



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

January 2016

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

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: [REDACTED]
Position: Manager, Trade Development
Company: OneSteel Manufacturing Pty Ltd
ABN: 42 004 651 325
Date: 15 January 2016

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

Other information is available from the Commission's website at 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 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.

Appendices	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>).
Provision of data	<p>Industry financial data must, wherever possible, be submitted in an electronic format.</p> <ul style="list-style-type: none"> • The data should be submitted on a media format compatible with Microsoft Windows. • Microsoft Excel, or an Excel compatible format, is required. • If the data cannot be presented electronically please contact the Commission's client support section for advice.
Lodgement of the application	<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 1300 882 506</p>
Public Record	<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 www.adcommission.gov.au.</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

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.

"[redacted]" [group]

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

"[redacted]" [group]

The "[redacted]" 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 "[redacted]" is responsible for [redacted] production for use in [redacted] in Laverton (Victoria), and Newcastle (NSW). The [redacted] via the [redacted] 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. 127).

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 p. 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 [redacted] have been allocated to appendices A6.1 and A6.2 ([redacted] item under 'selling, distribution & administration' costs) in proportion

to [REDACTED] 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) 2015 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.

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.

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

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 from equivalent 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.

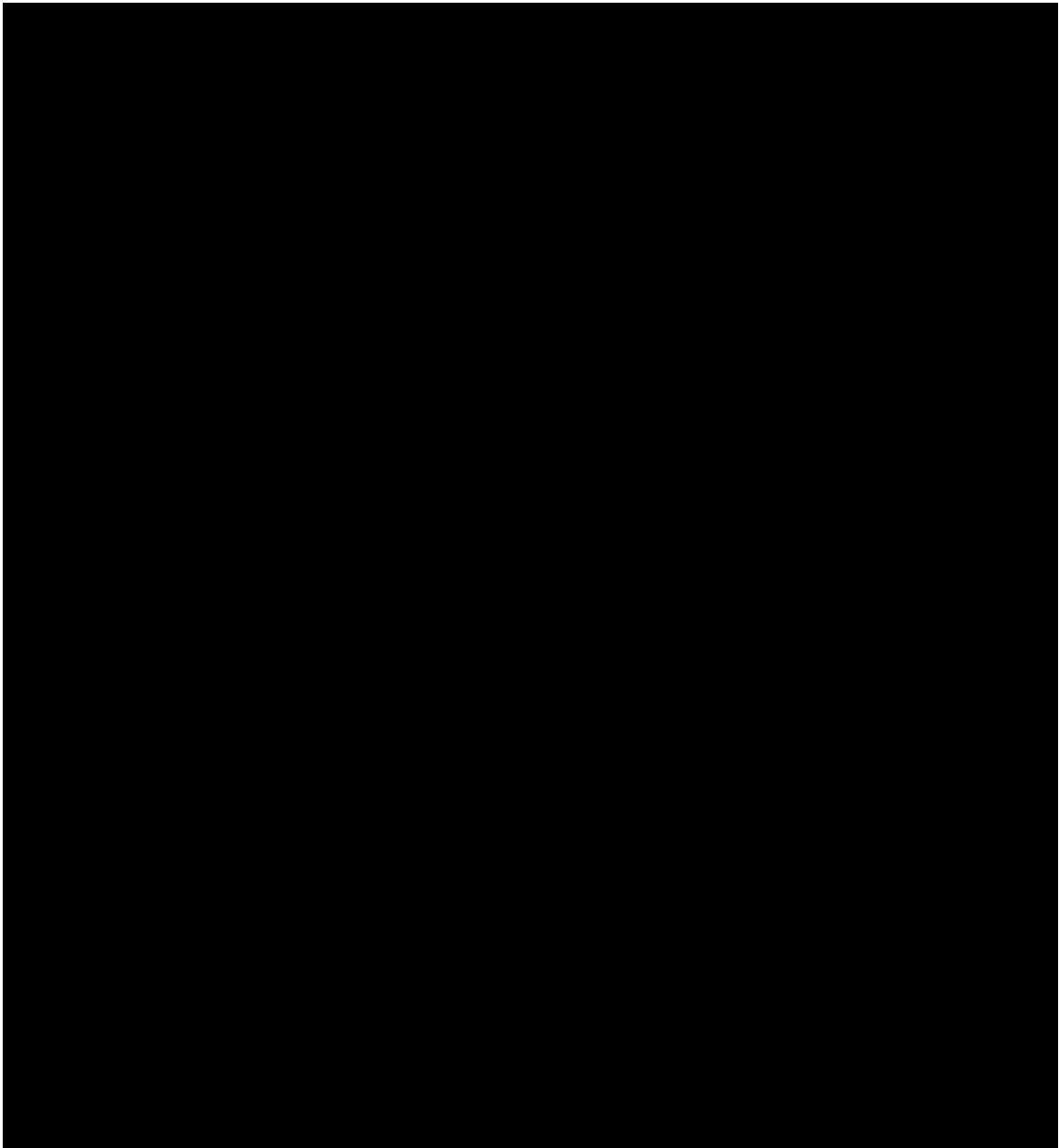


Table A-3.3.3 *Comparison of billet grades across Australian and equivalent international standards of billet used in the production of the imported goods the subject of this application*

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.

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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.

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

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 drawing¹ 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

¹ 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 1 October 2014 to 30 September 2015 period, the 'contestable' 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;
- dumped and subsidised imports from China accounted for [REDACTED] tonnes; and
- imports from other countries (not including China, but including dumped sources from Indonesia and Taiwan) constituted [REDACTED] 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 and subsidized 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, the majority of the like goods sold by the Australian industry to third-party/unrelated customers used the 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:

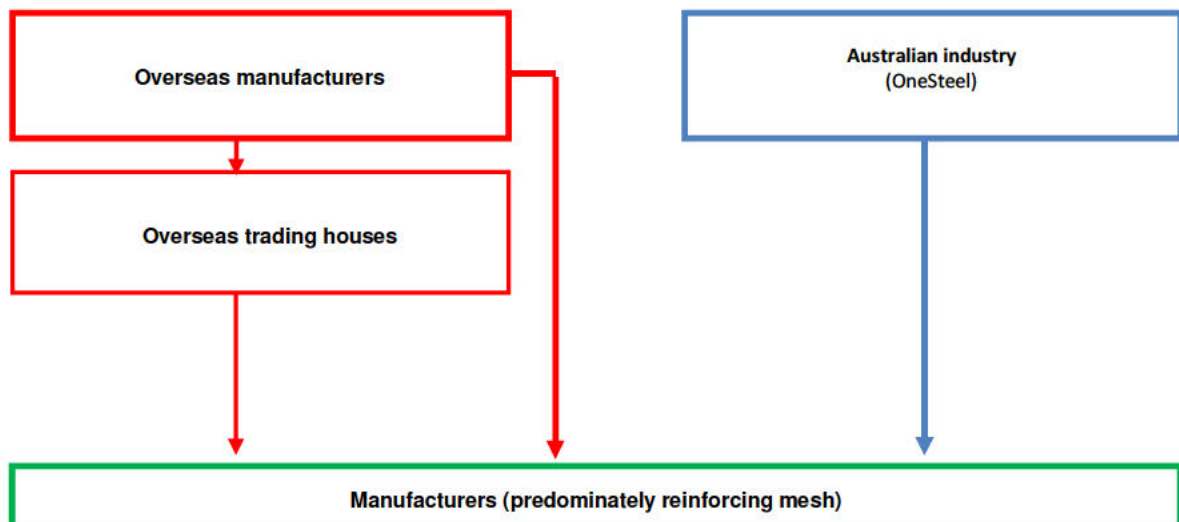


Diagram A-4.2 Rod in coils Australian market distribution diagram

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 and subsidised, 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 and subsidised goods by responding with a reduction in price. Therefore, unless the Australian industry responds to price undercutting by exporters of dumped and subsidised 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 and subsidised 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.

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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 October 2014 to 30 September 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 2014/15, and 12-months ending 30 September 2015, inclusive.

Please refer to appendix A2. OneSteel's sales data includes sales to related and unrelated/third-party 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 AUS Sales	(c) Total AUS Sales (a+b)	(d) Subsidised Imports (China)	(e) Other Imports	(f) Total Imports (d+e)	(g) Total Market (c+f)
2011/12	100	100	100	100	100	100	100
2012/13	93	100	93	161	136	136	96
2013/14	93	100	93	15	160	159	98
2014/15	106	100	106	2522	56	83	104
Investigation Period*	108	100	108	4111	52	97	107

* Proposed Investigation Period is 1 October 2014 to 30 September 2015

Notes:

- 1 Data source: [REDACTED] export data for Tariff Codes 721391 (non-alloy) and 722790 (alloy)
 Filters Applied: Where Price > A\$1,000/t, then excluded (nil exclusions applied to countries nominated in this application)
 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 [REDACTED] statistics for the period 1 January to 30 September 2015
 [REDACTED] statistics for the period Dec 14 - Mar 15 are likely to include the imports identified in [REDACTED]
 for the period 1 January to 30 April 2015, then based on the comparison of volumes, there is an assumption [REDACTED]
 Chinese exports under Tariff Code 722790 were declared as imports of Tariff Classification 72279090(02) 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 did not grow in FY 2014. This corresponded with the growth in imports from countries other than China, which included sources of dumped goods the subject of *Dumping Investigation No. 240*.

It was not until the initiation of *Dumping Investigation No. 240* in April 2014 that significant volumes of dumped and subsidised imports from China commenced in FY 2014. In fact, imports from China grew by (+)2,422 index points between 1 July 2011 and 30 June 2015. During that time, the Australian industry's sales volume grew by only (+)6 index points, and imports from sources other than China declined by (-)44 index points. Overall, the Australian market grew by (+)4 index points.

During the proposed investigation period, the Australian industry grew by a further (+)2 index points when compared to FY 2015. In contrast, imports from China grew by a further (+)1,589, whereas imports from countries other than China (and including dumped sources the subject of *Dumping Investigation No. 240*), declined by a further (-)44 index points. The overall Australian market did not grow during the proposed investigation period, when compared to FY 2015.

The change in sales volumes within the investigation period suggests that the Australian industry lost sales of the like goods to importers of the goods from China. In other words, all the volume gained by dumped imports from China was at the loss of volume imported 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.

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	FY 2015	1 Oct 2014 - 30 Sep 2015
All products					
Australian market	100	95	91	100	102
Export market	100	59	110	66	69
Total	100	95	92	99	102
Like goods					
Australian market	100	93	93	106	108
Export market	100	121	47	31	56
Total	100	93	93	105	108

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	FY 2015	1 Oct 2014 - 30 Sep 2015
All products					
Australian market	100	92	89	94	95
Export market	100	66	116	66	68
Total	100	91	89	93	95
Like goods					
Australian market	100	91	92	101	102
Export market	100	115	59	39	57
Total	100	91	92	100	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

The Australian industry's total domestic sales value for the like goods declined across the injury analysis period until 30 June 2014, and then recovered in FY 2015 and remained stable in the proposed investigation period. This trend reflects the impact of price undercutting by importers of the dumped and subsidised goods. It is observed that from 1 July 2014 the (-)8% decline in sales value in FY 2014 was 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 and subsidised imports from China, the Australian industry should have been able to increase overall sales value, given its (+)8% increase in sales volume across the injury analysis period. However, instead of a (+)8% increase in sales revenue, the Australian industry has only experienced a (+)2% improvement, due in direct part to price depression caused by the price undercutting by suppliers of the dumped and subsidised 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.

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.

[illegible]

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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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.

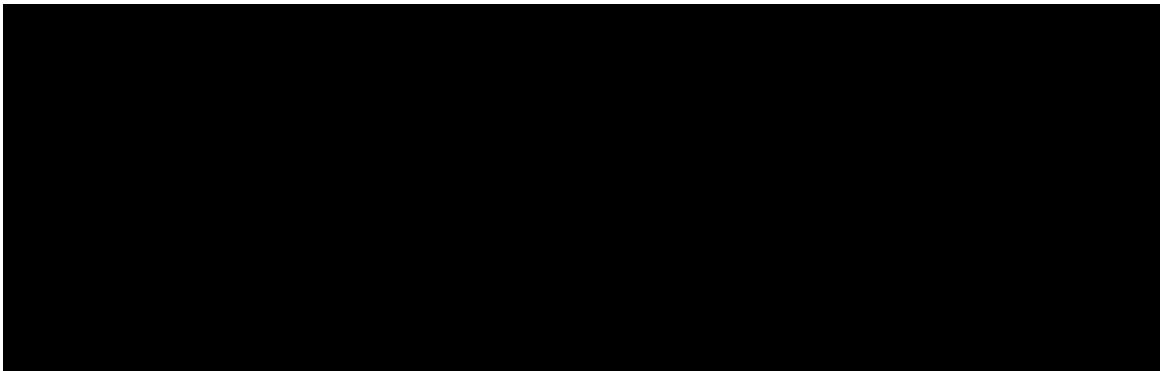


Figure A-5.5.1 *Ranking of average (net) sales price to related and unrelated customers of like goods*
(*Source: appendix A4*)

- 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 September 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 2015 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 of 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 and subsidised 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	FY2015	Investigation Period*
Index	100	94	92	108	110

Source: Label A, Production, Appendix A6.1

Notes: * Proposed investigation period, 1 October 2014 to 30 September 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 and in the proposed investigation period, 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 countries other than China; 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 and subsidised imports.

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

Period	FY 2012	FY 2013	FY 2014	FY2015	Investigation Period*
Index	100	95	99	89	87

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

Notes: * Proposed investigation period, 1 October 2014 to 30 September 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 an (-)8% loss in manufacturing output (production volume), resulting in a higher unit cost per tonne for plant overheads.

When production volumes again increased in FY 2015, this again reduced unit costs for the like goods, so that in FY 2015, the Australian industry's CTMS for the like goods will be 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	FY2015	Investigation Period*
Index	100	98	98	95	94

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

Notes: * Proposed investigation period, 1 October 2014 to 30 September 2015

The Australian industry has experienced price depression across the injury analysis period.

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

[redacted]. [price negotiation matters] Further, the (-)6% 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 1 July 2014. This is indicated in the following table of index of price variations since 1 April 2014 and across the proposed investigation period:

Period	Apr to Jun 2014	Jul - Sep 2014	Oct to Dec 2014	Jan to Mar 2015	Apr to Jun 2015	Jul to Sep 2015
Index	100	97	96	98	96	94

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

Notes: * Proposed investigation period, 1 October 2014 to 30 September 2015

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Index of profit variations

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.

Period	FY 2012	FY 2013	FY 2014	FY2015	Investigation Period*
Index	100	94	92	108	110

Source: Label A, Production, Appendix A6.1

Notes: * Proposed investigation period, 1 October 2014 to 30 September 2015

Period	FY 2012	FY 2013	FY 2014	FY2015	Investigation Period*
Index	100	95	99	89	87

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

Notes: * Proposed investigation period, 1 October 2014 to 30 September 2015

Period	FY 2012	FY 2013	FY 2014	FY2015	Investigation Period*
Index	100	142	97	183	208

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

Notes: * Proposed investigation period, 1 October 2014 to 30 September 2015

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

Index of Profitability variations

Period	FY 2012	FY 2013	FY 2014	FY2015	Investigation Period*
Index	100	137	88	183	208

Source: Label O, Profitability, Appendix A6.1

Notes: * Proposed investigation period, 1 October 2014 to 30 September 2015

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

The Australian industry'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 variation in assets utilised in the production of like goods

Period	FY 2012	FY 2013	FY 2014	FY 2015
Assets <i>utilised in the production of the 'like goods'</i>	100	92	87	82

Source: Assets, [appendix A7](#)

The Australian industry has experienced an (-)18% reduction in the value of assets utilized in the production of the like goods across the injury analysis period. This means that there has been a reduction in capital reinvested in the production of like goods in Australia.

Index of revenue variation

Period	FY 2012	FY 2013	FY 2014	FY 2015
Revenue <i>'like goods'</i>	100	91	92	100

The Australian industry has experienced no overall growth in revenue across the injury analysis period, notwithstanding the growth in sales volume. This reflects the impact on the Australian industry of price undercutting offers made by suppliers of dumped and subsidised imports.

Index of capacity variation

Period	FY 2012	FY 2013	FY 2014	FY 2015
Capacity <i>'like goods'</i>	100	94	95	93

The Australian industry lost (-)7% of its capacity to produce the like goods across the injury analysis period. This reflects the impact of lost asset utilisation (refer above) through reduced capital reinvestment caused by the dumped and subsidised goods. The reduction in capacity also reflects the reduction in employees available for the production of like goods (refer below).

Index of productivity variation

Period	FY 2012	FY 2013	FY 2014	FY 2015
Productivity <i>'like goods'</i>	100	103	104	107

Notwithstanding the Australian industry's loss of capacity (refer above) to produce the goods, the Australian industry has nevertheless improved its productivity, year-on-year across the injury analysis period.

Index of variation in capacity utilisation

Period	FY 2012	FY 2013	FY 2014	FY 2015
Capacity utilisation <i>'like goods'</i>	100	100	97	116

Notwithstanding the loss of overall capacity to produce like goods (refer above), the Australian industry improved its capacity utilisation across the injury analysis period. This is despite no improvement in overall revenue earned from the sales of the like goods (refer above).

Index of employment variation

Period	FY 2012	FY 2013	FY 2014	FY 2015
Employment				
Available for "like goods"	100	101	102	91

The Australian industry experienced a loss of (-9)% of its labour resource available for the production of the like goods across the injury analysis period. In fact, since the offer for dumped and subsidised imports of goods from China were made in May 2014 (refer *section A-8.1*, above), there has been an (-)11% reduction in the Australian industry's employment levels.

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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.

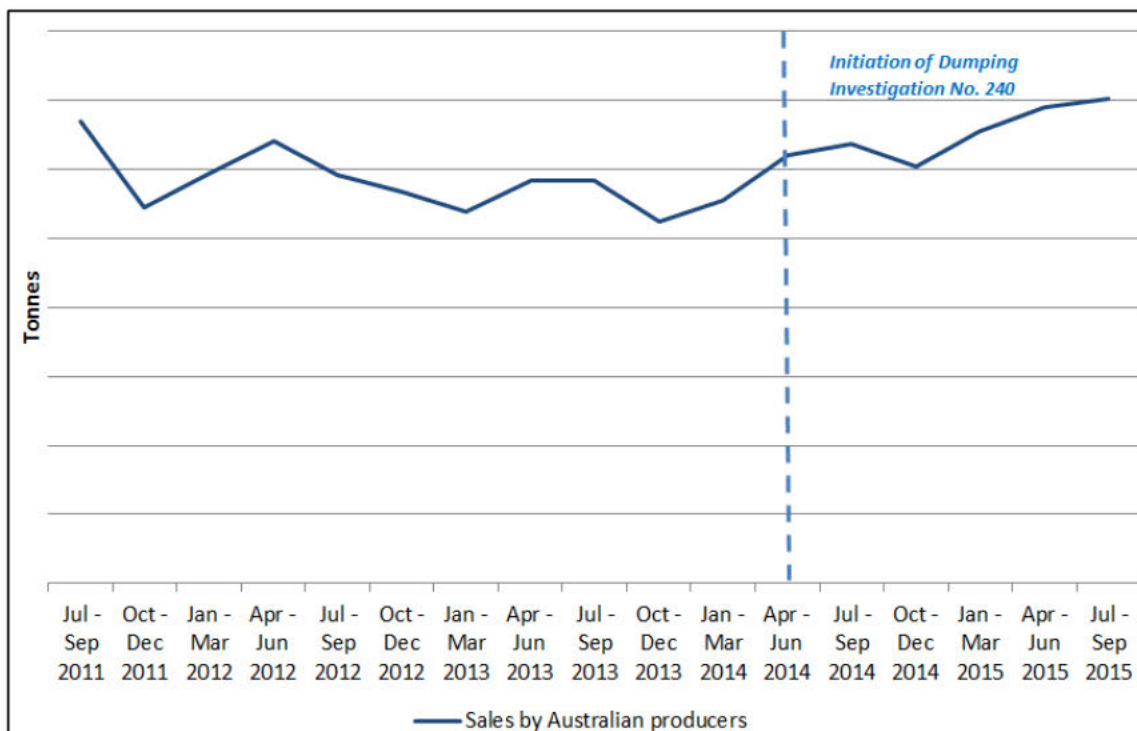
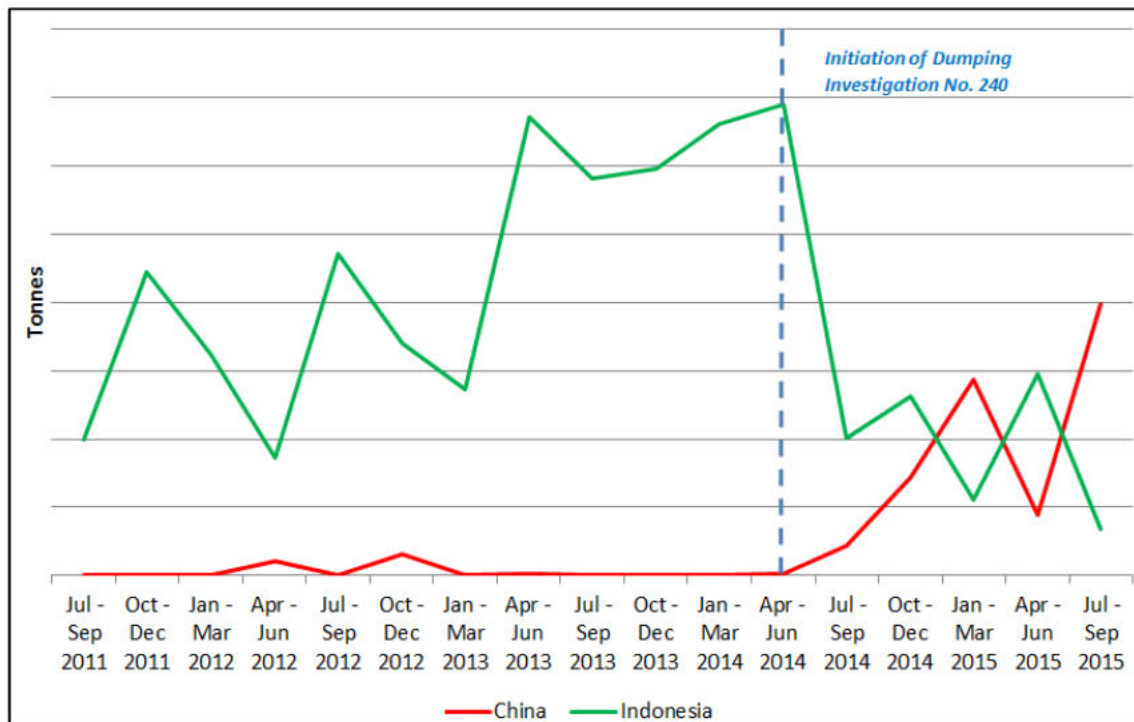


Diagram A-9.1.1 (top graph) Volume of dumped imports and imports from Indonesia, tonnes across injury analysis period
 Diagram A-9.1.2 (bottom graph) Volume of Australian industry sales, tonnes across injury analysis period
 (Source: Appendix A2) (x-intercept: $y = 0$)

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 and subsidised 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 and subsidised 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.

Indeed, in the April to June 2015, the data demonstrates that a reduction (-70%) in import volumes of dumped and subsidised goods from China had a positive impact on the Australian industry sales volume gained sales volume (+5%), albeit at undercut prices. Conversely, in the July to September 2015 period, when imports from China of dumped and subsidised goods recovered (+344%), the Australian industry was only able to experience a marginal improvement in sales volume (+1.70%).

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 Indonesia and Taiwan following the initiation of *Dumping Investigation No. 240*, has disproportionately benefited Chinese suppliers of dumped and subsidised imports. Further, the Australian industry has been unable to recover the market share it achieved at the commencement of the injury analysis. This market share has been lost to dumped and subsidised imports from China.

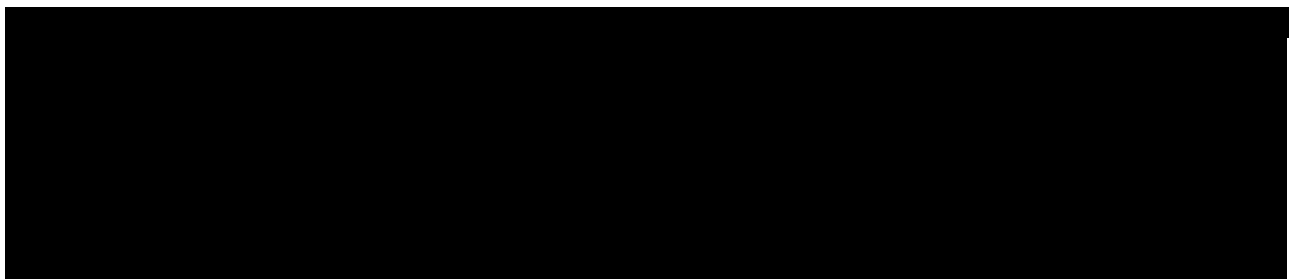


Diagram A-9.1.3 Australian market, market share (including Australian industry internal sales), across injury analysis period
(Source: Appendix A2) (x -intercept: $y \neq 0$)

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. Since 1 October 2014, Chinese imported goods gained most of the loss of market share by Indonesian and other suppliers. This has also come at the expense of market share lost by the Australian industry across the proposed investigation period.

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.

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

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 immediately began to lose market share to dumped and subsidised imports from China from the commencement of the proposed investigation period. The volume exported from China 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 and subsidised goods exported from China.



Diagram A-9.1.5 Volume of dumped and subsidised 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, by 30 September 2015, the volume of dumped imports from China grew by (+) 11,684%. 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 2013².

That Chinese exports of rod in coils into the world market are subsidised, is supported by the recently concluded United States subsidy investigation, which imposed countervailing duties (United States International Trade Commission, Investigation Nos. 701-TA-512 and 731-TA-1248 (Final), *Carbon and Certain Alloy Steel Wire Rod From the People's Republic of China* (January 2015)³).

In the US case, weighted average subsidy margins of between 178.46% and 193.31% were found⁴.

² http://www.usitc.gov/publications/701_731/pub4509.pdf at p. 15 (Accessed 26 May 2015)

³ *Op. cit.*

⁴ *Ibid.*, at Part I-9.

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 October 2014 to 30 September 2015, which follows on from the price offers into the Australian market of dumped and subsidised goods exported from China in April 2014.

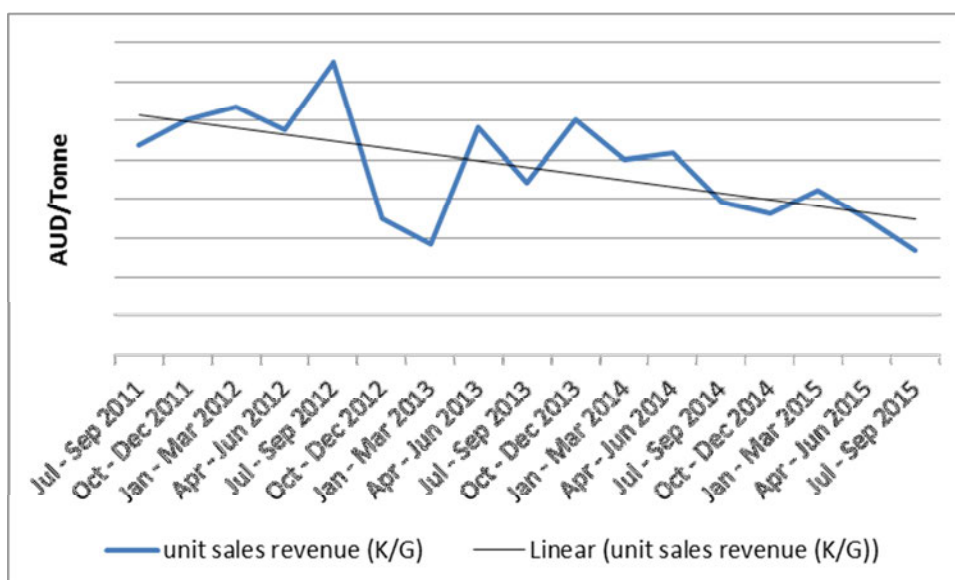


Diagram A-9.2.1 Unit sales revenue for domestic sales of like goods produced by the Australian industry (Source: Appendix A6.1) (x -intercept: $y \neq 0$)

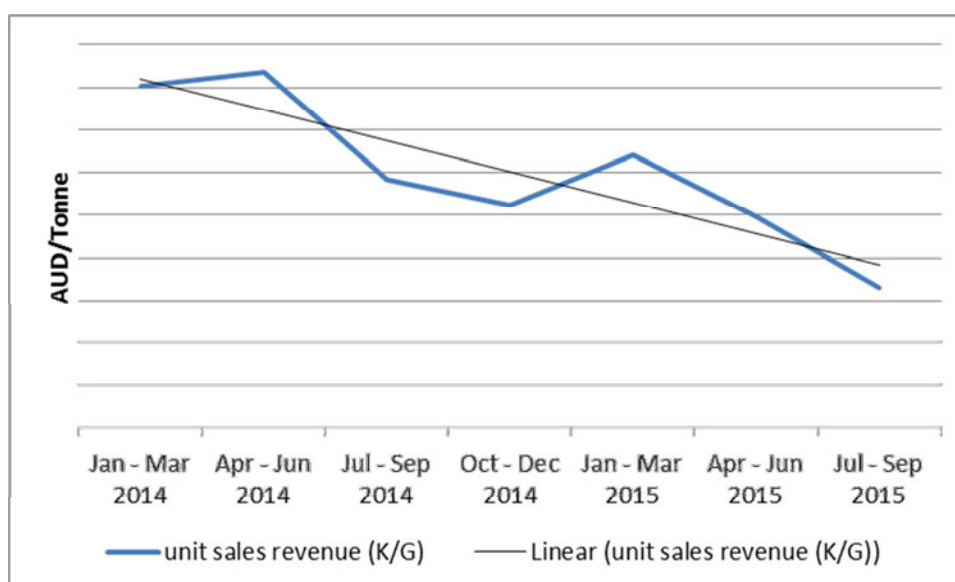


Diagram A-9.2.2 Unit sales revenue for domestic sales of like goods produced by the Australian industry between 1 January 2014 and 30 September 2015 (Source: Appendix A6.1) (x -intercept: $y \neq 0$)

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

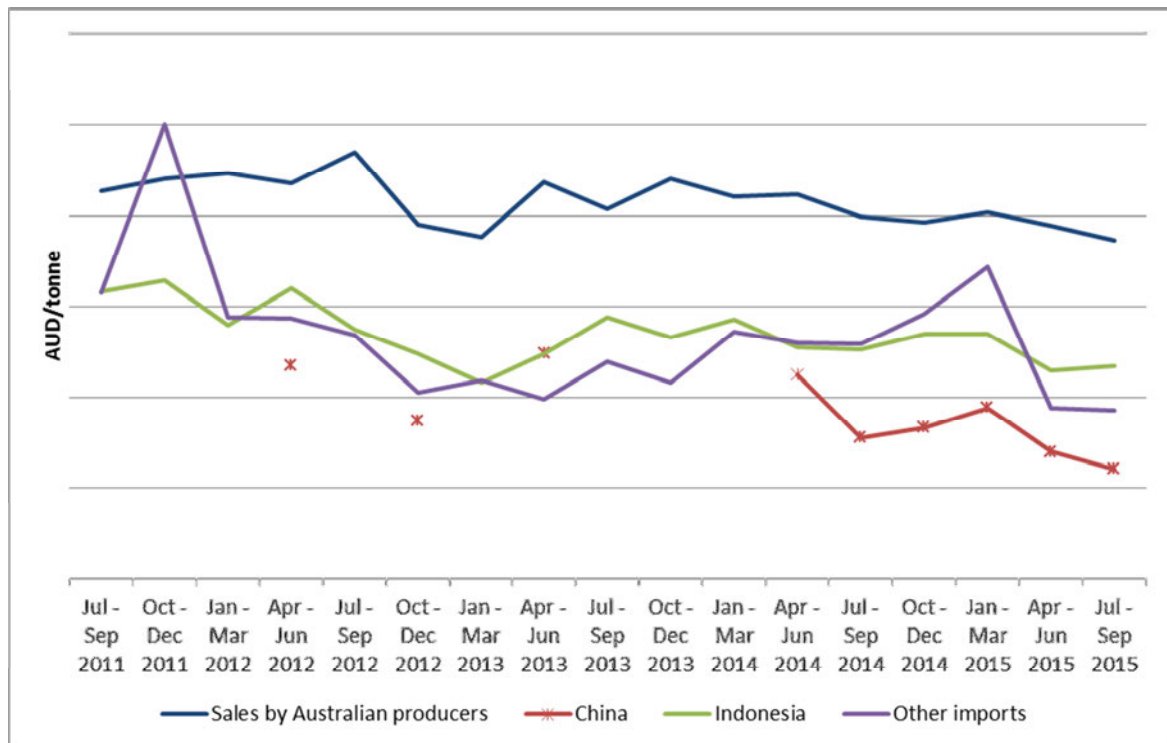


Diagram A-9.2.3 Unit export prices for imports (goods) from sources (as named) (Appendix A2) and domestic unit sales revenue for like goods produced by the Australian industry (Appendix A6.1), since 1 July 2011 (x-intercept: $y \neq 0$)

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 and subsidised imports from China on the Australian industry's prices for the like goods. For example, in response to the prices of the Chinese dumped and subsidised 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 and subsidised 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. Between the January to March 2015 and July to September 2015 periods, the Australian industry has continued to reduce prices in line with the dumped and subsidised Chinese export price. The Australian industry experienced a (-)4% reduction in price in response to an (-)11% reduction in Chinese export prices over the same period.

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

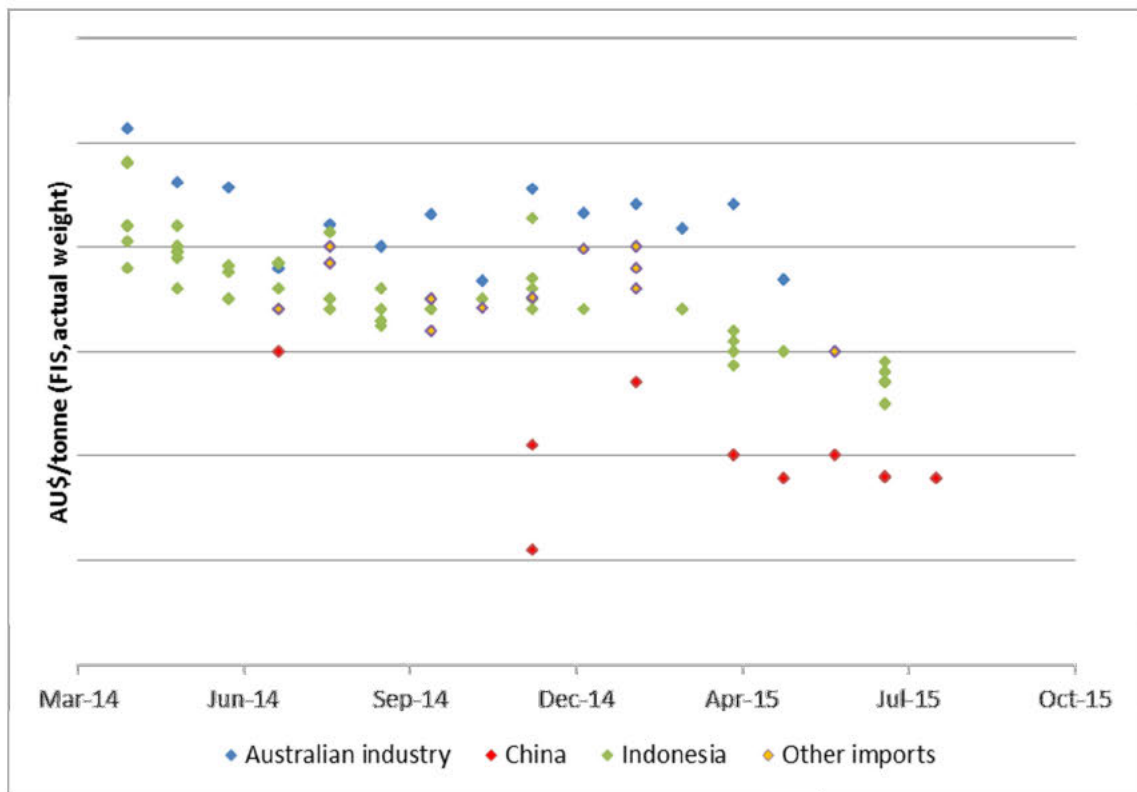


Diagram A-9.2.4 Scatter diagram plotting the average undercutting margins [REDACTED] (AU\$/tonne, FIS, actual weight) (CONFIDENTIAL ATTACHMENT A-4.2.1) against the applicant's average monthly [REDACTED] (AU\$/tonne, FIS, actual weight) (Appendix A6.1) (x -intercept: $y \neq 0$)

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.

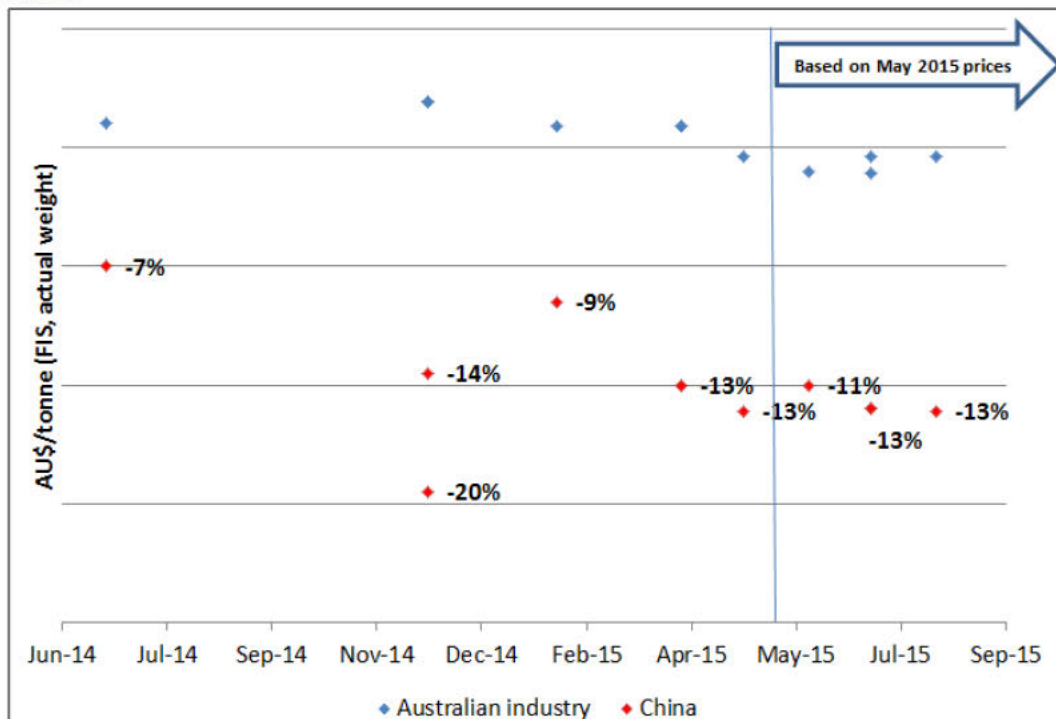


Diagram A-9.2.4.1 Scatter diagram plotting the undercutting margins of dumped imports from China (AU\$/tonne, FIS, actual weight) (CONFIDENTIAL ATTACHMENT A-4.2.1) against the applicant's average monthly [REDACTED] (AU\$/tonne, FIS, actual weight) (Appendix A4) (x -intercept: $y \neq 0$)

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.

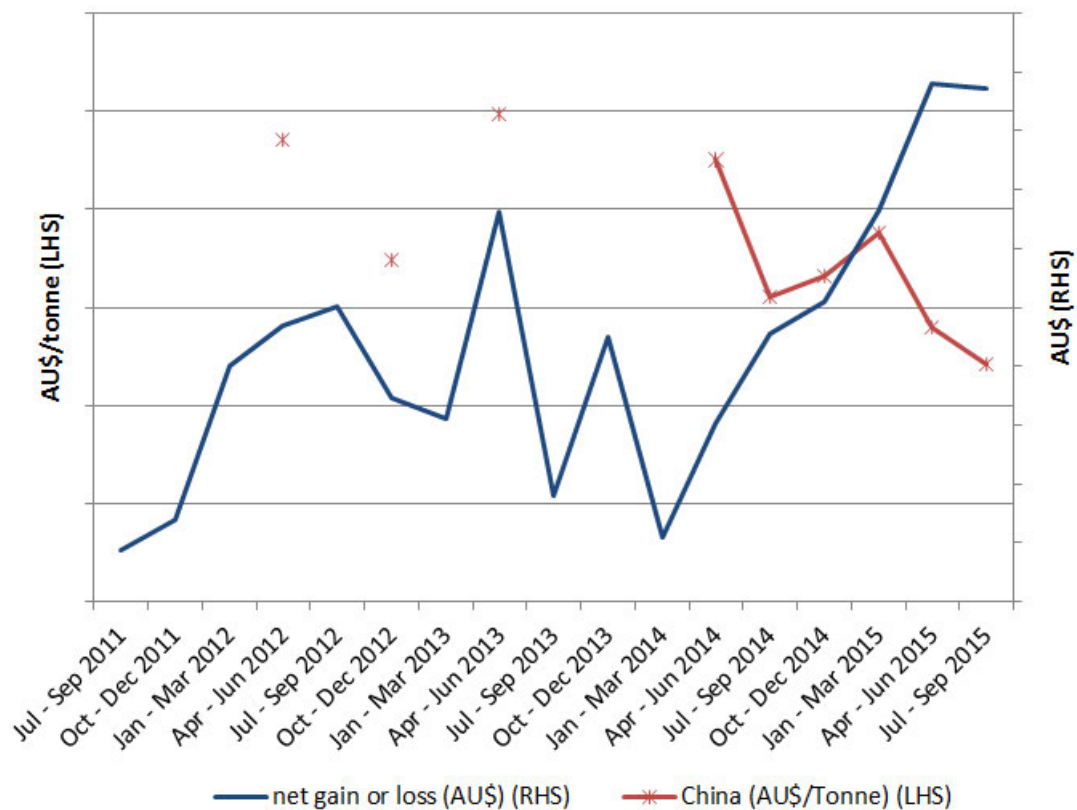


Diagram A-9.2.5 Average export prices of dumped goods (source: [appendix A2](#)) and net gain or loss of Australian industry sales of like goods (source: [appendix A6.1](#)) across injury analysis period (x-intercept: y ≠ 0)

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 and subsidised 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 and subsidised 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. Further, in the July to September 2015 period, as the export price of Chinese dumped and subsidised goods reached record low levels, the improvements in the Australian industry's net gain or loss position began to falter.

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. The only period potentially inconsistent with this trend is April to June 2015, which was marked by a reduction in the volume of Chinese exports of dumped and subsidised goods.

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.

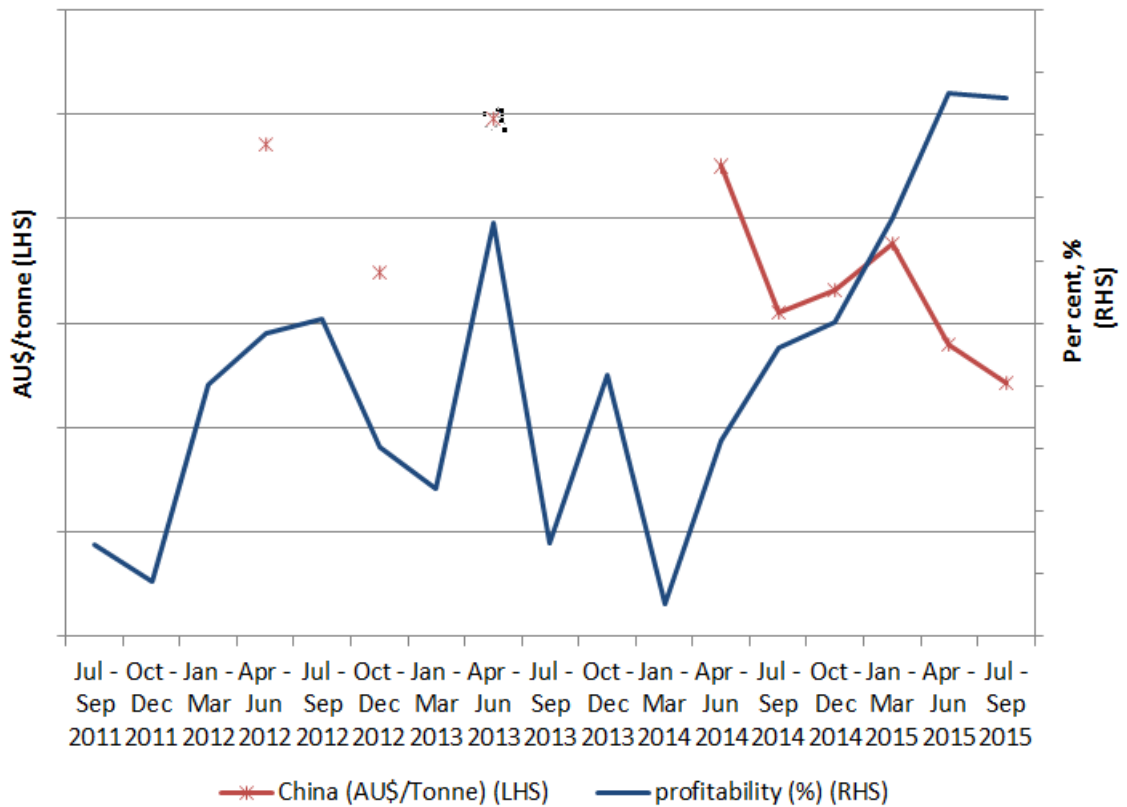


Diagram A-9.2.6 Average export prices of dumped goods (source: [appendix A2](#)) and profitability of Australian industry sales of like goods (source: [appendix A6.1](#)) across injury analysis period (x-intercept: $y \neq 0$)

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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 export price of dumped and subsidised 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.

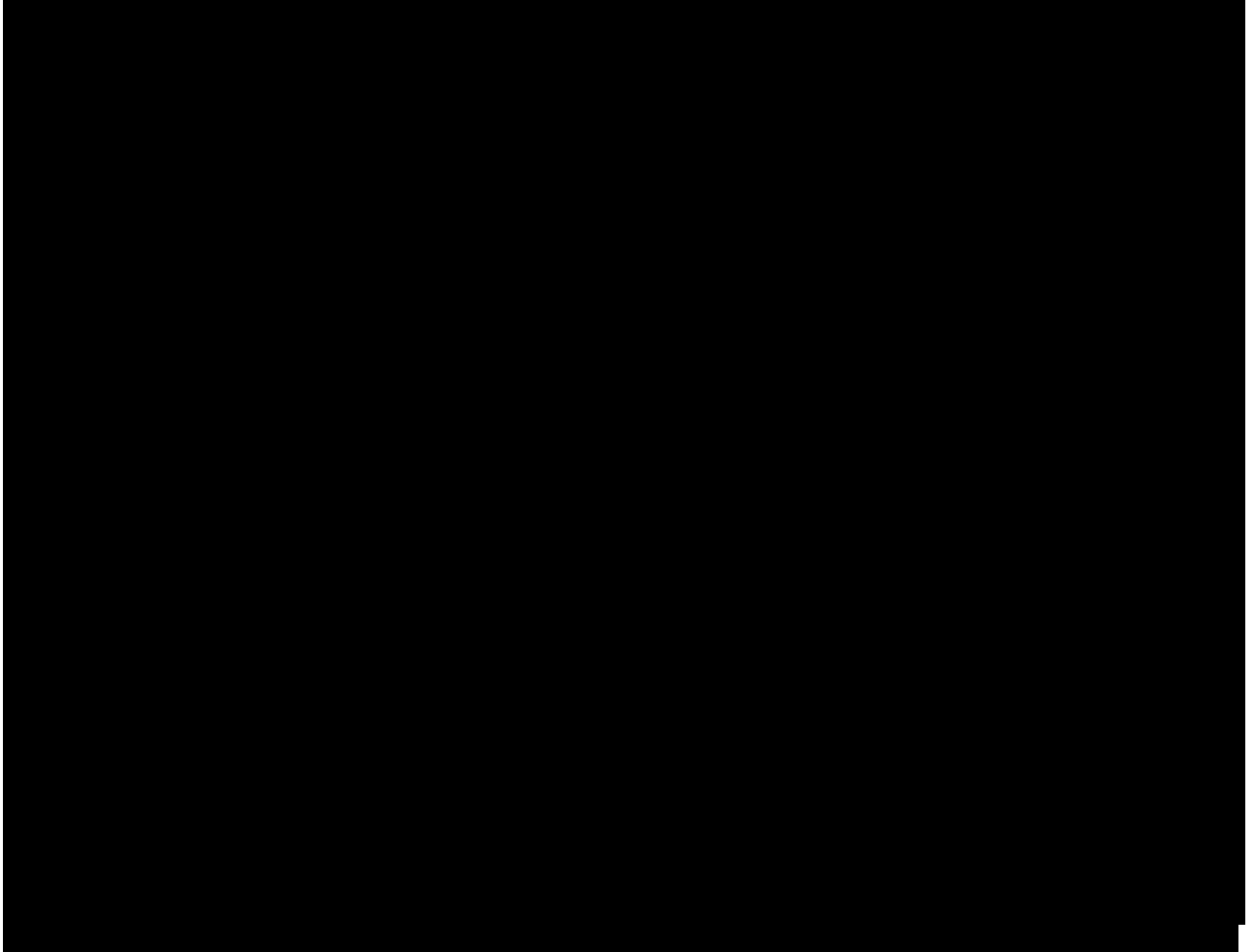


Diagram A-9.3.1 Unit FOB export prices for dumped imports from China (appendix A2) and the Australian industry's quarterly unit cost to make and unit sales revenue (appendix A6.1) (x-intercept: $y \neq 0$)

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 until the April to June 2015 period. 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.

The Australian industry observes that the combined effect of a decrease in the Chinese export price for the goods in the April to June and July to September 2015 periods, and the historic high level of exports in the July to September 2015 period has meant that the Australian industry was unable to increase its weighted average prices for the like goods in the corresponding periods.

In fact, the Australian industry's trend for the price of like goods follows the trend in the average FOB export price for dumped and subsidised 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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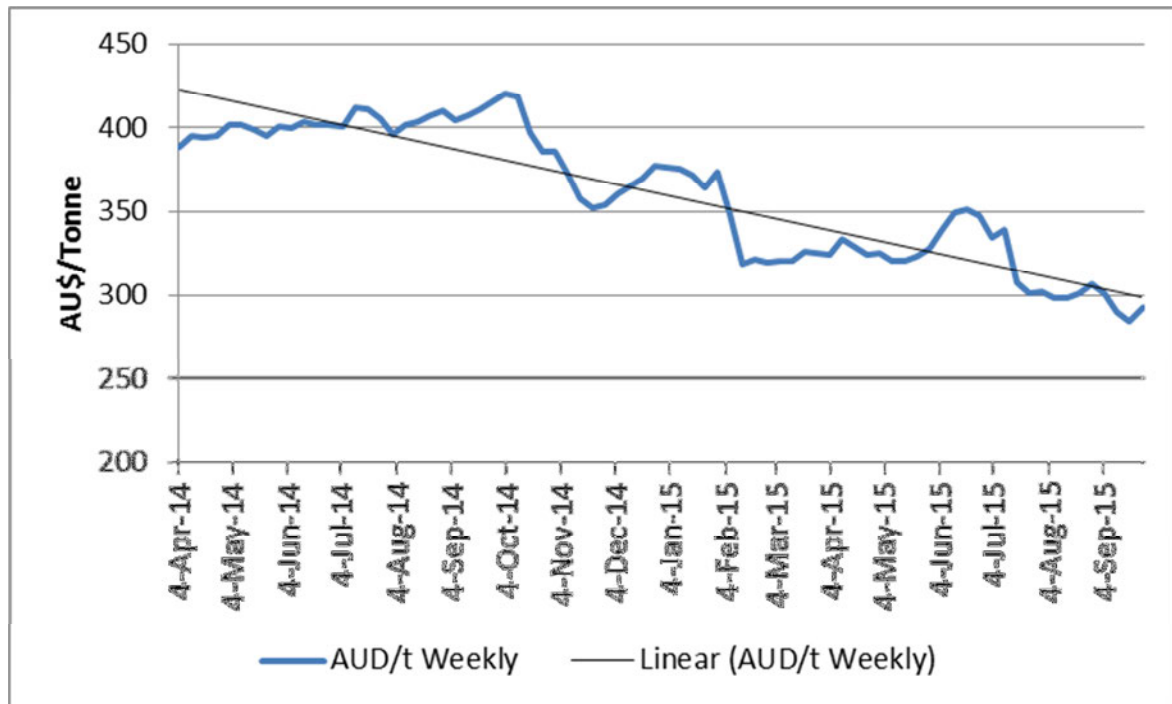


Figure A-9.3.2 Weekly scrap price, since April 2014
(Source: CONFIDENTIAL ATTACHMENT A-9.3.1)

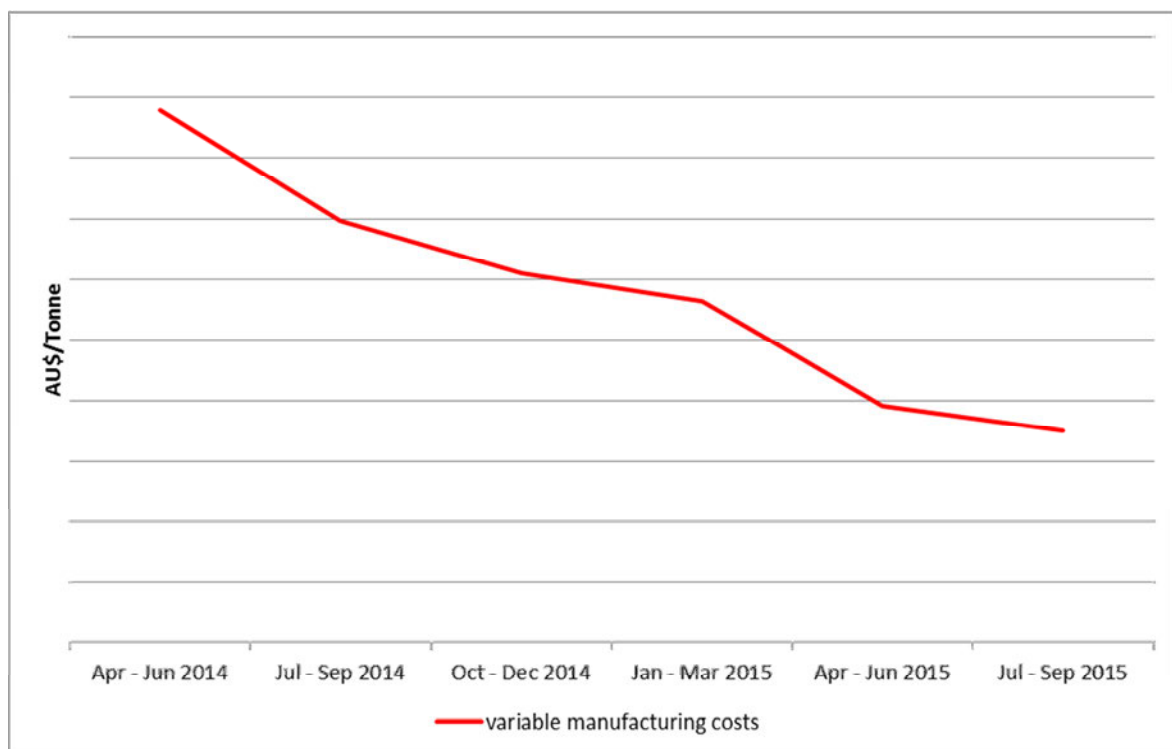


Figure A-9.3.3 Australian industry unit variable costs for the like goods since April 2014
(Source: appendix A6.1) (x-intercept: $y \neq 0$)

At section A-9.5, below, the Australian industry documents its calculation of lost sales volume known to be caused by the dumped and subsidised 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.

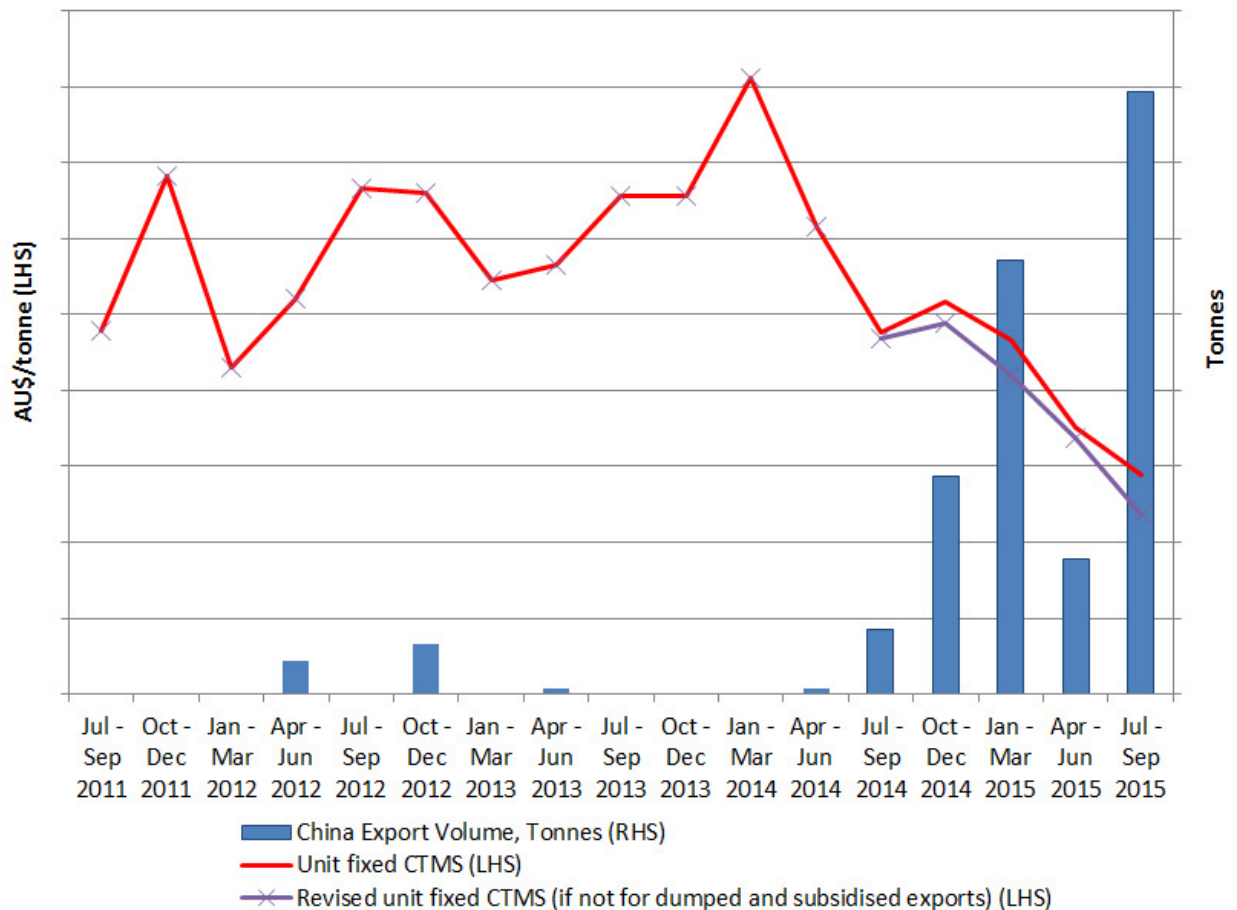


Figure A-9.3.4 Actual and projected unit fixed cost for the Australian industry following loss of volume to dumped goods exported from China ([appendix A6.1](#)) and volumes of dumped goods exported from China ([appendix A2](#)) (x -intercept: $y \neq 0$)

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 and subsidised 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):

	Jul - Sep 2014	Oct - Dec 2014	Jan - Mar 2015	Apr - Jun 2015	Jul - Sep 2015
Lost sales volume attributable to dumped and subsidised exports from China					
Actual unit fixed CTMS (AU\$/T)					
Unit fixed CTMS if not for lost sales volume (AU\$/T)					
Difference					

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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.

Analysis of the effect of the quantity and prices of dumped and subsidised imported goods from China on the various identified other economic factors relevant to the Australian industry are based on a comparison of *diagram A-9.4.1*, below.

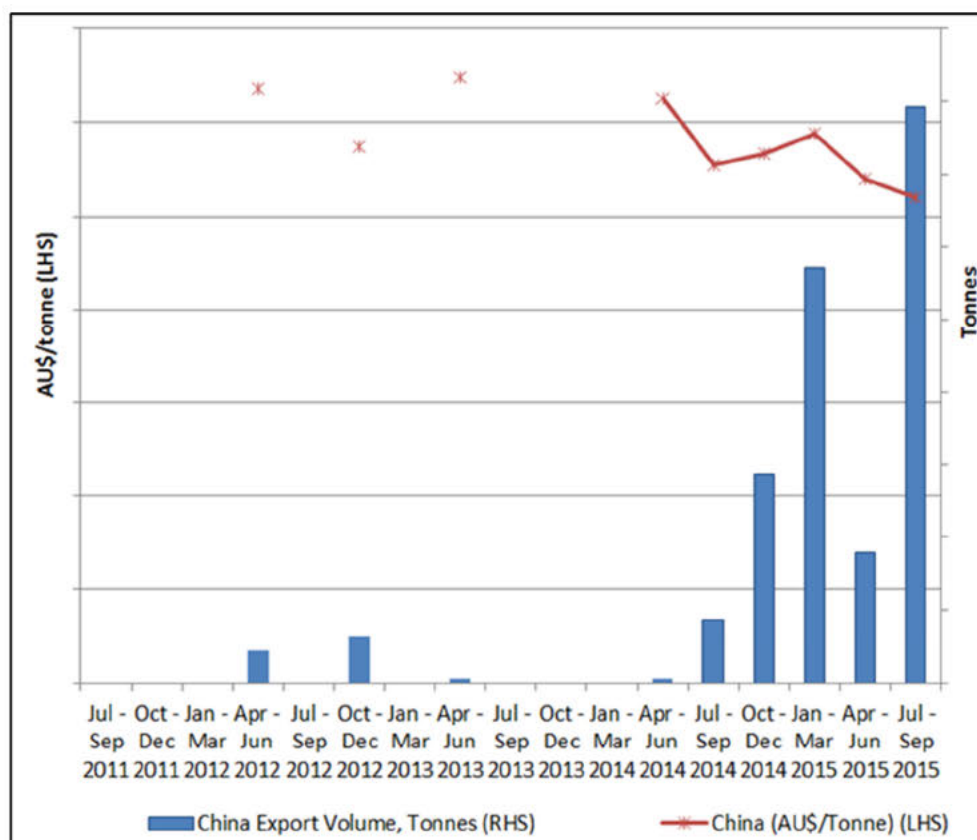


Diagram A-9.4.1 Export prices and volumes of the goods exported from China across the injury analysis period
(Source: Appendix A2)

(a) Declining 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 assets employed in the production of the like goods.

A comparison between *diagrams A-9.4.1* (above) and *A-9.4.2* (below), illustrate the impact of increasing import volumes and declining export prices of the dumped and subsidised goods on the Australian industry's value of assets employed in the production of like goods.

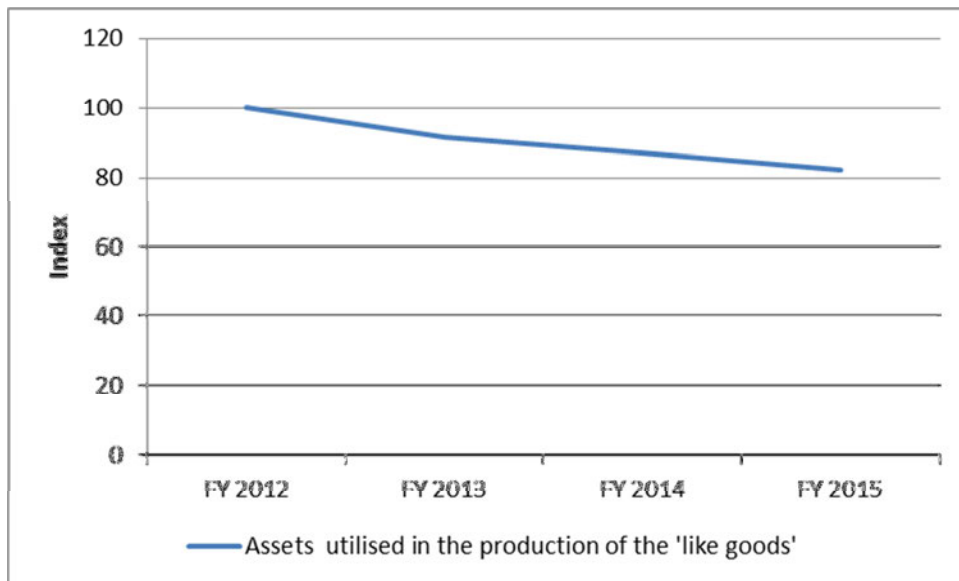


Diagram A-9.4.2 Index of variation of the applicant's assets employed in the production of like goods across the injury analysis period (Source: Appendix A7)

(b) Absence of revenue growth across injury analysis period

Diagram A-9.4.3, below, when read in conjunction with diagram A-9.4.1, above, demonstrates that although the Australian industry recovered revenue lost in FY 2013 and FY 2014, it was not able to do so at levels higher than the base year (FY 2012). This corresponds with the historically high export volumes and record low export prices of the goods exported from China in FY 2015, suggesting both lost sales volume and price depression suffered by the Australian industry and caused by the dumped and subsidised goods.

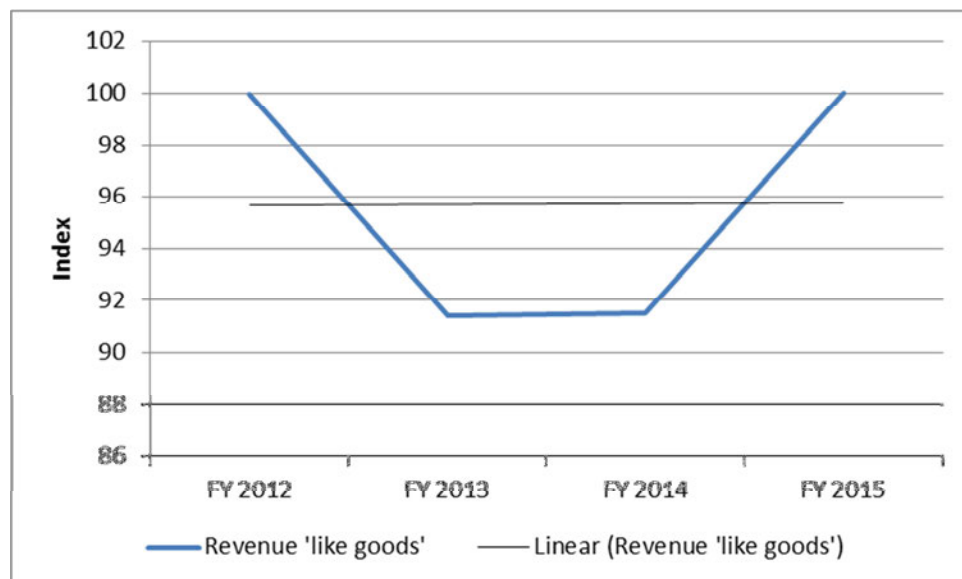


Diagram A-9.4.3 Index of variation of the applicant's revenue earned from the sale of the like goods across the injury analysis period (Source: Appendix A7)

(c) Loss of productive capacity

Diagram A-9.4.4, below, when read in conjunction with diagram A-9.4.1, above, demonstrates the impact of the volume and price of dumped and subsidised goods exported from China in the FY 2015 on the Australian industry's capacity to produce the goods. Following a recovery in capacity in FY 2014, due in part to the initiation of *Dumping Investigation No. 240*, those gains were lost in FY 2015 with the influx of Chinese export volume at dumped and subsidised export prices.

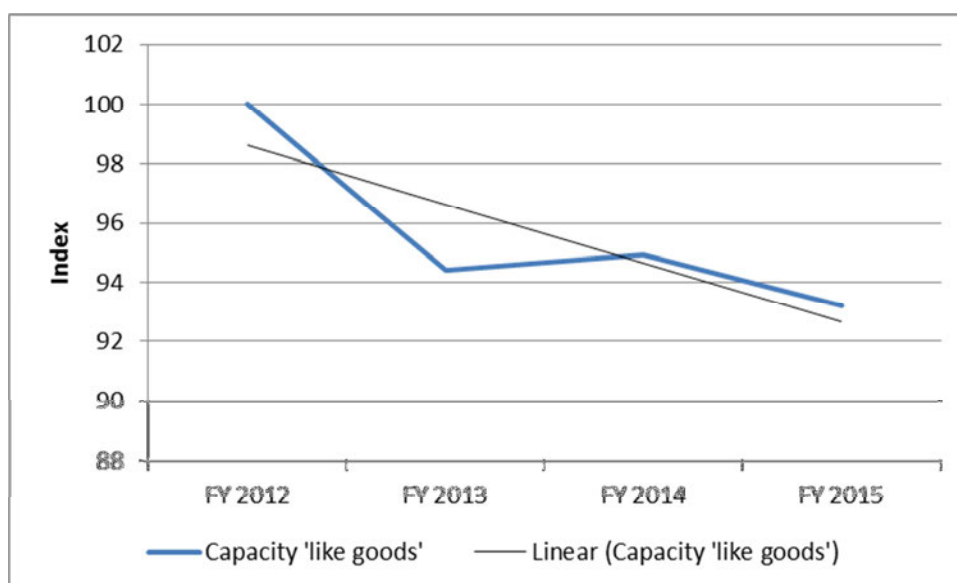


Diagram A-9.4.4 Index of variation of the applicant's capacity to produce the like goods across the injury analysis period
(Source: Appendix A7)

(d) 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 (-)9% across the injury analysis period.

Diagram A-9.4.5, below, illustrates the impact of declining export prices for the dumped imports on the Australian industry's employment in the production of like goods.

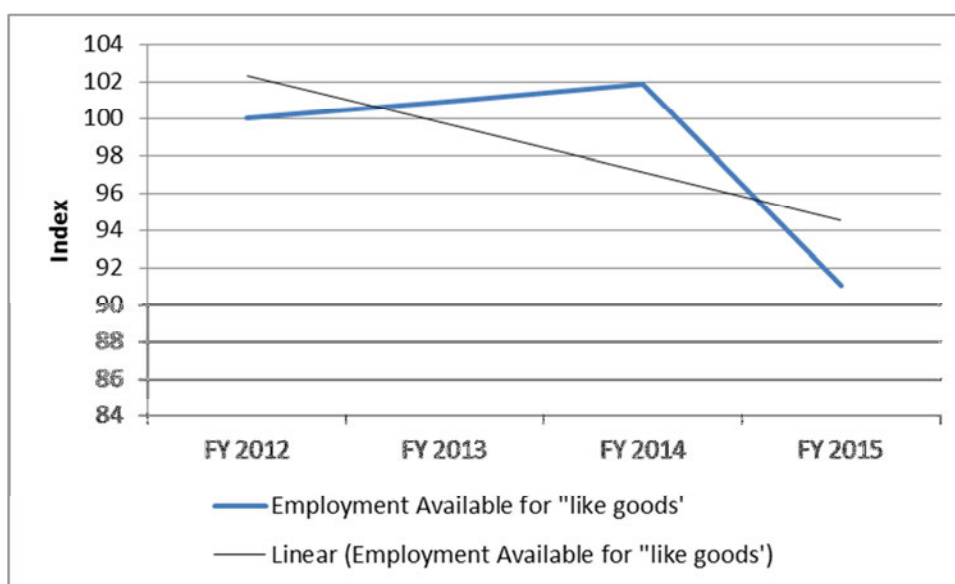


Diagram A-9.4.5 Index of variation of the applicant's employment levels in the production of like goods across the injury analysis period (Sources: Appendix A2)

Beyond the "other economic factors" identified in the applicant's appendix A7, it is also relevant to highlight that Australian industry's profit over each fiscal period across 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 October 2014.

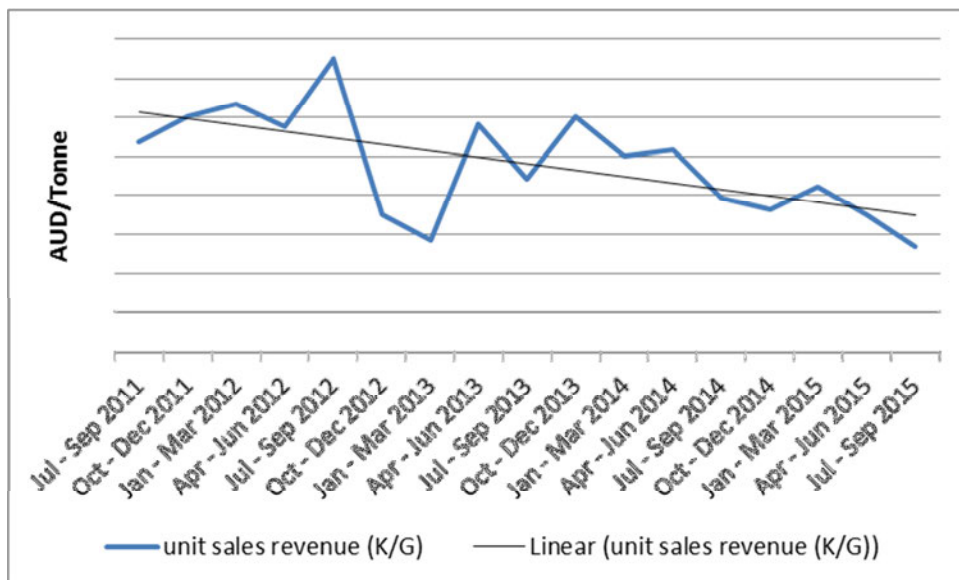


Figure A-9.5.1 Unit sales revenue of the applicant's Australian sales of like goods across the injury analysis period
(Source: Appendix A6.1)

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 and subsidised 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 market are contained in CONFIDENTIAL ATTACHMENT A-9.5.1.

(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), CONFIDENTIAL ATTACHMENT A-9.5.1 refers.

[The whole of *Diagram A-9.5.2* is confidential]

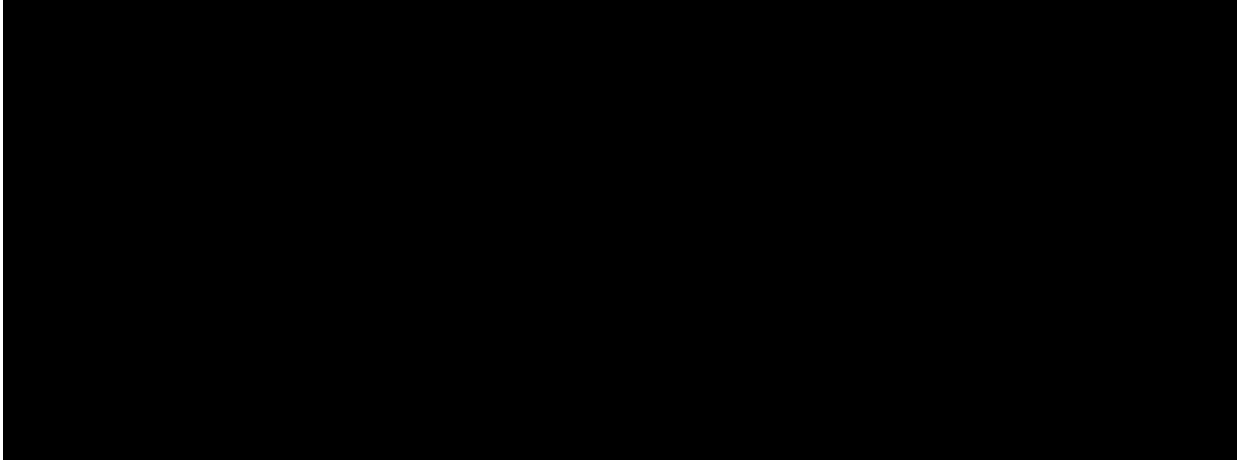


Figure A-9.5.2 *Unit sales revenue, cost to make sell and unit gain or loss for the applicant's Australian sales of like goods across the injury analysis period (Source: Appendix A6.1)*

Figure A-9.5.2, above, demonstrates that notwithstanding declining CTMS from January 2014, the Australian industry was unable to increase its prices for the like goods

[redacted]
[redacted]
[redacted]

[*explanation of profitability*]

The materiality of injury suffered by the Australian industry as a result of the price suppression is evidenced in CONFIDENTIAL ATTACHMENT A-9.5.1.

(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]

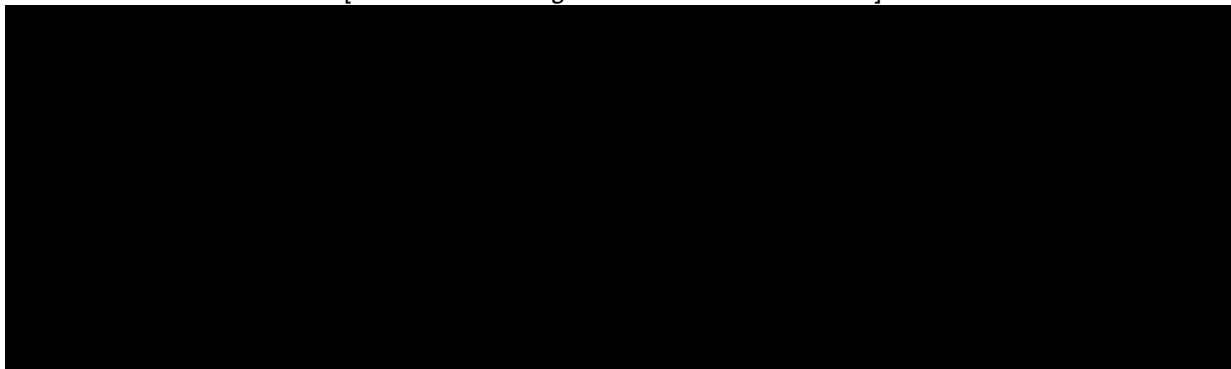


Figure A-9.5.2 Unit sales revenue, cost to make

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 and subsidised goods exported from China.

The applicant has experienced a loss of sales volume across the proposed Investigation Period due to the growth in volume of dumped and subsidised goods exported from China. Evidence of lost sales volume is contained in CONFIDENTIAL ATTACHMENT A-9.5.1.

(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, dumping and subsidization from China. This analysis is contained in CONFIDENTIAL ATTACHMENT A-9.5.1.

(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.

[The whole of *Diagram A-9.5.7* is confidential]

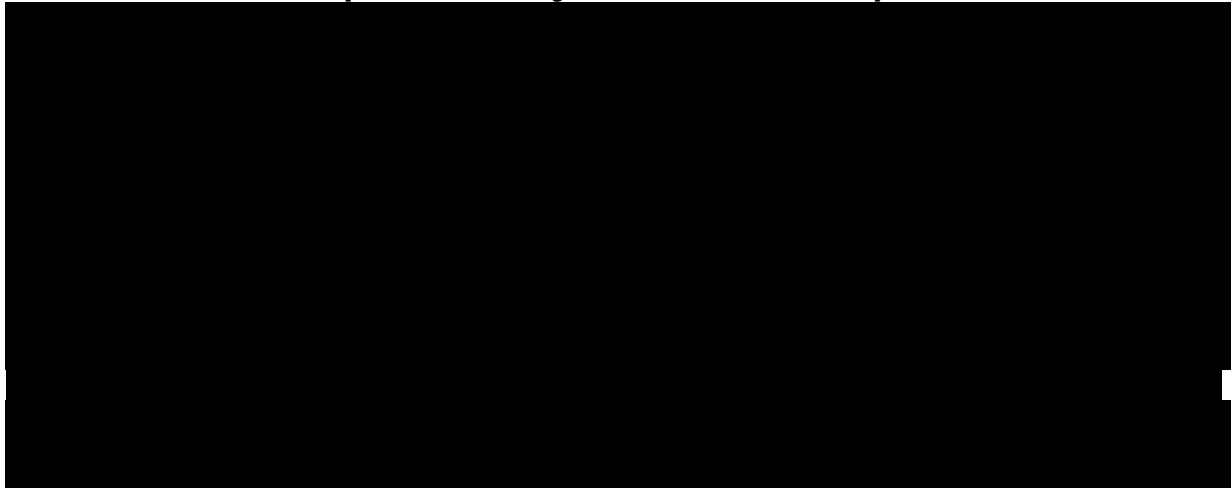


Figure A-9.5.7 Total profit and profitability for Australian domestic sales of like goods across injury analysis period
(Source: appendix A6.1)

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-9.5.8.1, 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 (refer figure A-9.5.8.2, below)

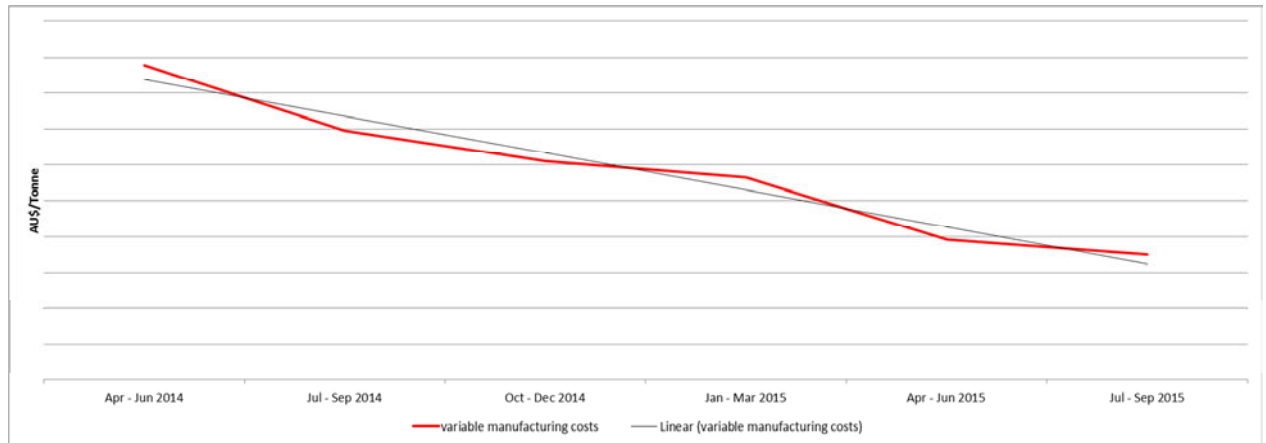


Figure A-9.5.8.1 Unit variable costs as a function of the Australian industry's unit cost to make the like goods since 1 April 2014 (Source: [appendix A6.1](#))

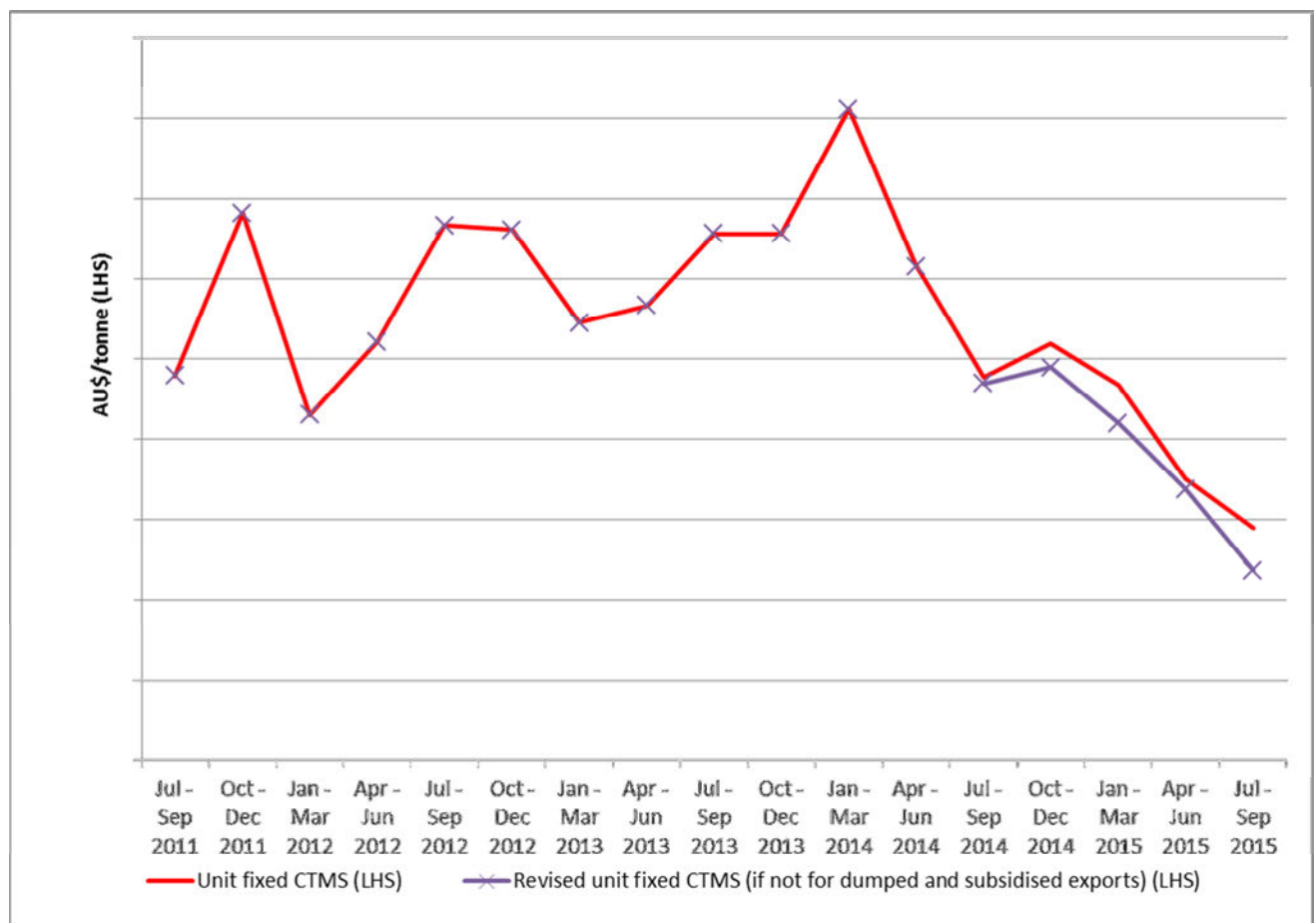


Figure A-9.5.8.2 Unit fixed costs as a function of the Australian industry's unit cost to make the like goods across the injury analysis period (Source: [appendix A6.1](#))

However, notwithstanding any improvement in the company's fixed unit costs, the Australian industry has calculated that it could have further reduced its fixed unit 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 CONFIDENTIAL ATTACHMENT A-9.5.1.

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

	Jul - Sep 2014	Oct - Dec 2014	Jan - Mar 2015	Apr - Jun 2015	Jul - Sep 2015
Lost sales volume attributable to dumped and subsidised exports from China					
Actual unit fixed CTMS (AUS/T)					
Unit fixed CTMS if not for lost sales volume (AUS/T)					
Difference					

Table A-9.5.9 Summary of lost unit profit arising from higher unit fixed costs caused by lost sales volume

(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.

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;
- Loss of capacity to produce the like goods; 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.

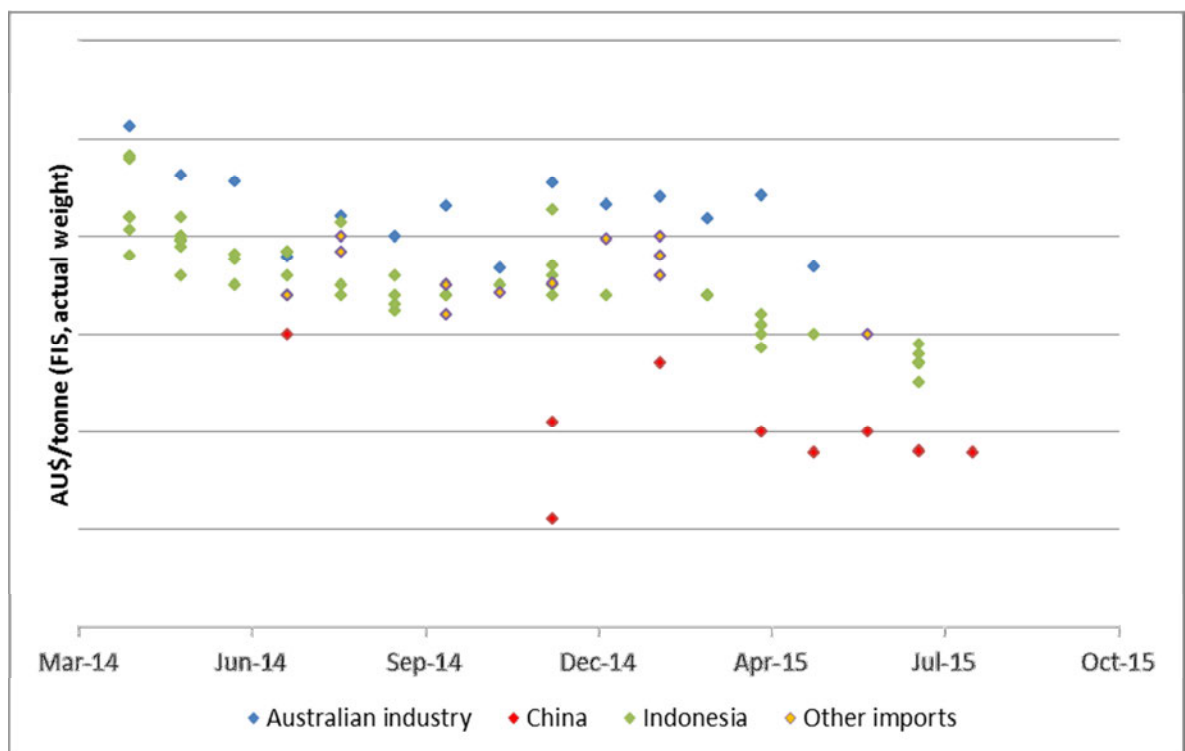


Figure A-9.5.2 (reproduced) Price undercutting analysis in terms of the applicant's average selling price to import targeted customers (Sources: CONFIDENTIAL ATTACHMENT A-4.2.1 and appendix A4.1) (x -intercept: $y \neq 0$)

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 and subsidised 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

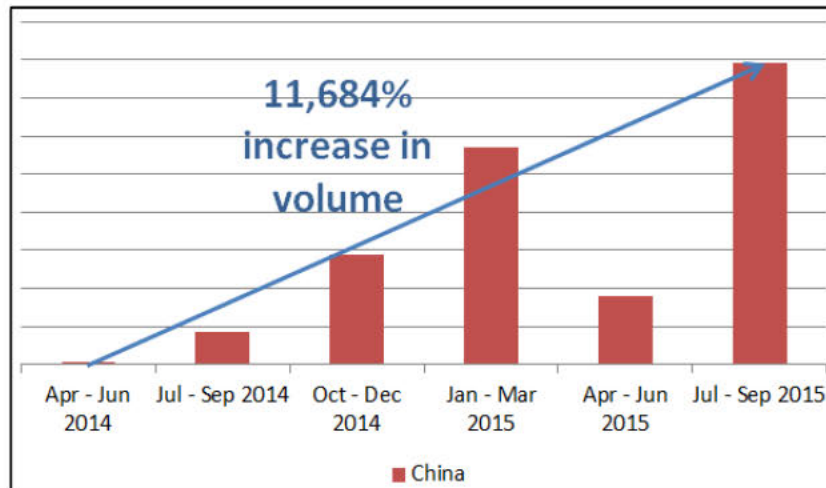


Diagram A-9.1.4 (reproduced) Volume of dumped and subsidised imports from China, tonnes between 1 April 2014 and 31 March 2015

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 and subsidised goods began to reverse the improvement in the Australian industry's market share. With every indication that export volume of the dumped and subsidised 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 and subsidised 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.

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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.**

This application constitutes a request for the publication of a countervailing duty notice only.

Therefore, this question is not applicable.

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

Not applicable. Refer *section B-1.1*, above.

3. If the source of the exports is a non market economy, or an 'economy in transition' refer to Part C.4 and Part C.5 of the application.

Not applicable. Refer *section B-1.1*, above.

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

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

Not applicable. Refer *section B-1.1*, above.

- **importers in Australia.**

Not applicable. Refer *section B-1.1*, above.

5. If the import volume from each nominated country at Appendix A.2 (Australian Market) does not exceed 3% of all imports of the product into Australia refer to Part C.6 of the application.

Not applicable. Refer *section B-1.1*, above.

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.**

Not applicable. Refer *section B-1.1*, above.

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

Not applicable. Refer *section B-1.1*, above.

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.**

Not applicable. Refer *section B-1.1*, above.

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.**

Not applicable. Refer *section B-1.1*, above.

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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.**

Not applicable.

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

Not applicable.

3. **Provide supporting documentary evidence.**

Not applicable.

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

Not applicable.

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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).**

Not applicable.

2. **Provide supporting documentary evidence.**

Not applicable.

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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.**

Not applicable.

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.**

Not applicable.

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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).**

Not applicable

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

Not applicable.

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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.

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

In summary, the following countervailable subsidy programs are alleged to benefit Chinese producers/exporters of rod in coils.

CATEGORY ONE: PROVISION OF GOODS

Program 1: Billet provided by government at less than adequate remuneration

Program 2: Coking coal provided by government at less than adequate remuneration

Program 3: Coke provided by government at less than adequate remuneration

Program 4: Electricity provided by Government at less than adequate remuneration

CATEGORY TWO: PREFERENTIAL TAX POLICIES

Program 5: Preferential Tax Policies for High and New Technology Enterprises

Program 6: Preferential Tax Policies in the Western Regions

Program 7: Land Use Tax Deduction

Program 8: Tariff and VAT Exemptions on Imported Materials and Equipment

Program 9: VAT refund on comprehensive utilization of resources

CATEGORY THREE: Financial Grants

Program 10: One-time Awards to Enterprises Whose Products Qualify for "Well-Known Trademarks of China" and "Famous Brands of China"

Program 11: Matching Funds for International Market Development for small and medium size enterprises (SMEs)

Program 12: Superstar Enterprise Grant

Program 13: Research and Development (R&D) Assistance Grant

Program 14: Patent Award of Guangdong Province

-
- Program 15: Innovative Experimental Enterprise Grant
- Program 16: Special Support Fund for Non-State-Owned Enterprises
- Program 17: Venture Investment Fund of Hi-Tech Industry
- Program 18: Grants for Encouraging the Establishment of Headquarters and Regional Headquarters with Foreign Investment
- Program 19: Grant for Key Enterprises in Equipment Manufacturing Industry of Zhongshan
- Program 20: Water Conservancy Fund Deduction
- Program 21: Wuxing District Freight Assistance
- Program 22: Huzhou City Public Listing Grant
- Program 23: Huzhou City Quality Award
- Program 24: Huzhou Industry Enterprise Transformation & Upgrade Development Fund
- Program 25: Wuxing District Public List Grant
- Program 26: Anti-dumping Respondent Assistance
- Program 27: Technology Project Assistance
- Program 28: Transformation technique grant for rolling machine
- Program 29: Grant for Industrial enterprise energy management - centre construction demonstration project Year 2009
- Program 30: Key industry revitalization infrastructure spending in 2010
- Program 31: Provincial emerging industry and key industry development special fund
- Program 32: Environmental protection grant
- Program 33: Environmental protection fund
- Program 34: Intellectual property licensing
- Program 35: Financial resources construction - special fund
- Program 36: Reducing pollution discharging and environment improvement assessment award
- Program 37: Grant for elimination of out dated capacity
- Program 38: Grant from Technology Bureau
- Program 39: High and New technology Enterprise Grant
- Program 40: Independent Innovation and High Tech Industrialization Program
- Program 41: Environmental Prize
- Program 42: Jinzhou District Research and Development Assistance Program

CATEGORY FOUR: Equity programs

Program 43: Debt for equity swaps

Program 44: Equity infusions

Program 45: Unpaid dividends

CATEGORY FIVE: PREFERENTIAL LOANS AND INTEREST RATES TO PRODUCERS/EXPORTERS OF ROD IN COILS

Program 46: Preferential loans and interest rates

CATEGORY SIX: MISCELLANEOUS PROGRAMS DISCLOSED IN THE ANNUAL REPORT OF HUNAN VALIN XIANGTAN IRON & STEEL CO., LTD.

Program 47: Energy Saving Grants

Program 48: Technology Development Grants

Program 49: Land Acquisition Compensation

Program 50: Other Government Grants

Program 51: Other Government Grants related to income

Program 52: Other rebates (Government Grants)

Program 53: Interest (Financial) discount

Program 54: Environmental Special Protection Fund

Program 55: Special Funds into Environmental Protection

CATEGORY SEVEN: MISCELLANEOUS PROGRAMS DISCLOSED IN THE ANNUAL REPORT OF JIANGSU SHAGANG GROUP CO., LTD.

Program 56: Saving technological transformation items (Head Subsidy)

Program 57: Environmental Protection Project Grants

Program 58: Provincial key industrial restructuring and revitalization project special Boot funds

Program 59: Financial Assistance

Program 60: Development of special guide funds

Program 61: Investment cooperation agreement Award Jiangsu Huaian Qingpu Industrial Park

Program 62: Other Grants

Details of the above identified programs form [REDACTED] /NON-CONFIDENTIAL ATTACHMENT C-1.

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.**

The Australian industry submits that exports from the nominated country have increased by (+)11,684% in the July to September 2015 period, when compared to April to June 2014 volumes, and export prices have fallen by (-)17% over that period. In the event that the dumped, subsidised and injurious exports continue to grow in volume, then the Australian industry will experience reductions in profits and profitability.

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%
Total				

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