January to March 2015 period - when the average Chinese FOB export price increased (+4%) - the Australian industry was able to increase its average price for like goods by only (+1.6%). Again, this was not sufficient to allow the Australian industry to cover its costs to make and sell.

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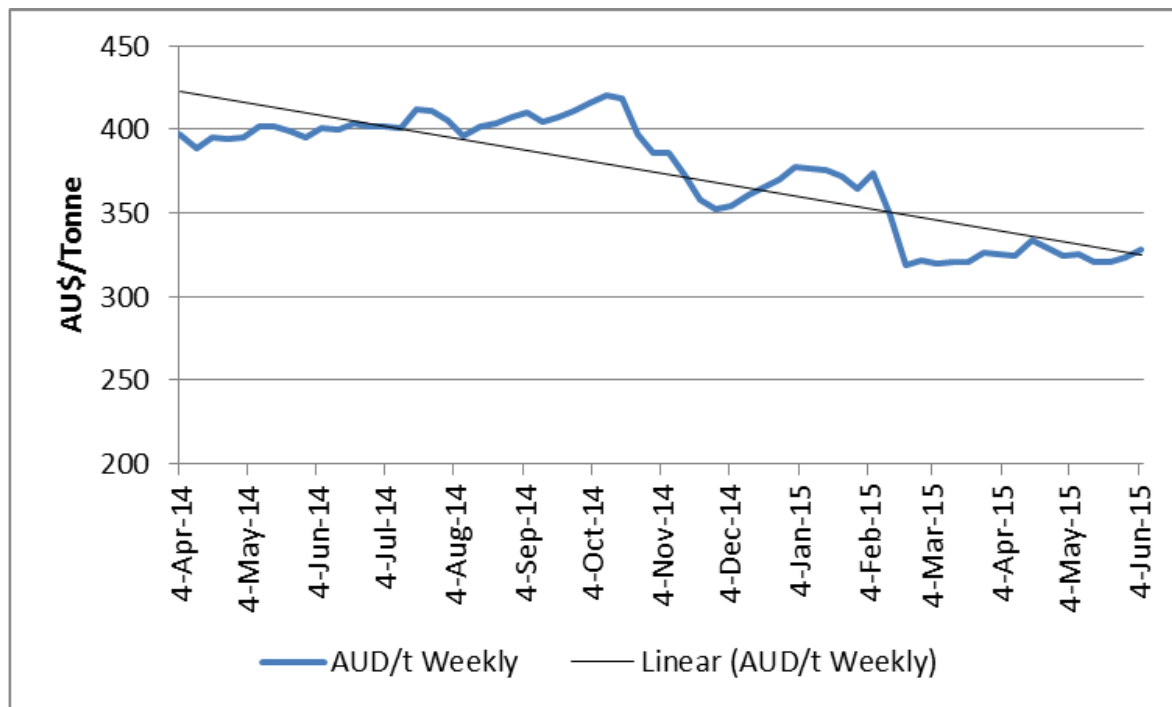


Figure A-9.3.2 Weekly [REDACTED] scrap price, [REDACTED] since April 2014  
(Source: CONFIDENTIAL ATTACHMENT A-9.3.1)

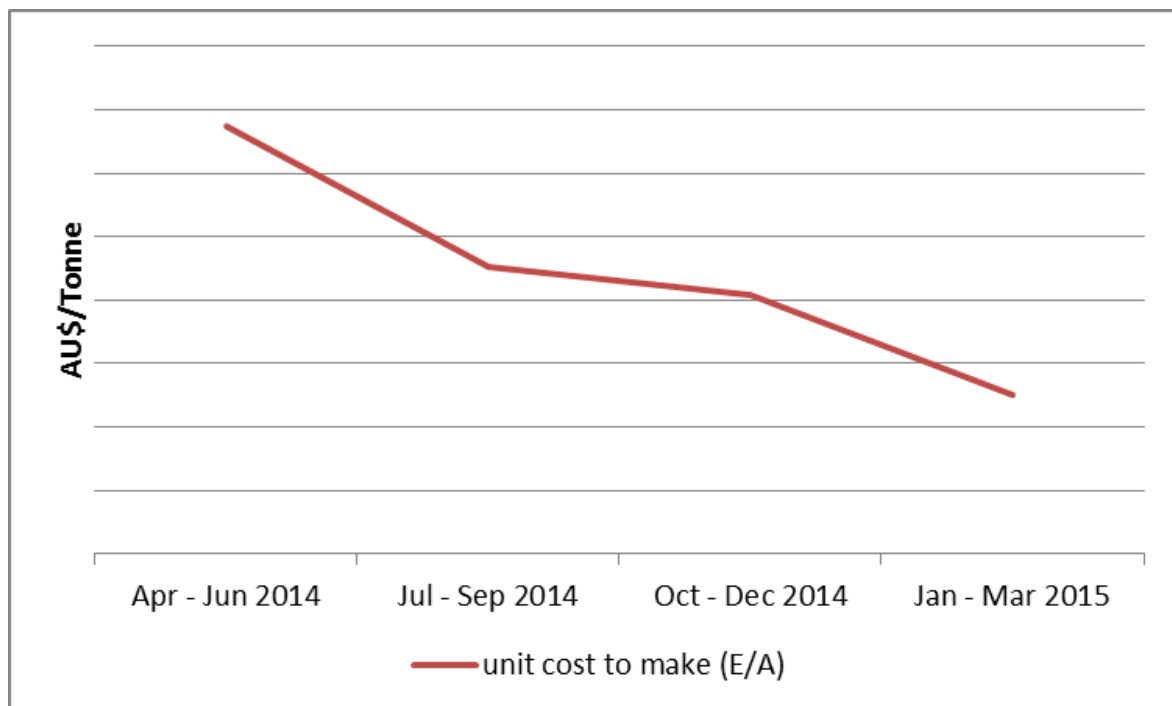
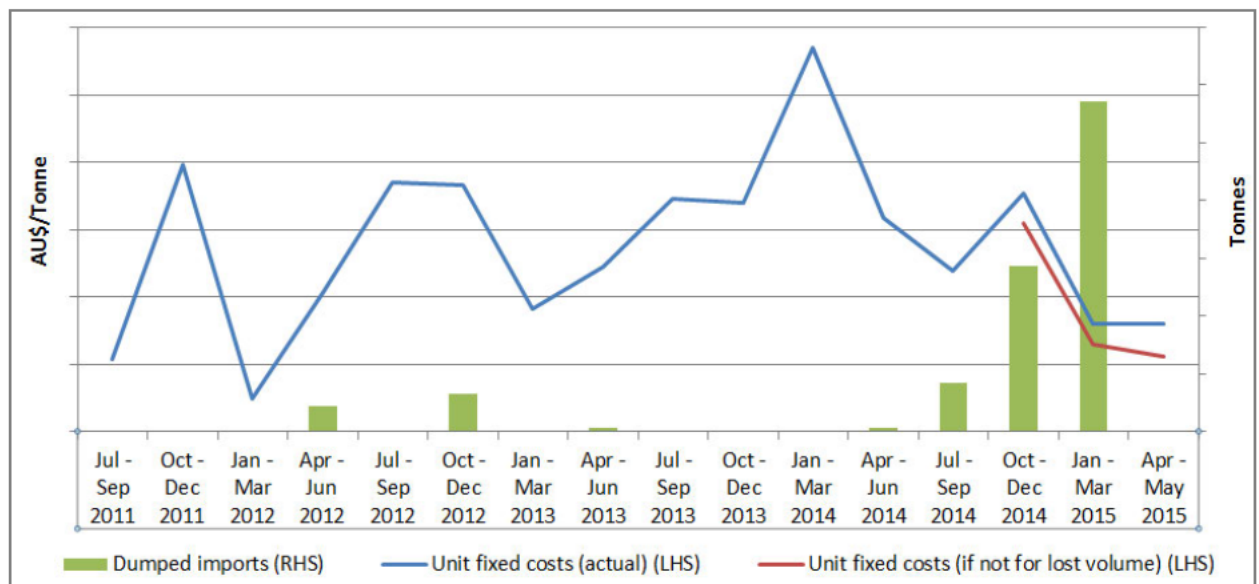


Figure A-9.3.3 Australian industry unit variable costs for the like goods since April 2014  
(Source: appendix A6.1) (x-intercept:  $y \neq 0$ )

At section A-9.5, below, the Australian industry documents its calculation of lost sales volume known to be caused by the dumped imports. The impact of the lost volume on the Australian industry's fixed costs (fixed overhead manufacturing costs and selling general and administration costs) have been calculated and illustrated in figure A-9.3.4, below.



**Figure A-9.3.4** Actual and projected unit fixed cost for the Australian industry following loss of volume to dumped goods exported from China ([appendix A6.1](#)) and volumes of dumped goods exported from China ([appendix A2](#))

Figure A-9.3.4, above demonstrates the impact of lost volume on the Australian industry's unit fixed costs, and the corresponding import volumes of the dumped goods from China.

In summary, the lost sales volumes have translated to increased fixed costs for the Australian industry, and a corresponding loss of unit gains (AU\$/tonne):

	Oct - Dec 2014	Jan - Mar 2015	Apr - May 2015 #
Loss sales volume attributable to dumped goods			
Actual unit fixed costs			
Unit fixed costs if not for lost sales volume			
Difference			

# Based on a projection of Jan - Mar 2015 unit costs and an extrapolation of lost sales for April and May 2015

In fact, the increased unit fixed costs caused by the loss of sales volume to dumped imports, together with the price suppression caused by the export prices of the dumped goods from China prevented the Australian industry from recovering the costs to make and sell the like goods.

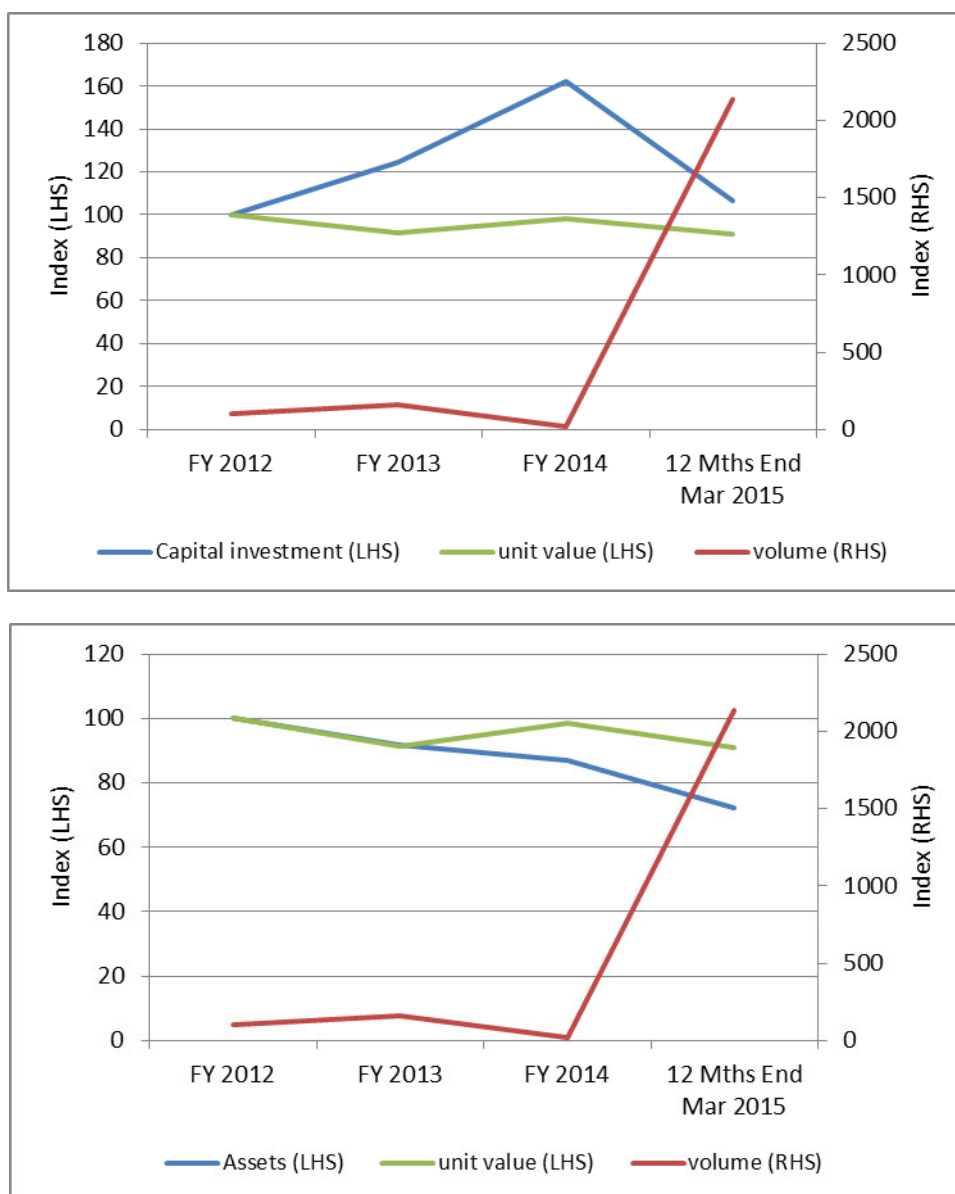
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4. The quantity and prices of dumped imported goods may affect various economic factors relevant to an Australian industry. These include, amongst other things, the return on investment in an industry, cash flow, the number of persons employed and 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 economic factors). If factors other than those listed at appendix A7 (other economic factors) are relevant, include discussion of those in response to this question.

**(a) Declining capital investment and assets employed in the production of like goods**

As identified in *section A-8.3*, above, across the injury analysis period, the Australian industry has consistently experienced a decline in capital investment and assets employed in the production of the like goods by a greater rate than that experienced for the production of other goods.

*Diagram A-9.4.1*, below, illustrates the impact of increasing import volumes of the dumped goods, and declining export price unit values for dumped imports from China on the Australian industry's value of capital investment and assets employed in the production of like goods.

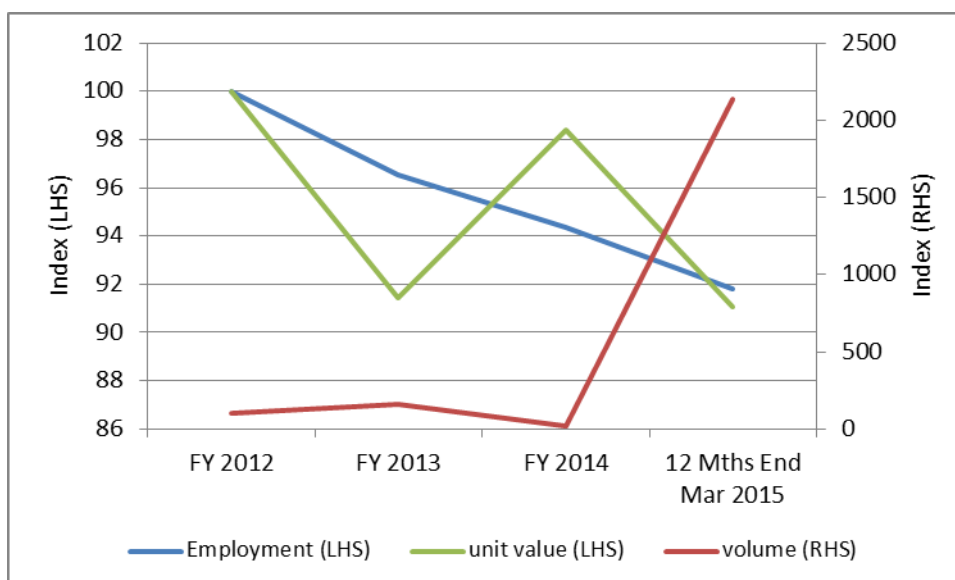


**Diagram A-9.4.1** Index of price and volume variation of dumped imports and the applicant's capital investment and assets employed in the production of like goods across the injury analysis period (Sources: Appendix A2 and Appendix A7)

### (b) Loss of employment levels

As indicated at *section A-8.3*, above, the Australian industry has reduced its employment levels in the production of the like goods by (-)8% across the injury analysis period.

*Diagram A-9.4.2*, below, illustrates the impact of declining export prices for the dumped imports on the Australian industry's employment in the production of like goods.

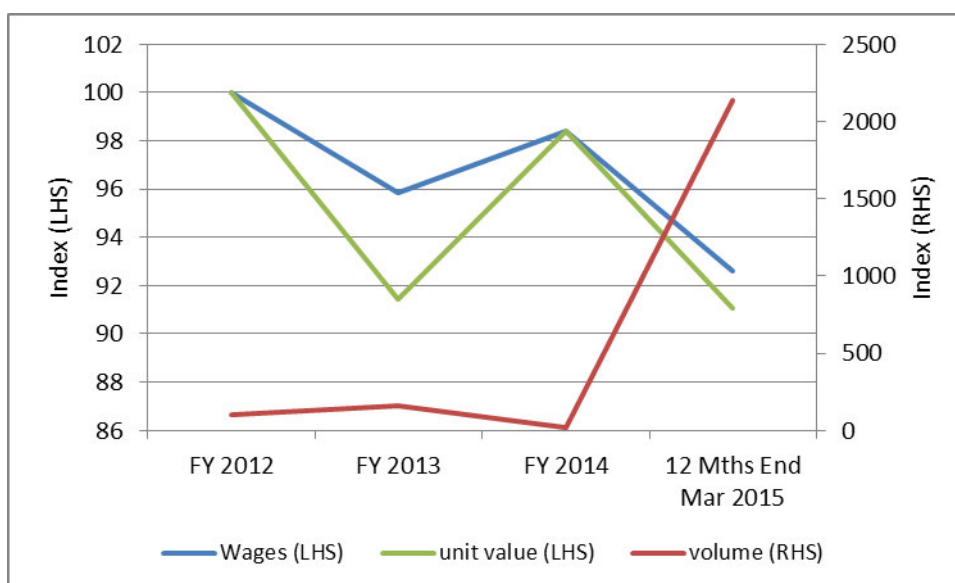


**Diagram A-9.4.2** Index of price and volume variation of dumped imports and the applicant's employment levels in the production of like goods across the injury analysis period (Sources: Appendix A2 and Appendix A7)

### (c) Declining wages

In line with the decline in the Australian industry's employment levels available for the production of the like goods, the company's wages expense has also declined across the injury analysis period at a faster, and by a greater, rate than the wages expense for all other production (refer *section A-8.3*, above)

*Diagram A-9.4.3*, below, traces the influence of falling unit export prices on wage levels for the production of the like goods.



**Diagram A-9.4.3** Index of price and volume variation of dumped imports and the applicant's wages expense incurred in the production of like goods across the injury analysis period (Sources: Appendix A2 and Appendix A7)

Beyond the "other economic factors" identified in the applicant's appendix A7, it is also relevant to highlight that Australian industry's profit over the injury analysis period [REDACTED]

Notwithstanding the observed improvement in profitability in the January to March 2015 period, unless the price undercutting observed by dumped imports from China are also addressed, then the applicant's sales of like goods will continue to [REDACTED], due to falling raw material expenses. This outcome is in the applicant's view, [REDACTED]. [applicant's assessment]

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

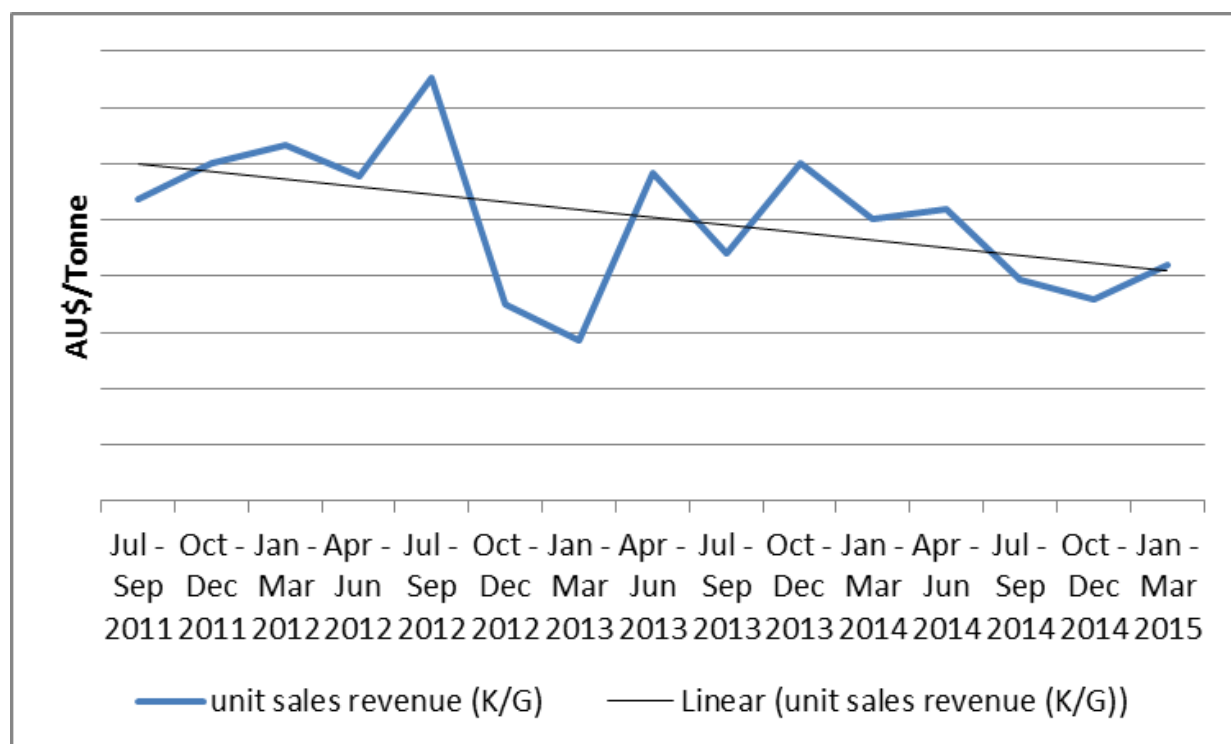
**(a) Price effects**

The price effects of dumping on the economic condition of the Australian industry producing like goods are occurring in the form of:

- price depression, which occurs when the Australian industry lowers its prices; and
- price suppression, which occurs when price increases for the applicant's like goods, which otherwise would have occurred, have been prevented.

**(i) Price depression**

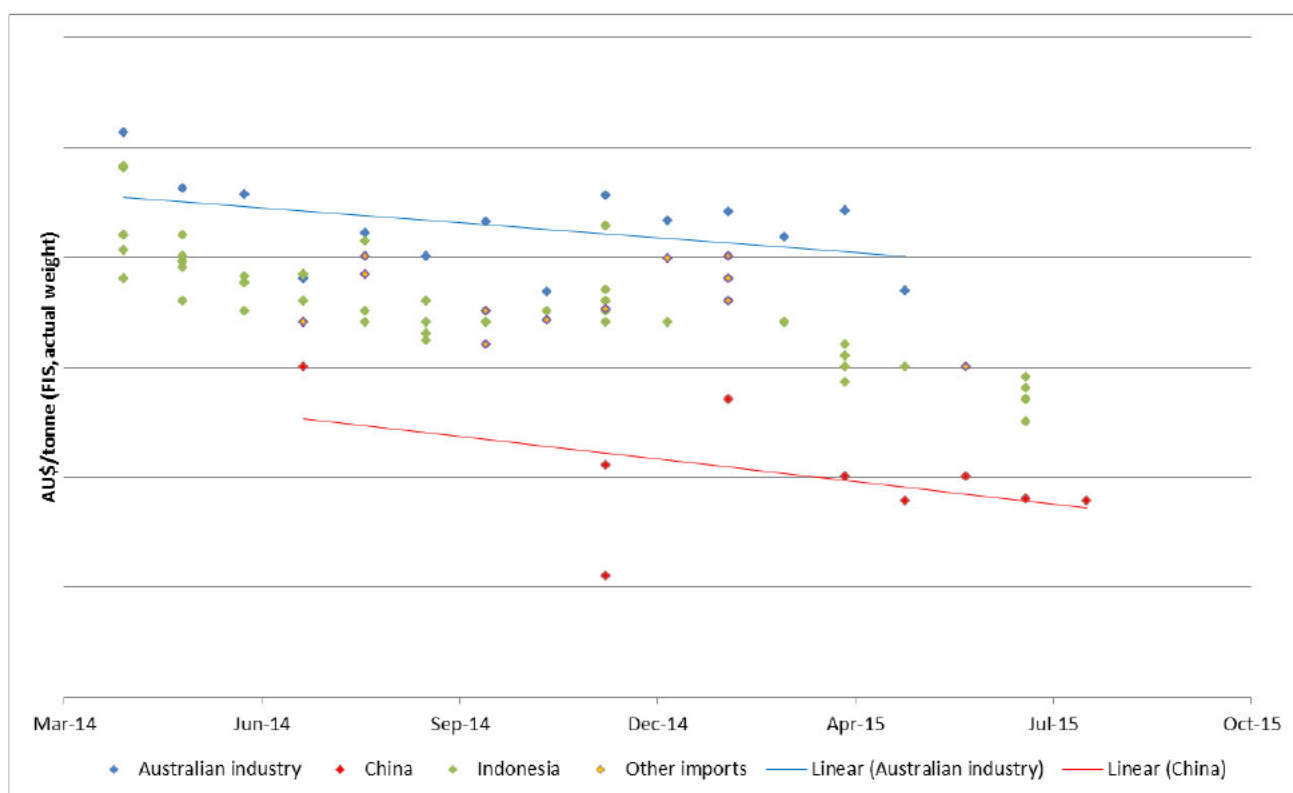
Figure A-9.5.1, below, indicates that the applicant has suffered injury in relation to its domestic sales of the like goods in the form of price depression across the injury analysis period and specifically in the proposed Investigation Period, from 1 July 2014



**Figure A-9.5.1** Unit sales revenue of the applicant's Australian sales of like goods across the injury analysis period  
(Source: Appendix A6.1)

Since the commencement of dumping and injury caused by exports of the goods from China from May 2014, the Australian industry has responded to price undercutting by importers of the dumped goods, by reducing its prices for like goods to customers.

Examples of the importers' price undercutting, the applicant's knowledge and response to the price undercutting in the Australian rod in coils market are summarised in figure A-9.5.2, below.



**Figure A-9.5.2** Price undercutting analysis in terms of the applicant's average selling price to import targeted customers (Sources: CONFIDENTIAL ATTACHMENT A-4.2.1 and appendix A4.1)

Figure A-9.5.2, above, demonstrates that the price undercutting by the dumped imports from China are causing price depression to the Australian industry in terms of its sales to customers targeted by price offers for dumped imports.

Table A-9.5.3, below, indicates the margins of undercutting by imports of dumped goods against the Australian industry's customers.

			[REDACTED]		Australian industry WAV Price to customer	
Australian customer	Importer	Exporter/Supplier	AU\$/Tonne, FIS ~	Delivery Date	AU\$/Tonne, FIS #	Undercutting Margin
[REDACTED]			[REDACTED]	Jul-14	[REDACTED]	-7.42%
				Dec-14		-13.93%
				Dec-14		-20.03%
				Feb-15		-9.15%
				Apr-15		-13.47%
				Apr-15		-13.47%
				May-15		-13.49%
				Jun-15		-11.39%
				Jul-15		-12.60%
				Jul-15		-13.37%
				Aug-15		-13.49%

Notes:

\* Based on May 2015 price to customer

# Refer appendix A4.1

~ Refer CONFIDENTIAL ATTACHMENT A-9.5.1

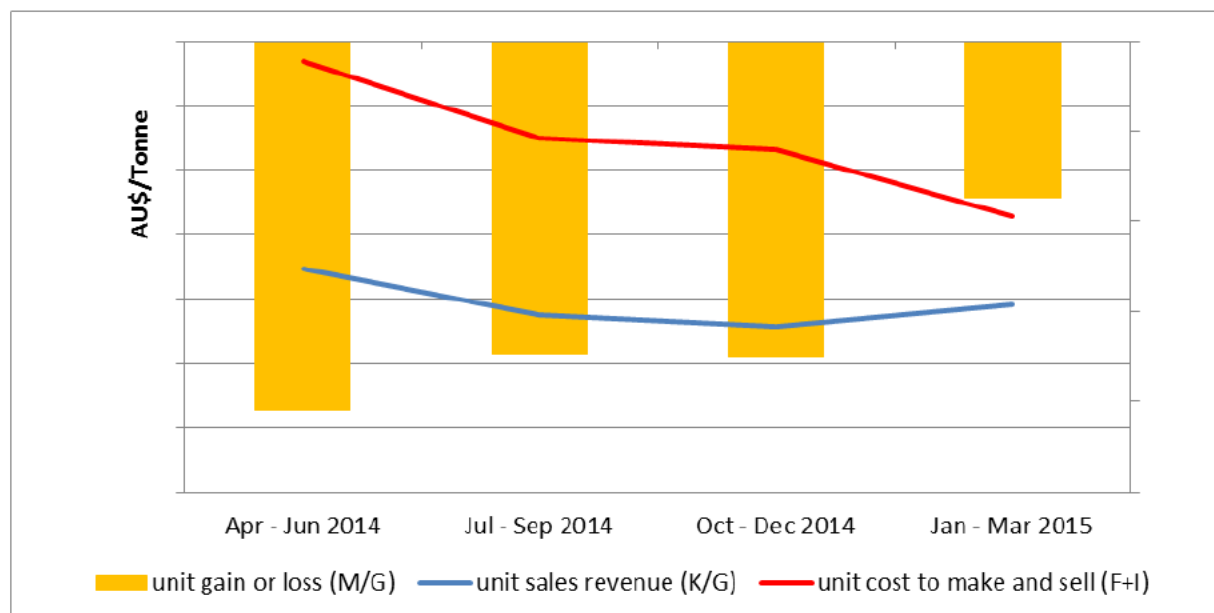
**Table A-9.5.3** Price undercutting analysis in terms of the applicant's average selling price to import targeted customers (Sources: CONFIDENTIAL ATTACHMENT A-4.2.1 and appendix A4.1)

Table A-9.5.3, above, demonstrates the extent to which the dumped imports undercut the Australian industry's prices to Australian customers targeted by importers of the dumped goods, and will continue to do so beyond the investigation period.



(ii) Price suppression

The applicant's approach in relation to analysing the existence of price suppression is to compare its weighted average unit sales revenue and cost to make and sell (CTMS) for the like goods, quarterly since the export volume of dumped imports from China commenced in significant volumes (since April 2014), *figure A-9.5.4*, below, demonstrates.



**Figure A-9.5.3** Unit sales revenue, cost to make sell and unit gain or loss for the applicant's Australian sales of like goods across the injury analysis period (Source: Appendix A6.1)

Figure A-9.5.3, above, demonstrates that notwithstanding declining CTMS from January 2014, the Australian industry was unable to increase its prices for the like goods to levels sufficient to make a net gain.

The materiality of injury suffered by the Australian industry as a result of the price suppression is evidenced in *table A-9.5.4*, below, which calculates the profitability of the Australian industry's weighted average price to its customers as a result of responding to the price undercutting by importers of dumped goods.

					Australian industry WAV Price to customer	Australian industry WAV Price to customer
Australian customer	Importer	Exporter/Supplier	AU\$/Tonne, FIS ~	Delivery Date	AU\$/Tonne, FIS #	Profitability (%) +
				Jul-14		
				Dec-14		
				Dec-14		
				Feb-15		
				Apr-15		
				Apr-15		
				May-15		
				Jun-15		
				Jul-15		
				Jul-15		
				Aug-15		

## Notes:

- \* Based on May 2015 price to customer
- # Refer appendix A4.1
- ~ Refer CONFIDENTIAL ATTACHMENT A-9.5.1
- + Refer appendix A6.1

**Table A-9.5.4** Net profitability arising from price undercutting analysis for rod in coils (Sources: CONFIDENTIAL ATTACHMENT A-4.2.1, appendix A4 and appendix A6.1)



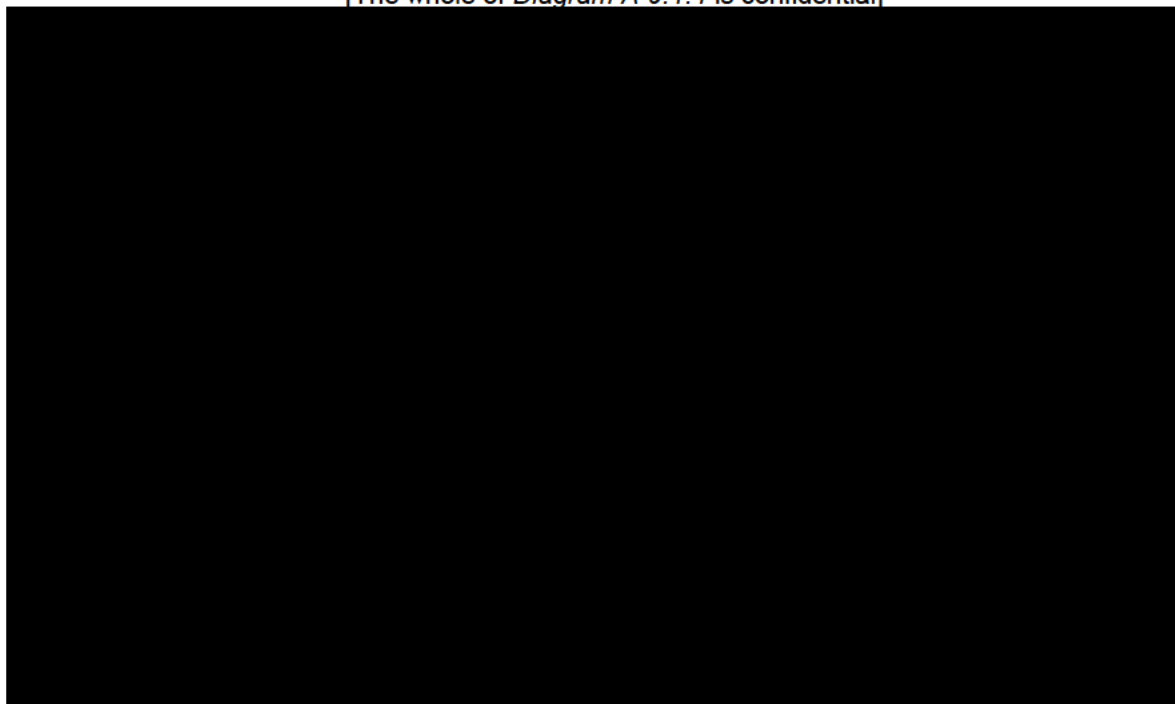
**(b) Volume effects**

As a consequence of the Australian industry's strategy of setting price relative to [REDACTED] pricing, although the Australian industry has not lost sales volume across the injury analysis period (in trend terms), it has, lost sales volume to the dumped goods exported from China.

**(i) Loss of market share**

The above observation is demonstrated in the analysis of market share illustrated in A-9.1.4, reproduced below, that show a loss of market share by the Australian industry to dumped goods from China.

[The whole of *Diagram A-9.1.4* is confidential]



**Diagram A-9.1.4 (reproduced)** Australian external market, market share, across injury analysis  
(Source: appendix A2 and A5) (x-intercept:  $y \neq 0$ )

*Diagram A-9.1.4*, reproduced above, illustrate that although the Australian industry gain market share following the initiation of *Dumping Investigation No.240* (refer July to September 2014 period), the Australian industry was unable to hold that gained market share, and again began to lose market share to dumped goods exported from China, as the volume from that source grew exponentially. Further, as exporters the subject of *Dumping Investigation No. 240* began to lose market share, it was not gained by the Australian industry, with the majority of market share lost by imports from non-Chinese sources, in fact going to dumped goods exported from China.

**(ii) Loss of sales volume**

The loss of market share by the Australian industry is reflected in the Australian industry's recorded loss of sales volume of the like goods to the dumped goods exported from China.

*Table A-9.5.5*, below, summarises the loss of sales volume to customers specifically targeted by offers of dumped goods exported from China.

Lost sales volume (tonnes)	Month								TOTAL
	Oct 2014	Nov 2014	Dec 2014	Jan 2015	Feb 2015	Mar 2015	Apr 2015	May 2015	
<b>TOTAL</b>									

**Table A-9.5.5** Lost sales volume to customers specifically targeted by dumped goods exported from China since October 2014 (Source: CONFIDENTIAL ATTACHMENT A-9.5.2)

### (c) Value injury

Further, the Australian industry is able to aggregate the total loss of sales value of the like goods since the commencement of injury and dumping from China. This analysis is contained in CONFIDENTIAL ATTACHMENT A-9.5.2, which projects the expected sales volumes from customers based on past sales patterns, existing and projected market size. The Australian industry has then applied the weighted average monthly sales value of the specific customer to calculate the value of revenue lost to the Australian industry.

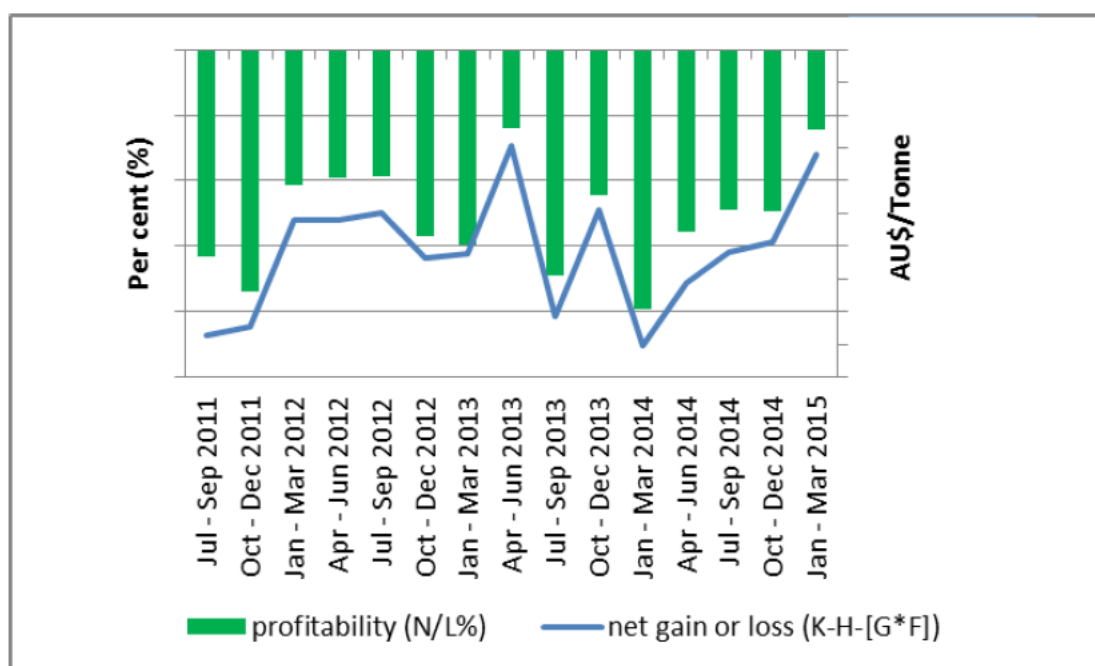
Table A-9.5.6, below, summarises the loss of sales revenue resulting from the lost sales from customers specifically targeted by offers of dumped goods exported from China.

Lost sales value (AU\$)	Month							TOTAL
	Oct 2014	Nov 2014	Dec 2014	Jan 2015	Feb 2015	Mar 2015	Apr 2015	
TOTAL								

**Table A-9.5.6** Lost sales revenue to customers specifically targeted by dumped goods exported from China since October 2014 (Source: CONFIDENTIAL ATTACHMENT A-9.5.2)

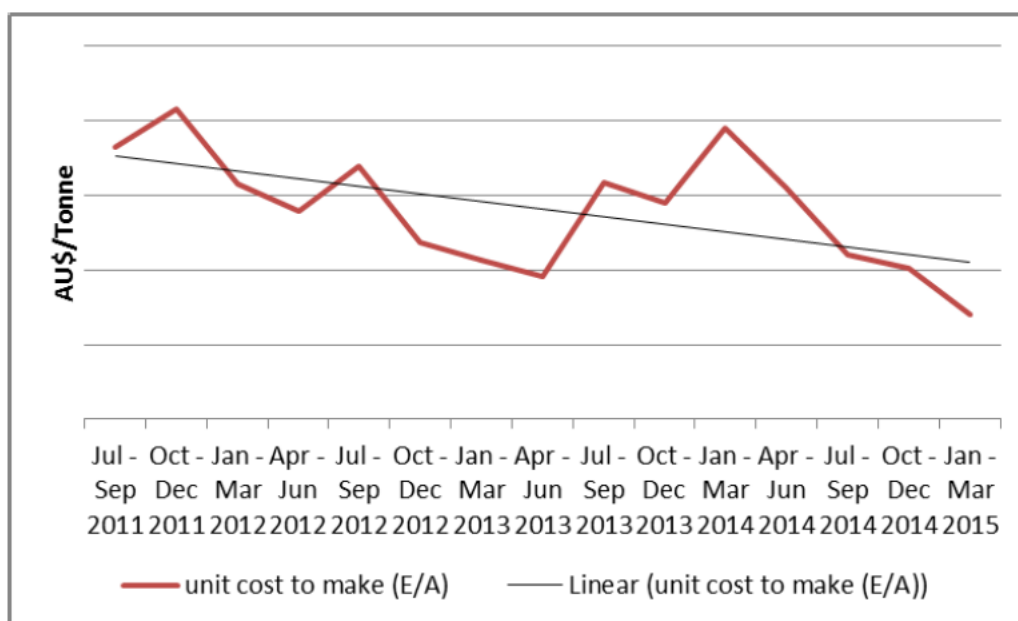
### (d) Profit effects

Figure A-9.5.7, below illustrates the movements in total profits and profitability of the applicant over the injury analysis period.



**Figure A-9.5.7** Total profit and profitability for Australian domestic sales of like goods across injury analysis period (Source: [appendix A6.1](#))

Figure A-9.5.7, above, demonstrates that although there has been an improvement in the applicant's profitability and profits associated with Australian sales of the like goods, [REDACTED]. [measure of financial performance] The Australian industry submits that the improvement in overall profitability and net gain or loss is a function of significant reductions in variable costs as a result of the decline in raw material costs (refer figure A-9.5.8, below) since January 2014, and further a function of the reduction in the company's unit fixed costs possible due to the applicant's [REDACTED] pricing.



**Figure A-9.5.8** Unit variable costs as a function of the Australian industry's unit cost to make the like goods across injury analysis period (Source: [appendix A6.1](#))

However, notwithstanding any improvement in the company's fixed unit costs, the Australian industry has calculated that it could have further reduced its fixed units costs, and further improved the profit and profitability of sales of the like goods, if not for the loss of sales volume to the dumped goods exported from China, as identified in *table A-9.5.5*, above.

In summary, the Australian industry has calculated the possible improvement in its unit net profit in *table A-9.5.9*, below.

	Oct - Dec 2014	Jan - Mar 2015	Apr - May 2015 #
Loss sales volume attributable to dumped goods			
Actual unit fixed costs			
Unit fixed costs if not for lost sales volume			
Difference			

# Based on a projection of Jan - Mar 2015 unit costs and an extrapolation of lost sales for April and May 2015

**Table A-9.5.9** Summary of lost unit profit arising from higher unit fixed costs caused by lost sales volume (Source: CONFIDENTIAL ATTACHMENT A-9.5.2)

#### (d) Conclusion

In concluding whether or not the above injury factors caused by dumping and suffered by the Australian industry are considered to be 'material', the applicant refers to *Ministerial Direction on Material Injury* (Minister for Home Affairs, 27 April 2012), in relevant part:

*"I note that anti-dumping or countervailing action is possible in cases where an industry has been expanding its market rapidly, and dumping or subsidisation has merely slowed the rate of the industry's growth, without causing it to contract. In cases where it is asserted that an Australian industry would have been more prosperous if not for the presence of dumped or subsidised imports, I direct that you be mindful that a decline in the industry's rate of growth may be just as relevant as the movement of an industry from growth to decline. I direct that it is possible to find material injury where an industry suffers a loss of market share in a growing market without a decline in profits. As in all cases, a loss of market share cannot alone be decisive. I direct that a loss of market share should be considered with a range of relevant injury indicators before material injury may be established."* [at pp. 3-4]

Applied here, on the evidence tendered, the Australian industry asserts that it has lost a material volume of sales and value, which if not for the dumped imports would have resulted in higher prices, greater sales volume and overall value, market share and profitability.

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Therefore, in summary, the applicant Australian industry submits that it has suffered material injury caused by dumping, as follows:

- Price depression;
- Price suppression;
- Price undercutting;
- Lost market share;
- Lost sales volume;
- Loss of revenue;
- Loss of profits;
- Loss of profitability;
- Loss of employment and wages; and
- Loss of assets employed in the production of the like goods.

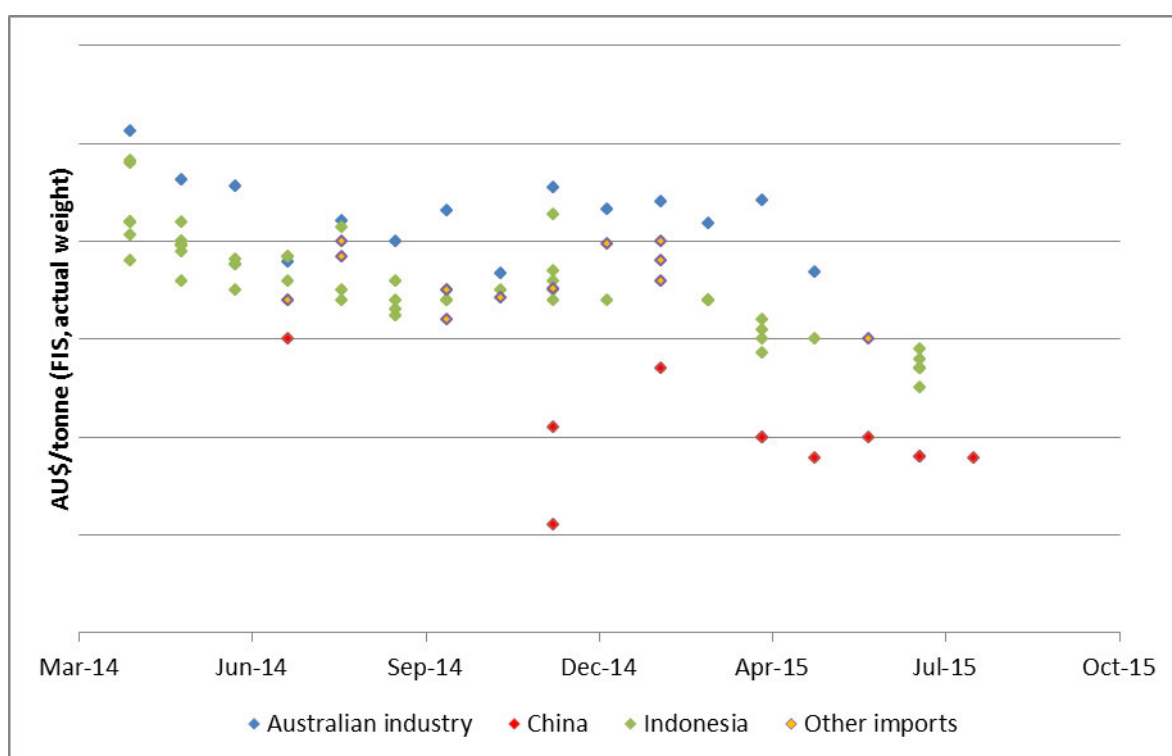
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6. Discuss factors other than dumped imports that may have caused injury to the industry. This may be relevant to the application in that an industry weakened by other events may be more susceptible to injury from dumping.

**Other dumped imports: Dumping Investigation No. 240**

The Australian industry notes the recently completed dumping investigation concerning goods meeting the description of this application from other sources, Turkey, Taiwan and exporters other than PT Ispat from Indonesia (*Dumping Investigation ADC 240*).

The applicant has considered the possibility of material injury continuing to be caused by price undercutting by other sources of dumped imports identified in *Investigation No. 240*. In response, the applicant has compared price offers by importers of the dumped goods the subject of this application, dumped goods the subject of *Dumping Investigation No. 240*, and non-dumped goods from 'other exporters'. Figure A-9.2.5, above (reproduced below), has traced the available price offers since 1 January 2014 for rod in coils.



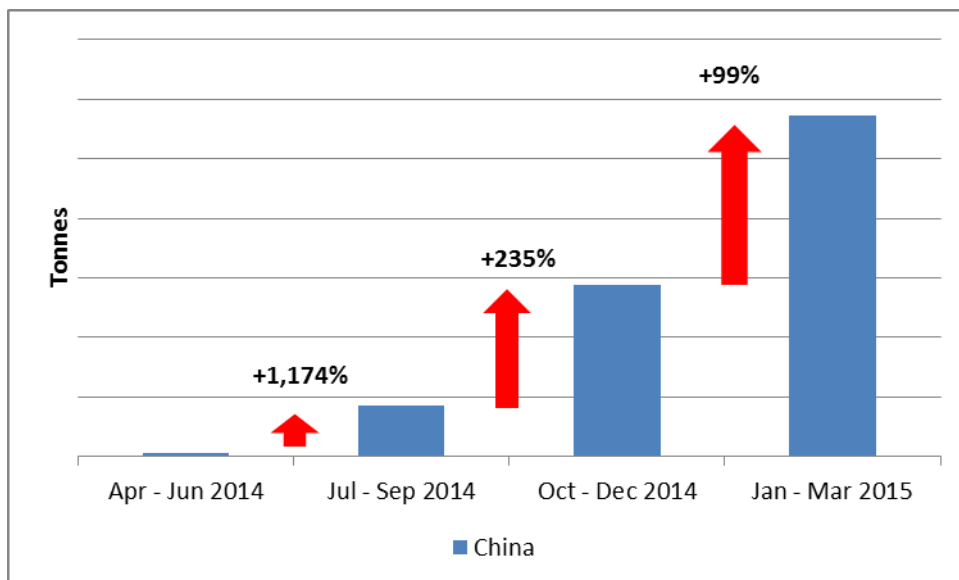
**Figure A-9.5.2 (reproduced)** Price undercutting analysis in terms of the applicant's average selling price to import targeted customers (Sources: CONFIDENTIAL ATTACHMENT A-4.2.1 and appendix A4.1) (x-intercept:  $y \neq 0$ )

Where importers of the goods exported from China have made price offers into the Australian market, those price offers have consistently undercut offers from dumped imports the subject of *Dumping Investigation No. 240*. Therefore, the dumped imports from China have been a relevant source of injury to the Australian industry at times relevant to this application.

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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 economic factors) to support your analysis.

The applicant anticipates that the exponential growth in the volume of the dumped goods exported from China will continue. *Diagram A-9.1.4*, above (reproduced below), demonstrates the quarter on quarter growth of volume of the goods exported from China



**Diagram A-9.1.4 (reproduced)** Volume of dumped imports from China, tonnes between 1 April 2014 and 31 March 2015  
Source: Appendix A2) (x-intercept:  $y = 0$ )

In *section A-9.1*, above, the Australian industry illustrated how the growth in Chinese export volume of the dumped goods began to reverse the improvement in the Australian industry's market share. With every indication that export volume of the dumped goods from China will continue to grow, then the Australian industry expects a continued erosion in its market share. Further, as the volumes of dumped imports from China appear to be price undercutting the Australian industry, then in order for the Australian industry to avoid loss of sales volume, it must continue to reduce its price for the like goods to compete. This in turn further erodes the Australian industry's profits and profitability.

There is no sign of abatement in this volume growth. A review of the latest [REDACTED] data for tariff code 7227.90, which is likely to include alloyed rebar straights, show a large consignment exported from China in the month of April 2015, with an expected importation date in Australia of May 2015 (refer CONFIDENTIAL ATTACHMENT A-9.7).

In terms of ongoing price depression and loss of revenue, to be suffered by the Australian industry, the [REDACTED], identified in *table A-9.5.3*, above, suggest that the Australian industry will need to reduce its price of the like goods to its Australian customers between (-) [REDACTED]% and (-) [REDACTED]% in order to compete with dumped imports.

As is observed from CONFIDENTIAL ATTACHMENT A-9.5.2, where the Australian industry failed to meet the [REDACTED] for the dumped goods, the Australian industry has lost sales volume and therefore sales revenue. Accordingly, in order to maintain market share and sales volume (to maintain sufficient contribution to the Australian industry's fixed costs), it will need to respond to these future price [REDACTED] for dumped imports.

Assuming the Australian industry's costs remain constant, responding to the [REDACTED] for dumped goods will cause the Australian industry to suffer [REDACTED] on sales of:

- up to [REDACTED] %, and

in terms of net losses, this will represent:

- [REDACTED] \$ [REDACTED] losses per quarter (assuming sales volume and costs remain consistent with the January to March 2015 period)

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# 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:

 **(02) 6275-6066** Fax **(02) 6275-6990**



**B-1 Source of exports.****1. Identify the country(ies) of export of the dumped goods.**

The goods the subject of the application are exported from the Peoples' Republic of China ("China").

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

It is the applicant's understanding that the country of export is also the country of origin of the goods the subject of this application.

**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.**

China is considered a market economy for the purposes of Australia's anti-dumping legislation.

**4. Where possible, provide the names, addresses and contact details of:**

- producers of the goods exported to Australia;
- exporters to Australia; and

The subject goods have been produced and exported to Australia from China by the exporters listed below:

**(i) Jiangsu Shagang Co., Ltd. ("Shagang")**

CHINA

Tel.: [REDACTED]

Web: [REDACTED]

**(ii) Shandong Shiheng Special Steel Co Ltd ("Shiheng")**

CHINA

Tel: [REDACTED]

Fax: [REDACTED]

Web: [REDACTED]

[Address and contact details]

**(iii) Shandong Iron and Steel Co Ltd. Laiwu Company ("Laiwu")**

CHINA

Tel: [REDACTED]

Web: [REDACTED]

[Address and contact details]

- (iv) Jiangsu Yonggang Co. Ltd

[Redacted]

CHINA

Tel: [Redacted]

Fax: [Redacted]

Web: [Redacted]

[Address and contact details]

- (v) Hunan Valin Iron & Steel Group Co., Ltd.

[Redacted]

CHINA

Tel: [Redacted]

Fax: [Redacted]

Web: [Redacted]

- **importers in Australia.**

The following companies are understood to be importers of rod in coils into Australia:

- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]

[Address and contact details]

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.

Article 5.8 of the *Agreement on Implementation of Article VI of GATT 1994* ("Anti-Dumping Agreement") defines the volume of dumped imports from a particular country that shall normally be regarded as negligible. However, it does not establish a period of time over which imports are to be counted in

determining whether the volume of imports is negligible.

In light of the foregoing, on 27 November 2002, the WTO *Committee on Anti-Dumping Practices* ("WTO Committee") recommended that, with respect to original investigations to determine the existence of dumping and consequent injury, whether the volume of dumped imports, actual or potential, from a particular country is regarded as negligible shall be determined with reference to the volume of dumped imports from that country during:

"(a) the period of data collection for the dumping investigation; or

"(b) the most recent 12 consecutive months prior to initiation for which data are available; or

"(c) the most recent 12 consecutive months prior to the date on which the application was filed, for which data are available, provided that the lapse of time between the filing of the application and the initiation of the investigation is no longer than 90 days." (G/ADP/10, 29 November 2002)

On 29 January 2003, the Permanent Mission of Australia, advised the WTO Committee that it utilizes the method described under (a) of the recommendation, namely, the period of data collection for the dumping investigation, in other words the investigation period (refer NON-CONFIDENTIAL ATTACHMENT B-1.5.1).

The applicant notes the Commission's policy in relation to the specification of an investigation period, specifically at p.11 (*Dumping and Subsidy Manual*, December 2013 edn.):

*"The investigation period is generally the 12 months preceding the initiation date and ending on the most recently completed quarter or month."*

Applied here, the Australian industry applicant proposes the period 1 July 2014 to 30 June 2015, as the investigation period to be specified by the Commissioner, in the event the investigation of this application is initiated. This period is nominated as the most recently completed whole financial period as at the date the investigation is initiated. However, as at the date of making this application, the Australian industry has access to import volume data up to 31 March 2015. Therefore, the applicant completes *table B-1.5.1*, below, with twelve months of import volume data up to 31 March 2015. On the basis of the available data, *table B-1.5.1*, below, indicates that the import volume from China exceeds 3% of all imports of the product into Australia during the twelve months to 31 March 2015.

	Quantity	%	Value	%
All imports into Australia		100.00%		100.00%
China		15.14%		13.54%
Indonesia		39.93%		40.64%
Other imports		44.93%		45.82%
Total		100.00%		100.00%

**Table B-1.5.1** Import volumes of the goods the subject of this application across the 12-months ending 31 March 2015  
(Source: Appendix A2)

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.

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## B-2 Export price

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 [REDACTED] presented in appendix A2 is indicative of the volumes of exported rod in coils by producers and exporters in China, it is not considered suitable for the estimation of the export price of the imported goods specifically the subject of this application, because the [REDACTED] obtained (and presented in appendix A2) relates to the various tariff classifications identified at *section A-3.2*, above, which although is believed by the Australian industry to be the tariff classifications under which most of the subject goods are being imported, covers a broader category of goods, and as such would not, if included, allow the Australian industry to confidently represent the volume and value of the dumped imported goods, classified thereunder.

Therefore, quarterly deductive export prices for the goods have been calculated in *section B-2.3*, below, based on market [REDACTED].

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

The deductive export prices calculated in *section B-2.3*, below, are based on FOB delivery terms.

Normal values for exporters may therefore require an adjustment for the inland freight component included in the export price.

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.

The applicant has completed appendix B1.

A summary of the deductive export price for exports from China during the proposed investigation period forms *table B-2.3.1*, below.

Model/type/grade	Alloy and non-alloy rod in coil (<14mm)						Notes:
Specify unit (kilograms, tonnes, litres etc)	Tonnes	Q1, FY 2015	Q2, FY 2015	Q3, FY 2015	Q4, FY 2015		
Period (where applicable)		Oct-14	Dec-14	Feb-15	Mar-15	Apr-15	
Price at first point of resale to an unrelated buyer in Australia (per unit)	\$A	[REDACTED]					1
less amounts for net profit (if any) - specify rate	Trader's Margin	[REDACTED]					2
delivery to buyer		[REDACTED]					3
warehousing		[REDACTED]					
selling, general and administration (incl. financial expenses) - if measured as percentage of selling price, specify rate	0%	[REDACTED]					Included in Trader's Margin
freight from wharf to store	0%	[REDACTED]					
customs duty - specify rate		[REDACTED]					
goods and services tax (GST)		[REDACTED]					
import clearance and handling (incl. Customs agency fees and disbursements)		[REDACTED]					3
overseas freight & insurance		[REDACTED]					4
other (specify)		[REDACTED]					
Deductive export price (FOB)	A\$	\$ 501	\$ 556	\$ 521	\$ 510	\$ 514	
FX	USD/AUD	0.8764	0.8244	0.7796	0.7732	0.7732	5
Deductive export price (FOB)	US\$	\$ 439	\$ 458	\$ 406	\$ 394	\$ 397	

1 Refer CONFIDENTIAL ATTACHMENT B-2.3.3  
2 In the applicant's experience, this rate is typically between [REDACTED] tonne  
3 Refer CONFIDENTIAL ATTACHMENT B-2.3.1  
4 Refer CONFIDENTIAL ATTACHMENT B-2.3.2  
5 Refer RBA Historic Data

Table B-2.3.1 Deductive Export Price determination for China

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.

The evidence supporting the calculation of deductive export prices contained in appendix B1 has been identified in the respective confidential attachments, including their sources.

### B-3 Selling price (normal value) in the exporter's domestic market.

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.**

The Australian industry claims that domestic prices of rod in coils in China are not suitable for the determination of normal values because the continued intervention by the Government of China ("GOC") in the iron and steel industry has distorted the prices of rod in coils during the investigation period.

Subsection 269TAC(1) of the *Customs Act 1901* ("Customs Act") establishes that "the normal value of any goods exported to Australia is the price paid or payable for like goods sold in the ordinary course of trade for home consumption in the country of export in sales that are arms length transactions by the exporter or, if like goods are not so sold by the exporter, by other sellers of like goods".

However, paragraph 269TAC(2)(a) of the Customs Act sets out an exception and states that where "...because the situation in the market of the country of export is such that sales in that market are not suitable for use in determining a price under subsection (1); the normal value of goods exported to Australia cannot be ascertained under subsection (1);...". In such circumstances, the normal value may be determined on the basis of construction of cost (paragraph 269TAC(2)(c)), or third country sales (paragraph 269TAC(2)(d)). Therefore, a determination as to whether there is a "particular market situation" has consequences for the assessment of normal value and dumping margins.

(a) The GOC's influence in the iron and steel industry

In the recent investigations involving steel products (Hollow Structural Sections ("HSS"), galvanised steel and aluminium zinc coated steel and hot rolled plate steel) the Commission found that the price of the main raw materials for those goods was distorted by the GOC's intervention in the Chinese iron and steel industry. The Commission found that a 'particular market situation' existed in relation to HSS and also determined that prices in the domestic market for galvanised steel and aluminium zinc coated steel and hot rolled plate steel were unsuitable for the determination of normal value under s.269TAC(1) of the Act (REP 177, REP 190 and REP 198 refers).

The GOC continues to influence the prices of the raw materials in the current investigation period through various forms of interventions in the Chinese iron and steel industry summarised below.

(b) Summary of forms of intervention in the Chinese iron and steel industry

OneSteel asserts that the following forms of intervention in the iron and steel industry by the GOC occur as outlined below:

- (i) the GOC plays a significant role in influencing the domestic iron and steel industry through its numerous broad overarching macroeconomic policies and plans that outline aims and objectives for the Chinese iron and steel industry, including:
  - a. National Steel Policy ("NSP");
  - b. Blueprint for the Steel Industry Adjustment and Revitalization;
  - c. Directory Catalogue on Readjustment of Industrial Structure; and
  - d. National and regional five year plans and guidelines.
- (ii) implementation measures (that go towards actively executing the aims and objectives of these policies and plans), as summarised below:
  - a. measures to eliminate out dated production capacity and to encourage technical and environmental improvement;
  - b. market entry criteria and industry operating conditions;
  - c. measures to curb 'production capacity redundancy';



- d. guiding industry mergers and acquisitions;
- e. import and export measures on upstream raw material;
- f. subsidies provided to the producers in the iron and steel industry; and
- g. other implementation measures, including impact of SIEs.

(c) Evidence of intervention in the iron and steel industry by the GOC

(i) **Broad overarching macroeconomic policies and plans that outline aims and objectives for the Chinese iron and steel industry**

(a) *National Steel Policy*

The National Steel Industry Development Policy (National Steel Policy)<sup>7</sup> dated July 8, 2005, outlines the GOC future plans for the domestic steel industry in China.

The major objectives of the National Steel Policy are:

- the structural adjustment of the domestic steel industry in China;
- industry consolidations through merger and acquisitions;
- the regulations of technological upgrading with new standards for the steel industry;
- measures to reduce material and energy consumption and enhance environmental protection; and
- government supervision and management in the steel industry.

(b) *Blueprint for the Steel Industry Adjustment and Revitalization*

On March 20, 2009, the GOC promulgated the Blueprint for the Adjustment and Revitalization of the Steel Industry ("2009 Steel Revitalization/Rescue Plan")<sup>8</sup>, issued by the General Office of the State Council. This macro-economic policy was the GOC's response to the international financial crisis and is also the action plan for the steel industry for the period between 2009 and 2011. This plan includes the following major tasks:

- maintain the stability of the domestic market and improve the export environment;
- strictly control the total output of steel and accelerate the process of eliminating what is backward (obsolete);
- enhance enterprise reorganization and improve the industrial concentration level;
- spend more on technical transformation and promote technical progress;
- optimize the layout of the steel industry and overall arrangements of its development;
- adjust the steel product mix and improve the product quality;
- maintain stable import of iron ore resources and rectify the market order; and
- develop domestic and overseas resources and guarantee the safety of the industry.

There are common measures between the two GOC policies but, in addition, the *2009 Steel Revitalization/Rescue Plan* is an acceleration of some major objectives of the *National Steel Policy*, in that there continues to be the strict control of new additions to steel production capacity, more stipulated mergers and acquisitions to consolidate the steel industry in China into larger conglomerates and also a focus on product quality.

There are also provincial versions to the *2009 Steel Revitalization/Rescue Plan*. An example of the provincial version of the national plan is the *Shandong Province Iron and Steel Industry Restructuring and Revitalization Plan*.<sup>9</sup> This 2009 provincial plan mirrors the policy objectives of the national *2009 Steel Revitalization/Rescue Plan*, but is tailored to reflect the conditions for the iron and steel industry in Shandong Province.

<sup>7</sup> NON-CONFIDENTIAL ATTACHMENT B-3.1.1

<sup>8</sup> NON-CONFIDENTIAL ATTACHMENT B-3.1.2

<sup>9</sup> NON-CONFIDENTIAL ATTACHMENT B-3.1.3

(c) *National and regional five year plans and guidelines*

Further evidence that domestic prices are substantially determined by the GOC and are not substantially the same as they would be in a competitive market in the steel industry in China can be found in the GOC's new macro-economic policy entitled, *12th Five-Year Plan: Iron and Steel* ("2011-2015 Development Plan for the Steel Industry").<sup>10</sup>

The *2011-2015 Development Plan for the Steel Industry* is the most recent five year plan for the steel industry that was released by the GOC's Ministry of Industry and Information Technology on November 7, 2011. It serves as the guiding document for the development of the Chinese steel industry for the 2011-2015 period and its directives include:

- increased mergers and acquisitions to create larger, more efficient steel companies;
- GOC restrictions on steel capacity expansion;
- upgrading of steel industry technology;
- greater GOC emphasis on high-end steel products; and
- GOC directed relocation of iron and steel companies to coastal areas.

Also included in this plan are minimum requirements for steel production in order to eliminate smaller players in the market. Through this plan, the GOC is continuing its reform and restructuring of the Chinese steel industry. The GOC's target is that by 2015, China's top 10 steel producers will represent 60% of the country's total steel output. According to the *National Steel Plan*, the long-range GOC target for mergers and acquisitions is to have the top 10 Chinese steel producers account for 70% of total national steel production by 2020. This plan is the next development stage of GOC directives aimed at achieving this long-range 2020 target.

The *2011-2015 Development Plan for the Steel Industry* also addresses ongoing issues in the steel industry with the directive to strictly control expansion of steel production capacity, accelerate the development of higher value steel products and to continue to advance mergers and restructuring.

Therefore the main task of the *2011-2015 Development Plan for the Steel Industry* is to control total volume by eliminating obsolete production and controlling new production capacity. The scope of the GOC's reforms in the steel sector in China is to be obtained by industry concentration targets through mergers and acquisitions by the end of 2015.

In October 2011, a pilot project was launched by the National Development and Reform Commission ("NDRC") to restructure the steel industry in Shandong Province.<sup>11</sup> The main objectives of the restructuring plan was to phase out backward production thereby improving energy conservation, control new production capacity in order to stop blind investment, improve industrial concentration through mergers and plant relocations and increase the production of higher value added steel products. The objective was to establish one large provincial steel company (Shandong Iron and Steel Group) and five regional steel companies (Zibo, Weifang, Laiwu, Linyi, Binzhou).<sup>12</sup> This was to be achieved through the merger of state owned and privately owned steel mills through equity swaps or partnership agreements.

These GOC objectives are likely to conflict with the commercial interests of producers in the long products steel sector, which includes rod in coils. These objectives will likely affect production volumes, competition and ultimately prices.

<sup>10</sup> NON-CONFIDENTIAL ATTACHMENT B-3.1.4

<sup>11</sup> NON-CONFIDENTIAL ATTACHMENT B-3.1.5

<sup>12</sup> NON-CONFIDENTIAL ATTACHMENT B-3.1.6

### Value added tax (VAT) as an instrument of import and export policy

The GOC has also provided value added tax (VAT) export rebates on various steel products to promote their export. In addition, the GOC has also imposed export taxes on various steel products to curtail their export.

In general terms, China's VAT system is similar to the operation of Australia's Goods and Services Tax, with the end consumer ultimately paying the tax. A manufacturer in China pays 17% VAT on its purchases of raw materials, processes the goods, and then sells the end-products, collecting 17% VAT in the process. The manufacturer then remits the difference between the VAT collected and the VAT paid on the purchases of the raw materials. In this manner, a manufacturer does not incur any VAT related costs on his production materials.

However, VAT on export sales is treated differently. With exports, the exporter still pays the same 17% VAT on their purchases of raw materials, however, when they export the goods, they only receive a VAT refund of a fixed percentage, which is established by the GOC. In addition, the VAT refund cannot exceed the VAT paid on raw materials. Consequently, the VAT refund on exports would offset the VAT paid on the raw materials.

The GOC applies VAT policy by both direct and indirect means to control the Chinese domestic price of rod in coils.

Firstly, the GOC uses VAT import and export policies designed to place a downward effect on the price of raw material inputs into the production of billet. In summary, these are:

- Coking coal;
- Coke;
- Iron ore; and
- scrap steel.

(a) & (b) *Coking coal and coke*

In the recent *Dumping and Subsidy Investigation No. 198 (Hot Rolled Plate Steel ex China et Ors)*, the Commission obtained the following summary of taxes and tariff rates applicable to coking coal and coke (reproduced below as *Tables B-3.1 and B-3.2*, below)

Export VAT Rebates	2008 (%)	2009 (%)	2010 (%)	2011 (%)	2012 (%)	
Coking Coal	0	0	0	0	0	
Export Tariff Rates	Jan to Aug 2008 (%)	Aug to Dec 2008 (%)	2009 (%)	2010 (%)	2011 (%)	2012 (%)
Coking Coal	5	10	10	10	10	10
Import Tariff Rates	2008 (%)	2009 (%)	2010 (%)	2011 (%)	2012 (%)	
Coking Coal	0	0	0	0	0	
Export Quotas	2008 (%)	2009 (%)	2010 (%)	2011 (%)	2012 (%)	
Coking Coal	NA	NA	NA	NA	NA	NA
Corporate Tax Rate	2008 (%)	2009 (%)	2010 (%)	2011 (%)	2012 (%)	
Coking coal	25	25	25	25	25	

NA= Not applicable

**Table B-3.1** Summary of taxes and tariff rates applicable to coking coal between CY 2008 and 2012  
(Source: Anti-Dumping Commission, REP 198, Appendix 1, Table 5)



Export VAT Rebates	2008 (%)	2009 (%)	2010 (%)	2011 (%)	2012 (%)	
Coke	0	0	0	0	0	
Export Tariff Rates	Jan to Aug 2008 (%)	Aug to Dec 2008 (%)	2009 (%)	2010 (%)	2011 (%)	2012 (%)
Coke	25	40	40	40	40	40
Import Tariff Rates	2008 (%)	2009 (%)	2010 (%)	2011 (%)	2012 (%)	
Coke	0	0	0	0	0	
Export Quotas	2008 (%)	2009 (%)	2010 (%)	2011 (%)	2012 (%)	
Coke	Subject to Export quotas	Subject to Export quotas	Subject to Export quotas	Subject to Export quotas	Subject to Export quotas	
Corporate Tax Rate	2008 (%)	2009 (%)	2010 (%)	2011 (%)	2012 (%)	
Coke	25	25	25	25	25	

**Table B-3.2** Summary of taxes and tariff rates applicable to coke between CY 2008 and 2012 (Source: Anti-Dumping Commission, REP 198, Appendix 1, Table 4)

In *Dumping Investigation No. 198*, the Commission there concluded that by imposing a high export tax and no import tax on coke and coking coal indicated that the GOC continued to restrict exportation of those raw materials from China while promoting importation.

In that case, the Commission further found that The GOC's policies restricted the supply of coke to the international market by imposing:

- a high export tax;
- no VAT rebates on exports; and
- applying export quotas.

Due to the export restrictions, the market for Chinese produced coke and coking coal was mainly limited to downstream users in the Chinese domestic market. The GOC also implemented policies (such as no import tax) that encouraged importation of coke.

The GOC's policies restricted coke and coking coal exports, encouraged coke and coking coal imports and therefore:

- reduced coke and coking coal availability to the international market;
- increased the supply of coke and coking coal in the Chinese domestic market; and
- the increased supply led to downward pressure on Chinese domestic prices for coke and coking coal.

The impact of the GOC's policies created a differential between the price charged to Chinese domestic processors and the price charged to foreign processors.

This was evident in the recent investigations (INV 193a and INV 193b), where it was found that the domestic price of coke in the investigation period was approximately 38% lower than the export price. The Chinese export price was comparable to the export price of coke by other major exporting countries.

The domestic price of coking coal in China in *Dumping Investigation No. 198* was 16% lower than the export price on comparable terms of trade in the relevant investigation period.

Overall, the Commission concluded in *Dumping Investigation No. 198* that, as a result, not only was the price of coke and coking coal in China influenced and distorted by the import and export tax policies but as key raw materials this had a flow-on effect on the entire steel industry. In this case, this necessarily includes the downstream value added industries such as steel billet and rod in coils.

It is noted that one element of the GOC's policies restricting coking coal exports has undergone adjustment since 1 January 2015, specifically, the export tax was reduced by 7%, from 10% to 3% (refer NON-CONFIDENTIAL ATTACHMENT B-3.1.8 and NON-CONFIDENTIAL ATTACHMENT B-3.1.9, at Line 68). Some commentators have observed that the reduction in the export tax is not sufficiently large to facilitate coking coal exports.<sup>13</sup> Further, the export quota still exists through the permit licensing system administered via the General Administration of Customs. Implemented by *Announcement No. 96 of 2013* published in "2014 Export Licenses for Goods Catalog" (refer NON-CONFIDENTIAL ATTACHMENT B-3.1.10). Therefore, with effect from 1 January 2014, China revised its export license policies across 48 goods categories. The forms of export license control are:

- export quota licenses;
- export quota bidding; and
- export license management/control.

In the case of coking coal, export quota licences continue to apply (refer NON-CONFIDENTIAL ATTACHMENT B-3.1.11, item 10).

The Australian industry observes that the other elements of the GOC's policies relating to coking coal, i.e. import taxes on coking coal and no VAT rebates on exports on exports remain, largely, in place. In relation to the import tax on coking coal, the Australian industry notes that although a 3% import tax was imposed in October 2014, that rate was not applicable to imports from Australia. Australia is China's largest supplier of coking coal, accounting for 8.01 million tonnes of China's total imports of 16.56 million tonnes of coking coal between January and May 2015 (48.4%).<sup>14</sup> This largely leaves almost 50% of Chinese imported supply of coking coal unaffected by the import tax.

Therefore, the lower price conditions created in the Chinese domestic market for coking coal continue to exist.

The refusal of the GOC in *Dumping Investigation No. 190*, to explain whether or not its export tariffs, export quotas and export licensing on coke had been abolished, leaves the applicant Australian industry unable to say with confidence as to whether or not the 40% export tariff remains current. Assuming that has been abolished, it appears to the Australian industry that other measures, such as the export licensing on coke remains in place by the GOC<sup>15</sup>.

Again, it appears to the Australian industry that export quotas still exist for Chinese coke (refer NON-CONFIDENTIAL ATTACHMENT B-3.1.11, item 11). In the case of coke, export license management/control continues to apply.

#### *(b) Iron ore and scrap steel*

In the recent *Dumping and Subsidy Investigation No. 198 (Hot Rolled Plate Steel ex China et Ors)*, the Commission obtained the following summary of taxes and tariff rates applicable to iron ore and scrap steel (reproduced below as *Tables B-3.3 and B-3.4*, below).

<sup>13</sup> CRU Group, *Government supportive measures have not changed market fundamentals*, 17 February 2015,

<sup>14</sup> China Coal Resource, *China's May coking coal imports plunge 68pct on yr*, 26 June 2015, <http://en.sxcoal.com/NewsDetail.aspx?cateID=165&id=122660&keyword=coking%20coal> (Accessed 15/07/2015).

<sup>15</sup> Bloomberg Business, *China's Coal Imports Poised to Jump as Coke Export Tax Scrapped*, 20 December 2012, <http://www.bloomberg.com/news/articles/2012-12-20/china-s-coal-imports-poised-to-jump-as-coke-export-tax-scrapped> (Accessed 13/07/2015)

Export VAT Rebates	Jan to Dec 2008 (%)	Jan 2009 to Mar 2009 (%)	April 2009 to May 2009 (%)	June 2009 to Dec 2009 (%)	Jan 2010 to mid-July 2010 (%)	mid July 2010 to Dec 2010 (%)	Jan to Dec 2011 (%)	Jan to Dec 2012 (%)
Iron Ore	0	0	0	0	0	0	0	0
Export Tariff Rates	Jan to Aug 2008 (%)	Aug to Nov 2008 (%)	Dec 2008 (%)	2009 (%)	2010 (%)	2011 (%)	2012 (%)	
Iron Ore	10	10	10	10	10	10	10	
Corporate Tax Rate	2008 (%)	2009 (%)	2010 (%)	2011 (%)	2012 (%)			
Iron Ore	25	25	25	25	25			
Import Tariff Rates	2008 (%)	2009 (%)	2010 (%)	2011 (%)	2012 (%)			
Iron Ore	0	0	0	0	0			
Export Quotas	2008 (%)	2009 (%)	2010 (%)	2011 (%)	2012 (%)			
Iron Ore	NA	NA	NA	NA	NA			

**Table B-3.3** Summary of taxes and tariff rates applicable to iron ore between CY 2008 and 2012 (Source: Anti-Dumping Commission, REP 198, Appendix 1, Table 6)

Export VAT Rebates	2008 (%)	2009 (%)	2010 (%)	2011 (%)	2012 (%)
Scrap Metal	0	0	0	0	0
Export Tariff Rates	2008 (%)	2009 (%)	2010 (%)	2011 (%)	2012 (%)
Scrap Metal	40	40	40	40	40
Corporate Tax Rate	2008 (%)	2009 (%)	2010 (%)	2011 (%)	2012 (%)
Scrap Metal	25	25	25	25	25
Import Tariff Rates	2008 (%)	2009 (%)	2010 (%)	2011 (%)	2012 (%)
Scrap Metal	0	0	0	0	0
Export Quotas	2008 (%)	2009 (%)	2010 (%)	2011 (%)	2012 (%)
Scrap Metal	NA	NA	NA	NA	NA

**Table B-3.4** Summary of taxes and tariff rates applicable to scrap steel between CY 2008 and 2012 (Source: Anti-Dumping Commission, REP 198, Appendix 1, Table 7)

Iron ore and scrap steel are the major raw materials used in the production of billet, and therefore, rod in coils.

In *Dumping Investigation No. 198*, the Commission considered that the imposition of export tax, together with no VAT rebate on exports, restricted the export of iron ore and scrap steel. The GOC's application of no import tax also promoted the importation of iron ore into China. This increased the domestic supply of iron ore and provides greater access to the downstream industries for the manufacture and supply of value added products.

Secondly, the GOC seeks to influence the domestic price of billet through directly affecting the supply of billet available on the domestic market. It does this by the use of VAT export rebates.

Since 2007, China has eliminated VAT export rebates on some, but not all steel products, resulting in a shift in production towards products that still qualified for this rebate.<sup>16</sup> This has the effect of promoting certain types of production while at the same time reducing the level of exports of other steel products, ultimately affecting pricing of these goods.

Currently, steel products are classified as 'alloy steel' by Chinese Customs and avoid a 15% export duty applied to carbon steel. Moreover, producers are able to claim at least a 9% rebate on the 17% VAT that would usually apply, giving exporters of these items a combined incentive of 24%. Currently, steel products containing alloys of chromium, titanium or vanadium are classified as 'alloy steel'. Since 1 January 2015, the central government abolished boron-added steel as eligible for the export duty exemption and VAT export rebate (refer NON-CONFIDENTIAL ATTACHMENT B-3.1.7).

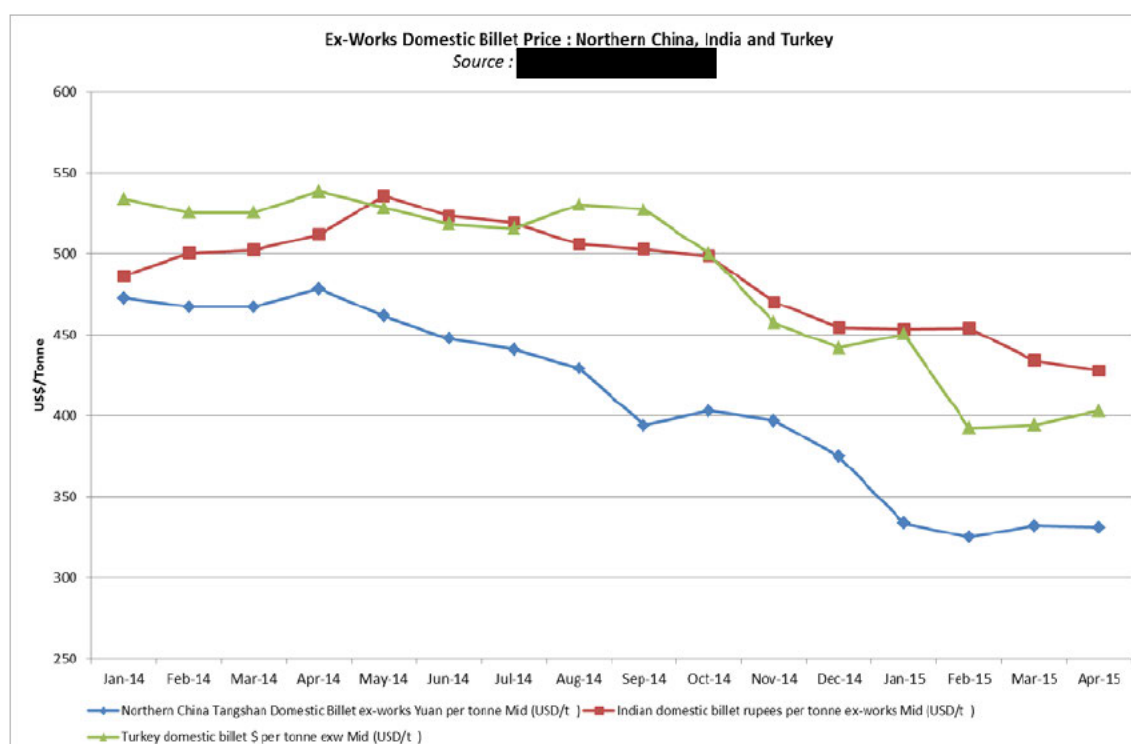
<sup>16</sup> Anti-Dumping Commission, REP 198, *Dumping of Hot Rolled Plate Steel ex China et Ors*

An important effect of these tax changes is that it increases the cost of exports of semi-finished steel products, such as billet, which in turn reduces the volume of material that is exported and leaves additional capacity to serve the domestic market, thereby artificially depressing the domestic sales price. While the GOC has stated that many of these policies are intended to address environmental and resource efficiency issues, these measures are changing the demand and supply balance in the domestic market and affecting the prices of the long products steel sector, which includes rod in coils, in the domestic market.

The GOC does not provide any VAT export rebate for steel billets. Steel billet is subject to an export tax (15%). The absence of a VAT export rebate, coupled with an export tax, on steel billets further demonstrates the GOC's objective of increasing the domestic supply of unfinished steel products by discouraging their export. A higher supply of steel products such as billets in the domestic market causes downward pressure on domestic prices of these goods.

Since billet comprises a large percentage of the cost of rod in coils (typically, greater than 70%), the low cost of billet in China impacts the price of rod in coils in China (both alloy and non-alloy rod in coils).

To illustrate the practical impact of these forms of intervention by the GOC on the Chinese domestic price of billet, the applicant produces *Chart B-3.5.1*, below, which demonstrates that Chinese billet pricing is consistently lower than other markets.



**Chart B-3.5.1** Chinese domestic price of billet compared to Turkish and Indian domestic billet prices  
(Source: -CONFIDENTIAL ATTACHMENT B-3.1.8)

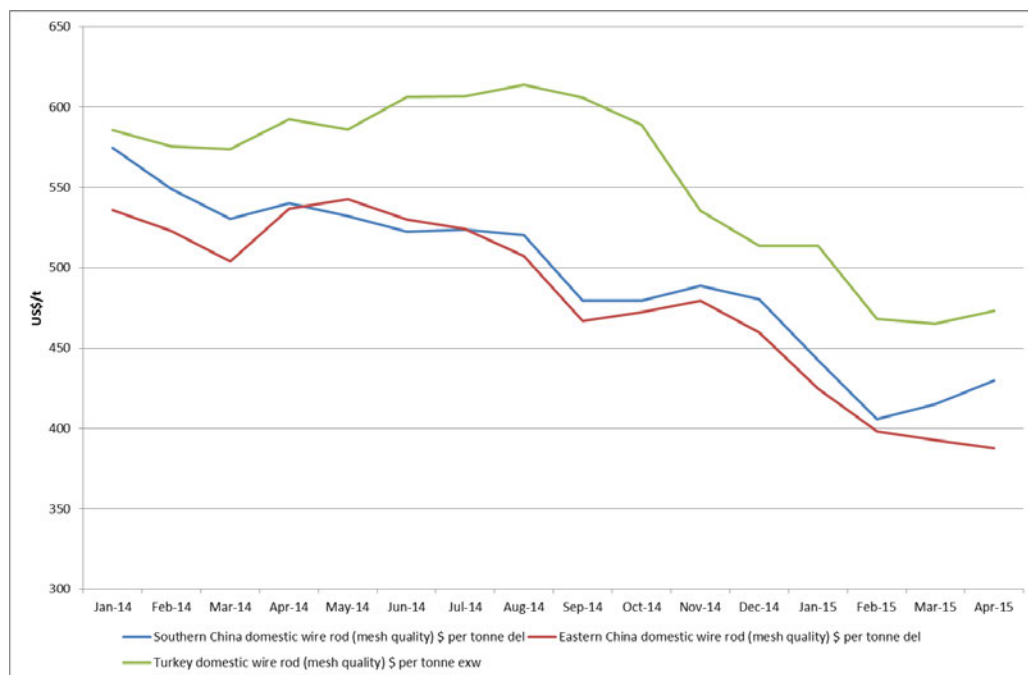
Finally, the GOC seeks to influence the domestic price of rod in coils through directly affecting the supply of rod in coils available on the domestic market. It does this by the use of VAT export rebates and an export tax.

The GOC does not provide any VAT export rebate for non-alloy rod in coils, while, as noted above, alloy rod in coils currently receive a VAT export rebate (9%). Non-alloy rod in coils is subject to an export tax (15%). The absence of a VAT export rebate, coupled with an export tax, on non-alloy rod in coils further demonstrates the GOC's objective of increasing the domestic supply of non-alloy rod in coils by discouraging its export. A

higher supply of steel products such as non-alloy rod in coils in the domestic market causes downward pressure on domestic prices of these goods.

#### Analysis of Domestic Prices in China

OneSteel submits that as a result of the GOC's intervention in the Chinese iron and steel industry, the domestic prices of rod in coils in China were consistently lower when compared to pricing in other markets. This is clearly illustrated in *Chart B-3.5*, below, showing the USD/tonne domestic price of rod in coils in China compared to Turkey.



**Chart B-3.5 Domestic transaction prices for rod in coils from China and other sources**  
(Source: [REDACTED])

Given that rod in coils is a commodity product freely traded on the world market, this price discrepancy further indicates that domestic prices of rod in coils in China are not the same as they would be if they were determined under competitive market conditions.

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

Refer to *section B-3.1*, above.

**3. Provide supporting documentary evidence.**

Refer to *section B-3.1*, above.

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

Refer to *section B-3.1*, above.

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**B-4 Estimate of normal value using another method.****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).**

As indicated above, the Australian industry considers that the domestic selling prices for rod in coils sold in China are artificially low and/or there are conditions in the Chinese rod in coils market which render sales in that market not suitable for use in determining prices under subsection 269TAC(1) of the *Customs Act*.

OneSteel obtains on a subscription basis production cost economics for steel producers in certain countries, including China. The cost economics data is sourced from [REDACTED] analyses and reports on steel prices, steelmakers' costs, steel supply/demand and steel finances. Details concerning [REDACTED] form CONFIDENTIAL ATTACHMENT B-4.1.1.

OneSteel has examined the [REDACTED] rod in coils cost-economics modelling for two Chinese wire rod manufacturers, namely [REDACTED] and [REDACTED] (data as of 31 December 2013<sup>17</sup>).

As the Australian industry has submitted that the cost and price of billet in China is directly affected by the GOC's interventions in the Chinese iron and steel industry, OneSteel submits that the domestic selling prices for billet in China are not appropriate for the purposes of determining the fair market value of these goods. As China is the world's largest producer of iron and steel products, it is clear that any Asian based benchmark of billet prices will be heavily influenced by Chinese pricing and supply behaviour. Indeed, it is submitted that other Asian stainless domestic markets are directly impacted by the size of the Chinese market. Accordingly, the Australian industry submits that Turkish export billet prices provide a suitable benchmark substitute price of billet in China, as most appropriate for the purposes of establishing the fair market value of billet in China, both in terms of regional proximity and production capacity.

In terms of Selling and General Administration ("SG&A") expenses, these have been determined by the actual costs of one of the nominated exporters in this application, namely Shandong Iron and Steel Co., Ltd (Shandong Iron and Steel), from its 2014 Annual Report filed with the Shenzhen Stock Exchange (refer NON-CONFIDENTIAL ATTACHMENT B-4.1.6.1) and for original Chinese version (refer NON-CONFIDENTIAL ATTACHMENT B-4.1.6.2). To maintain a conservative estimate of the proposed constructed normal value, no profit has been allocated, but this should not preclude the Commission from applying a rate of profit under sub-paragraph 269TAC(2)(c)(ii) of the *Customs Act* using the best available information to it from similar other investigations involving the named Chinese exporters.

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<sup>17</sup> Refer Confidential Appendix B2

## Constructed Selling Prices

OneSteel has determined *prima facie* normal values for rod in coils exported from China on the basis of a constructed selling price methodology.

Model / type / grade of goods		Alloy and non-alloy rod in coil (<14mm)					Notes
Specify unit (kilograms, tonnes, litres etc)	tonnes	Apr - June 2014	Jul - Sep 2014	Oct - Dec 2014	Jan - Mar 2015	Apr-15	
		<input type="checkbox"/> your data	<input type="checkbox"/> calculated data				
Cost to Make							
variable manufacturing costs		per tonne					
billet cost	\$						CONFIDENTIAL ATTACHMENT B-4.1.1
-billet price (US\$/Tonne, Delivered)							AVERAGE OF CONFIDENTIAL ATTACHMENTS B-4.1.2 & B-4.1.3
-usage rate							
scrap credit	\$						CONFIDENTIAL ATTACHMENT B-4.1.4
- scrap price (US\$/Tonne, Delivered, VAT Excl.)							AVERAGE OF CONFIDENTIAL ATTACHMENTS B-4.1.2 & B-4.1.3
-scrap rate							
direct labour	\$						CONFIDENTIAL ATTACHMENT B-4.1.5
-labour rate	\$						AVERAGE OF CONFIDENTIAL ATTACHMENTS B-4.1.2 & B-4.1.3
-man hours per tonne							
variable overhead	\$						AVERAGE OF CONFIDENTIAL ATTACHMENTS B-4.1.2 & B-4.1.3
electricity							AVERAGE OF CONFIDENTIAL ATTACHMENTS B-4.1.2 & B-4.1.3
gas							AVERAGE OF CONFIDENTIAL ATTACHMENTS B-4.1.2 & B-4.1.3
other <sup>(1)</sup>	\$						AVERAGE OF CONFIDENTIAL ATTACHMENTS B-4.1.2 & B-4.1.3
fixed manufacturing costs							
overhead	\$						CONFIDENTIAL ATTACHMENT B-4.1.5
overhead labour							AVERAGE OF CONFIDENTIAL ATTACHMENTS B-4.1.2 & B-4.1.3
-labour rate							AVERAGE OF CONFIDENTIAL ATTACHMENTS B-4.1.2 & B-4.1.3
-man hours per tonne							AVERAGE OF CONFIDENTIAL ATTACHMENTS B-4.1.2 & B-4.1.3
depreciation	\$						
other <sup>(1)</sup>	\$						
unit cost to make	\$	641.41	637.96	572.41	523.13	495.43	
Cost to Make and Sell							
selling, distribution & administration	\$	42.58	43.04	43.16	42.54	42.78	
Selling expenses	\$						CONFIDENTIAL ATTACHMENT B-4.1.6
Management Fees	\$						CONFIDENTIAL ATTACHMENT B-4.1.6
Financial Expenses	\$						CONFIDENTIAL ATTACHMENT B-4.1.6
R&D Spending	\$						CONFIDENTIAL ATTACHMENT B-4.1.6
unit cost to make and sell	\$	683.99	681.00	615.57	565.67	538.21	
Profit (if any)							
profit	\$						
profit rate (% on total cost to make and sell)	%						
Constructed normal value	US\$	683.99	681.00	615.57	565.67	538.21	

(1) If 'other' costs exceed 10% of sub-heading value, provide a breakdown of cost elements.

## 2. Provide supporting documentary evidence.

Supporting information for normal values for each of the nominated countries has been referenced in the preceding sections B-3.1 and B-4.1 of this application.

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## B-5 Adjustments.

1. **Provide details of any known differences between the export price and the normal value. Include supporting information, including the basis of estimates.**

The deductive export data is for FOB (free on board) prices (i.e. include local internal freight to wharf). It is also expected that the FOB price includes a containerisation charge.

Constructed normal values are also for free on board prices, as the SG&A expense identified therein assumes delivery charges.

As observed in *section B-3.1*, above, the GOC does not provide any VAT export rebate for non-alloy rod in coils, while, alloy rod in coils currently receive a VAT export rebate of 9%. By comparison, Chinese domestic sales of rod in coils are entitled to a full rebate of input VAT regardless of whether it is alloy or non-alloyed<sup>18</sup>.

As it is not clear to the Australian industry whether or not the commercial offers into the Australian market on which the deductive export price is determined is alloy or non-alloy rod in coils, and the constructed normal value assumes the use of non-alloy billet, it is suggested that the Commission will need to have regard to the composition of the billet used in the production of the rod in coils (alloy or non-alloy), and the following physical adjustments be made:

Domestic rod in coils (VAT refund)	Exported rod in coils (VAT rebate)	Adjustment to Normal value
Non-Alloy/Alloy (17%)	Alloy (9%)	Upward 8%
Non-Alloy/Alloy (17%)	Non-alloy (0%)	Upward 17%

The above proposed approach would be consistent with the Commission's treatment of the differences in GOC VAT rebate policies between domestic and export sales in *Investigations No. 190* and *198*.

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.**

Given the variables, the applicant has not sought in this application to apply the adjustments specified in *section B-5.1*, above, save to say that the Commission should fully consider the adjustment claims in light of the additional information available to it in the course of the investigation.

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<sup>18</sup> <http://www.by-cpa.com/html/news/20121/1701.html>



**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).

	Qtr 1, FY 2015			Qtr 2, FY 2015			Qtr 3, FY 2015			Qtr 4, FY 2015
	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15
Deductive Export Price										
US\$/Tonne				\$ 438.79 \$ 458.07			\$ 405.91 \$ 394.08			\$ 397.43
Normal Value										
US\$/Tonne	\$ 681.00	\$ 681.00	\$ 681.00	\$ 615.57	\$ 615.57	\$ 615.57	\$ 565.67	\$ 565.67	\$ 565.67	\$ 538.21
Dumping Margin										
US\$/Tonne				\$ 176.78 \$ 157.51			\$ 159.75 \$ 171.59			\$ 140.78
Dumping Margin (%)										
%				40.29% 34.39%			39.36% 43.54%			35.42%
Quarterly Dumping Margin										
US\$/Tonne				\$ 167.15			\$ 165.67			\$ 140.78
Quarterly Dumping Margin (%)										
%				37.27%			41.42%			35.42%

Notes:  
Appendix B1

Appendix B2

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

Refer section B-6.1, above.

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# 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:



**(02) 6275-6066** Fax **(02) 6275-6990**

## C-1 Subsidy

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.

This application is a request for anti-dumping measures only and does not include a request for countervailing measures. This question is therefore 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/subsidization is foreseeable and imminent, for example by having regard to:**
  1. the rate of increase of dumped/subsidized imports;
  2. changes to the available capacity of the exporter(s);
  3. the prices of imports that will have a significant depressing or suppressing effect on domestic prices and lead to further imports;
  4. inventories of the product to be investigated; or
  5. any other relevant factor(s).

OneSteel submits that a Preliminary Affirmative determination ("PAD") imposing provisional measures is necessary to minimize any future threat of material injury from the dumped and injurious exports.

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.**

This application is not based upon a "threat" of material injury.

## C-3. Close processed agricultural goods

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 may 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 ☎ (02) 6275-6066 Fax (02) 6275-6990.**

1. **Fully describe the locally produced raw agricultural goods.**

Rod in Coil is not a processed agricultural good.

2. **Provide details showing that the raw agricultural goods are devoted substantially or completely to the processed agricultural goods.**

This question is not applicable to goods the subject of this application.

3. **Provide details showing that the processed agricultural goods are derived substantially or completely from the raw agricultural goods.**

This question is not applicable to goods the subject of this application.

**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.

This question is not applicable to goods the subject of this application.

**C-4. Exports from a non-market economy**

- 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.**

The countries nominated as exporting countries in this application are not considered 'non-market economy' countries under Australia's Anti-Dumping provisions.

- 2. Nominate a comparable market economy to establish selling prices.**

This question is not applicable.

- 3. Explain the basis for selection of the comparable market economy country.**

This question is not applicable.

- 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.**

This question is not applicable.

**C-5 Exports from an 'economy in transition'**

- 1. Provide information establishing that the country of export is an 'economy in transition'.**

The countries nominated as exporting countries in this application are not considered "economies-in-transition" countries under Australia's Anti-Dumping provisions.

- 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.**

This question is not applicable.

- 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.**

This question is not applicable.

- 4. Estimate a 'normal value' for the goods in the country of export for comparison with export price. Provide evidence to support your estimate.**

This question is not applicable.

**C-6 Aggregation of Volumes of dumped goods**

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%
<b>Total</b>				

The goods exported from China exceed more than the negligible volume requirements under Australia's Anti-Dumping provisions (i.e. greater than 3 per cent of total imports for dumped imports).

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**APPENDICES**

Appendix A1	Australian Production
Appendix A2	Australian Market
Appendix A3	Sales Turnover
Appendix A4	Domestic Sales
Appendix A5	Sales of Other Production ( <i>Not Applicable</i> )
Appendix A6.1	Cost to Make and Sell (& profit) Domestic Sales
Appendix A6.2	Cost to Make and Sell (& profit) Export Sales
Appendix A7	Other Injury Factors
Appendix B1	Deductive Export Price
Appendix B2	Constructed Normal Value