PUBLIC RECORD

Australian Government
Department of Industry, Innovation and Science

Anti-Dumping Commission

Consideration report number: 418

Application for a dumping duty notice

Submitted by: OneSteel Manufacturing Pty Ltd (subject to a Deed of Company Arrangement)

In relation to steel reinforcing bar exported to Australia from Greece, the Republic of Indonesia, Spain (Nervacero S.A), Taiwan (Power Steel Co. Ltd) and the Kingdom of Thailand

26 June 2017

Customs Act 1901 Part XVB

Contents

Abbreviations

Short form	Full reference
ABS	Australian Bureau of Statistics
the Act	*Customs Act 1901*
ADN	Anti-Dumping Notice
the Commission	Anti-Dumping Commission
the Commissioner	Commissioner of the Anti-Dumping Commission
CTMS	cost to make and sell
DIBP	Department of Immigration and Border Protection
FIS	Free Into Store
FOB	Free on Board
HS	harmonised system
Indonesia	The Republic of Indonesia
INV 264	Dumping Investigation No. 264
INV 300	Dumping Investigation No. 300
INV 322	Countervailing Investigation No. 322
OneSteel, or the applicant	OneSteel Manufacturing Pty Ltd (subject to a Deed of Company Arrangement)
Parliamentary Secretary	Parliamentary Secretary to the Minister for Industry, Innovation and Science
REP 264	Anti-Dumping Commission Report No. 264
REP 300	Anti-Dumping Commission Report No. 300
REP 322	Anti-Dumping Commission Report No. 322
REP 380	Anti-Dumping Commission Report No. 380
Rebar or the 'goods'	Steel reinforcing bar
the subject countries	together, Greece, Indonesia, Spain (Nervacero S.A), Taiwan (Power Steel Co. Ltd), and Thailand
Thailand	The Kingdom of Thailand

1. Findings and recommendations

This report provides the result of the consideration by the Anti-Dumping Commission (the Commission) of an application under subsection 269TB(1) of the *Customs Act 1901* (the Act)[1] by OneSteel Manufacturing Pty Ltd (subject to a Deed of Company Arrangement) (referred to as OneSteel, or the applicant) for the publication of a dumping duty notice in respect of steel reinforcing bar (rebar) imported into Australia from Greece, the Republic of Indonesia (Indonesia), Spain (exported by Nervacero S.A), Taiwan (exported by Power Steel Co. Ltd) and the Kingdom of Thailand (Thailand) (together, the subject countries).

OneSteel alleges that the Australian industry manufacturing rebar has suffered material injury caused by rebar exported to Australia from the subject countries at dumped prices.

The legislative framework that underpins the making of an application for the publication of a dumping duty notice and the Commission's consideration of such an application is contained in Divisions 1 and 2 of Part XVB of the Act.

1.1. Findings

In accordance with subsection 269TC(1), the Commission has examined the application and is satisfied that:

- the application complies with the requirements of subsection 269TB(4) (as set out in section 2.2 of this report);
- there is an Australian industry in respect of like goods (as set out in section 2.4 of this report); and
- there appear to be reasonable grounds for the publication of a dumping duty notice in respect of the goods the subject of the application (as set out in chapters 3, 4 and 5 of this report).

1.2. Recommendations

Based on the above findings, the Commission recommends that the Commissioner of the Anti-Dumping Commission (the Commissioner) decide not to reject the application, and to initiate an investigation to determine whether a dumping duty notice should be published.

The Commission further recommends that:

- exports to Australia during the investigation period 1 April 2016 to 31 March 2017 be examined to assess whether dumping has occurred; and
- details of the Australian market from 1 April 2013 be examined for injury analysis purposes.

If the Commissioner agrees with these recommendations, the Commissioner must give public notice of the decision (**Non-Confidential Attachment 1**) in accordance with the requirements set out in subsection 269TC(4).

[1] All legislative references in this report are to the *Customs Act 1901* unless otherwise specified.

2. The application and the Australian industry

2.1. Lodgement of the application

2.1.1. Legislative framework

The procedures for lodging an application are set out in section 269TB.

The procedures and timeframes for the Commissioner's consideration of the application are set out in section 269TC.

The Commissioner's timeframe

Event	Date	Details
Application lodged & receipted by the Commissioner under subsections 269TB(1) and (5)	31 May 2017	The Commission received an application from OneSteel which alleges that the Australian industry has suffered material injury caused by rebar that has been exported to Australia from the subject countries at dumped prices.
Applicant provided further information in support of the application in accordance with subsection 269TC(2A)	16 June 2017	The applicant provided further information in support of its application (as provided in subsection 269TC(2A)). The application is taken to include that further information and to have been lodged and received on 16 June 2017, when the additional information was lodged and received. Accordingly, the 20 day period for consideration of the application restarted from 16 June 2017.
Consideration decision due under section 269TC(1) and subsection 269TC(2A)	6 July 2017	The Commissioner shall decide whether to reject or not reject the application within 20 days after the applicant provided further information.

2.2. Compliance with subsection 269TB(4)

2.2.1. Finding

Based on the information submitted by the applicant, the Commission considers that the application complies with subsection 269TB(4).

2.2.2. Legislative framework

Subsection 269TC(1) requires that the Commissioner reject an application for a dumping duty notice if, among other things, the Commissioner is not satisfied that the application complies with subsection 269TB(4).

2.2.3. The Commission's assessment

The table below summarises the Commission's assessment of compliance with subsection 269TB(4).

Requirement for the application	Details
Lodged in writing under subsection 269TB(4)(a)	The applicant lodged in writing confidential and non-confidential versions of the application. The non-confidential version of the application can be found on the electronic public record on the Commission's website at www.adcommission.gov.au.

Requirement for the application	Details
Lodged in an approved form under subsection 269TB(4)(b)	The application is in the approved form B108 for the purpose of making an application under subsection 269TB(1).
Contains such information as the form requires under subsection 269TB(4)(c)	The applicant provided: • a completed declaration; • answers to all questions that were required to be answered by the applicant; • all appendices completed; and • sufficient detail in the non-confidential version of the application to enable a reasonable understanding of the substance of the information submitted in confidence.
Signed in the manner indicated in the form under subsection 269TB(4)(d)	The application was signed in the manner indicated in form B108 by a representative of the applicant.
Supported by a sufficient part of the Australian industry under subsection 269TB(4)(e) and determined in accordance with subsection 269TB(6)	OneSteel claimed that it is the only Australian producer of rebar. No producers of like goods other than OneSteel are named in the application. No further such producers or manufacturers of rebar have been discovered by the Commission. This is consistent with findings in previous cases conducted by the Commission.[2] As such, the Commission is satisfied that 100 per cent of the Australian industry supports the application, so the application is compliant with subsections 269TB(6)(a) and (b).
Lodged in the manner approved under section 269SMS for the purposes subsection 269TB(4)(f)	The application was lodged in an approved manner.

2.3. The goods the subject of the application

The table below outlines the goods as described in the application and their corresponding tariff classification.

Full description of the goods that are the subject of the application				
Hot-rolled deformed steel reinforcing bar whether or not in coil form, commonly identified as rebar or debar, in various diameters up to and including 50 millimetres, containing indentations, ribs, grooves or other deformations produced during the rolling process. The goods covered by this application include all steel reinforcing bar meeting the above description regardless of the particular grade, alloy content or coating. Goods excluded from this application are plain round bar, stainless steel and reinforcing mesh.				
Tariff classification (Schedule 3 of the *Customs Tariff Act 1995*)				
Tariff subheading	**Statistical code**	**Unit**	**Description**	**Duty rate**
7214.20.00	47	tonne	Rebar Straights	Greece, Spain: 5% Indonesia, Taiwan, Thailand: Free
7228.30.90	40	tonne	Rebar Straights – Alloy	
7213.10.00	42	tonne	Rebar Coil	
7227.90.90	42[3]	tonne	Rebar Coil – Alloy	
7227.90.90	01, 02, 04[4]	tonne	Rebar Coil – Alloy	

[2] Section 2.3, below, refers.
[3] Operative until 31 December 2014.
[4] Operative from 1 January 2015.

7228.30.10	70	tonne	Rebar Straights – Other Alloy	Greece, Spain, Taiwan: 5% Indonesia: 4% Thailand: Free
7228.60.10	72	tonne	Rebar Straights – Other Alloy	
7227.90.10	69	tonne	Rebar Coil – Other Alloy	

As a result of past investigations by the Commission, anti-dumping measures are currently in place in respect of rebar imported into Australia.

Previous cases
Investigation No. 264 (INV 264), the findings of which can be found in **Anti-*Dumping Commission Report No. 264*** (REP 264), assessed claims that rebar was exported from the Republic of Korea (Korea), Malaysia, Singapore, Spain, Taiwan, Thailand and the Republic of Turkey (Turkey) at dumped prices. The investigation found that the goods exported from Korea, Singapore, Spain and Taiwan (with the exception of Power Steel Co. Ltd) were exported at dumped prices, and that the dumped goods had caused material injury to the Australian industry. Anti-dumping measures were imposed from 19 November 2015 (Anti-Dumping Notice (ADN) No. 2015/133 refers[5]).On 20 October 2015 INV 264 was terminated as far as it related to exports from Malaysia, Thailand, Taiwan (for exports by Power Steel Co. Ltd) and Turkey (ADN No. 2015/122 refers). The then Parliamentary Secretary's decision was reviewed by the Anti-Dumping Review Panel (ADRP) and on 4 March 2016, the ADRP found that the decision of the Parliamentary Secretary in REP 264 was the correct and preferable decision except in relation to Nervacero S.A. The ADRP's recommendation was published in ***ADRP Report No. 34***.[6] As a result of the ADRP's recommendations (which were accepted by the then Parliamentary Secretary), rebar exported from Spain by Nervacero S.A are not subject to the dumping duty notice applying to rebar from Korea, Singapore, Spain and Taiwan. Investigation No 300 (INV 300), the findings of which can be found in ***Anti-Dumping Commission Report No. 300*** (REP 300), assessed claims that rebar was exported from China at dumped prices. The investigation found that the goods exported from China were at dumped prices, and that the dumped goods had caused material injury to the Australian industry. Anti-dumping measures were imposed from 13 April 2016 (ADN No. 2016/39 refers). Investigation No. 322 (INV 322), the findings of which can be found in ***Anti-Dumping Commission Report No. 322*** (REP 322), assessed claims that rebar exported from China had received countervailable subsidies. The investigation found that the goods exported from China were subsidised, however the injury caused by that subsidisation was unable to be isolated and therefore no measures were imposed (ADN No. 2016/95 refers). Review of measures No 381, the findings of which can be found in ***Anti-Dumping Commission Report No. 380*** (REP 380) assessed claims that the variable factors in so far as they related to exports of rebar from Spain by Celsa Barcelona had changed. REP 380 found that the variable factors had changed and recommended that the dumping duty notice relating to rebar have effect in relation to Celsa Barcelona as if different variable factors have been ascertained (ADN No. 2017/33 refers).

2.4. Like goods and the Australian industry

2.4.1. Finding

The Commission is satisfied that there is an Australian industry producing like goods to the goods the subject of the application on the basis that:

[5] Public notice of the decisions by the Parliamentary Secretary to the Minister for Industry, Innovation and Science can be found on the Commission's website at www.adcommission.gov.au

[6] http://www.adreviewpanel.gov.au/CurrentReviews/Documents/ADRP%20Report%2034%20Rebar%20FINAL.pdf

- OneSteel produces goods that are identical in all respects to, or have characteristics that closely resemble, the goods the subject of the application; and
- the goods are wholly manufactured in Australia.

2.4.2. Legislative framework

Subsection 269TC(1) requires that the Commissioner reject an application for a dumping duty notice if, among other things, the Commissioner is not satisfied that there is, or is likely to be established, an Australian industry in respect of like goods.

Like goods are defined under subsection 269T(1). Subsections 269T, 269T(2), 269T(3), 269T(4) and 269T(4A) are used to determine whether the like goods are produced in Australia and whether there is an Australian industry.

2.4.3. Locally produced like goods

The table below summarises the Commission's assessment of whether the locally produced goods are identical to, or closely resemble, the goods the subject of the application and are therefore like goods. This assessment is based on a comparison of the information provided by OneSteel in its application and the Commission's like goods assessment in REPs 264, 300 and 322. The Commission notes that OneSteel and importers of rebar were subject to on-site verification by the Commission in the course of the investigations that led to REPs 264, 300 and 322. In those investigations, the Commission has found that rebar produced by OneSteel were like goods to rebar imported into Australia from China, Spain, Taiwan and Thailand, including goods produced by the exporters from Spain, Taiwan and Thailand that are subject to this application.

Factor	The Applicant's claims	The Commission's assessment
Physical likeness	The applicant's locally produced rebar 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 rebar are manufactured in a similar range of grades and diameters.	The Commission is satisfied that: • Based on a comparison of the information provided by OneSteel and documentation provided by importers during the previous investigations, the goods the subject of the application are consistent with the like goods considered in INVs 264, 300 and 322. • the goods the subject of the application were imported under tariff classifications for rebar (consistent with those in REPs 264, 300 and 322); • the goods produced by OneSteel appear to be physically consistent with those examined during INVs 264, 300 and 322 based on the detailed information provided by the applicant on product types, diameters and grades specified under the Australian and International standards.[7] For the purposes of a like goods assessment, the Commission has therefore relied on findings made in REPs 264, 300 and 322. The Commission notes the finding in Rep 264 that "whilst the indentations, ribs and grooves on the rebar may vary between mills, these variations do not significantly modify the performance characteristics of the rebar".[8] In this context, the Commission is satisfied with the reasonableness of the claims by OneSteel in relation to physical likeness between the goods the subject of the application and locally produced rebar.

[7] Confidential attachment A-2.9.3, OneSteel's application, refers.
[8] Rep 264, p.19 refers.

Factor	The Applicant's claims	The Commission's assessment
Commercial likeness	The applicant's locally produced rebar competes directly with imported rebar in the Australian market.	The Commission has examined the data in the Department of Immigration and Border Protection (DIBP) import database and concluded that: • importers source rebar from multiple sources; and • following the imposition of measures as a result of INV 264, 300 and 322, importers switched importing from countries (and exporters) subject to measures to importing from subject countries (i.e. the countries and exporters subject to this application). Additionally, the Commission has observed from the information provided in the confidential attachments to the application that close price competition exists in the market between the imports of rebar and the Australian produced goods, which suggests low product differentiation and a high degree of substitutability. In this context, the Commission is satisfied with the reasonableness of the claims by OneSteel that there is a close commercial likeness between the domestically produced rebar and the rebar the subject of this application.
Functional likeness	Both the locally produced and imported rebar have comparable or identical end uses. Both the imported and the local produced rebar are either used 'as is', or are subject to post production processes such as bending, welding and cutting. Both the goods and the like goods are predominantly used to reinforce concrete and precast structures.	In REPs 264, 300 and 322 the Commission found that imported rebar and OneSteel-produced rebar are both used for the same end uses. Further, it was found that importers did not consider any alternative products to be a suitable substitute for rebar. In this context, the Commission is satisfied with the reasonableness of the claims by OneSteel in relation to functional likeness between the goods exported from the subject countries and locally produced rebar.
Production likeness	The rebar manufactured by the applicant are manufactured in a similar manner and via similar manufacturing processes to the imported goods.	In REPs 264, 300 and 322 the Commission found that rebar produced in Australia and rebar produced in China, Spain, Taiwan and Thailand: • were manufactured in a similar manner; and • the major raw material input was the same. OneSteel has provided sufficient information relating to the manufacturing process of rebar in Indonesia and Greece in order to assess the production likeness. The Commission is satisfied that there is a production likeness between the goods exported from the subject countries and the locally produced rebar.
The Commission's assessment		

Based on the analysis above, the Commission considers it is reasonable for OneSteel to claim that locally produced rebar closely resembles the goods that are the subject of the application and therefore the two are like goods. The Commission will further examine the issue of like goods during the course of the dumping investigation.

2.4.4. Manufacture in Australia

Under subsection 269T(2) goods are not regarded as produced in Australia unless they were wholly or partly manufactured in Australia. Under subsection 269T(3), in order for the goods to be considered as partly manufactured in Australia, at least one substantial process in the manufacture of the goods must be carried out in Australia.

The table below summarises the Commission's assessment of whether the goods are wholly manufactured in Australia and whether the like goods are therefore considered to have been produced in Australia.

The applicant's claims
OneSteel produces steel billets, which are transported to its manufacturing facilities which are located in Australia. At the manufacturing facilities, these are reheated and passed through a series of rolling stands that reduce the size, while changing the shape from a square section to a circular one with indentations, thus forming rebar.
The Commission's assessment
The Commission view is that based on the description of the manufacturing process provided in the application, the goods have been wholly manufactured in Australia and thus have been produced in Australia by the applicant.

2.5. Australian industry information

The table below summarises the Commission's assessment of whether OneSteel has provided sufficient information in the application to analyse the performance of the Australian industry.

Have the relevant appendices to the application been completed?		
A1	Australian production	Yes
A2	Australian market	Yes
A3	Sales turnover	Yes
A4	Domestic sales	Yes
A5	Sales of other production	Yes
A6.1	Cost to make and sell (& profit) – Domestic sales	Yes
A6.2	Cost to make and sell (& profit) – Export sales	Yes
A7	Other injury factors	Yes

General administration and accounting information – OneSteel	
History	Established in 2000
Ownership	OneSteel is wholly owned by Arrium Limited (subject to a Deed of Company Arrangement)
Operations	Metal production and fabrication
Financial year	1 July – 30 June
Audited accounts	Audited accounts have not been provided for 2016, as Arrium Limited is currently under voluntary administration and is not required to produce audited accounts.

Have the relevant appendices to the application been completed?			
Annual reports	The 2015 annual report was provided, which includes audited financial statements for financial year 2015-16. As above for 2016.		
Production and sales information		**Cost to make and sell information**	**Other injury factors**
OneSteel has provided detailed information for the period 1 April 2016 to 31 March 2017.		As per production and sales information.	Data provided from 1 January 2013.
The Commission's assessment			
The Commission notes that, in its application, OneSteel provided information for the period 1 April 2016 to 31 March 2017, which was satisfactory given that the application was lodged in May 2017. Based on the information in the application, the Commission is satisfied that there is sufficient data on which to analyse the performance of OneSteel for the purposes of this report. As noted in section 1.3 and as per the Commission's usual practise, the injury analysis period for the investigation will be from 1 April 2013 and the investigation period will be 1 April 2016 to 31 March 2017.			

2.5.1. Nature of market and market size

OneSteel stated that both imported and locally produced rebar is primarily purchased by rebar processors and steel service centres who typically process it before supplying into the residential, commercial and engineering construction sectors.

Rebar processors quote jobs to the construction sector, cut and bend locally manufactured or imported rebar to order and deliver to job sites. Steel service centres purchase locally produced or imported rebar to stock for re-sale, primarily to smaller rebar processors for use as concrete reinforcement.

Final end use applications for rebar include (but are not limited to) concrete slabs and prefabricated concrete beams, columns, cages and precast products. The vast majority of rebar is fabricated in some way prior to end use.

OneSteel operates four rolling mills for the production of rebar, which is sold nationally. Its sales into the Australian market include self-produced rebar as well as imported rebar. OneSteel sells rebar straights and rebar coils to external (unrelated) steel service centres and end-use customers and also has internal sales to OneSteel's related businesses.

Third-party reinforcing customers can purchase rebar either from OneSteel or from an import supply source. Given the interchangeable nature of rebar it is regarded as a commodity market that competes primarily on price. Import offers and the movement in the price of import offers are used by independent customers to negotiate prices with OneSteel. OneSteel provided information in support of its claim that its prices for sales to internal customers are determined using prices for external customers.

Using Australian Bureau of Statistics (ABS) import data, data from an independent recognised international supplier of trade statistics and sales to its internal and external customers, OneSteel provided its estimate of the total size of the rebar market in Australia during the period 1 April 2016 to 31 March 2017 (Confidential Attachment A2 to the application).

The Commission examined the DIBP import database to determine if OneSteel's estimates of market size were reasonable.

Figure 1, below, illustrates the Commission's estimate of the size of the Australian market for rebar from 1 April 2013 to 31 March 2017. The Commission has included OneSteel's internal sales when assessing the size of the Australian market for rebar.

The Commission notes that:

- the total rebar market was approximately 1,155,000 tonnes in 2016;
- imports from countries that are subject to measures reduced in 2016;
- imports from the subject countries rose sharply in 2016 as compared to the 2014 and 2015; and
- while the total market size increased in 2016 as compared to 2015, the Australian industry's market share does not show a corresponding rise.

Based on its analysis, the Commission considers that this information is reasonably reliable, relevant and suitable for estimating the size of the Australian market for rebar.

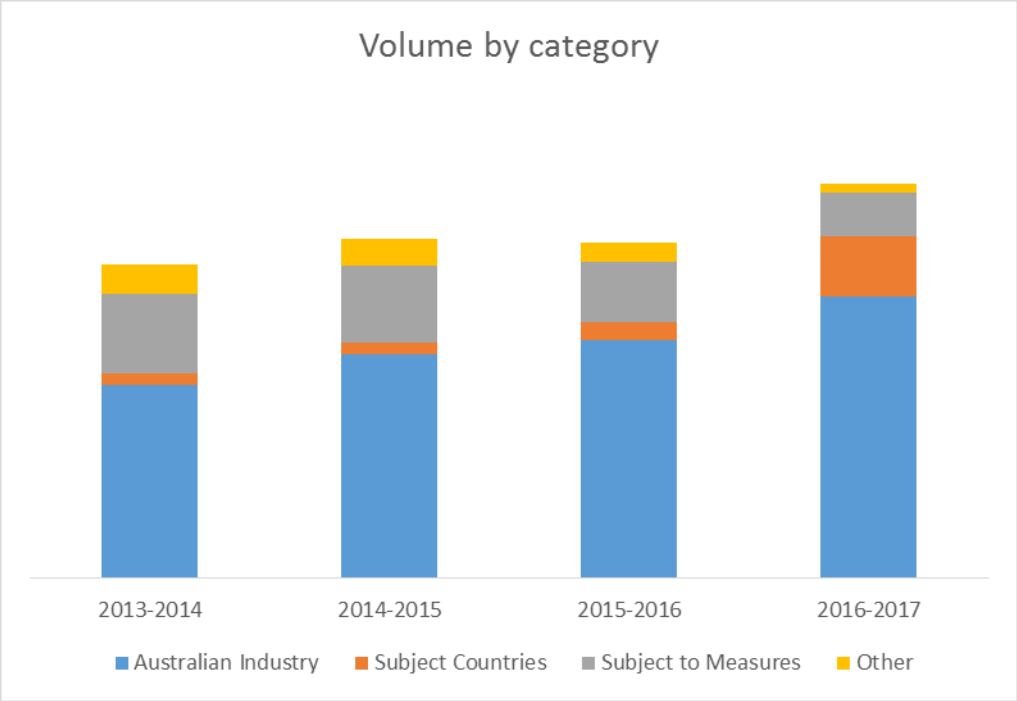

Figure 1 – Australian market size for rebar (tonnes)

'Subject to measures' in Figure 1 and Figure 2 below refers to the volume of imports from countries (and exporters) that are currently subject to measures as a result of findings made in REPs 264, 300, 322 and 380 and following the decision of the ADRP in its published Report No. 34.

Figure 2 illustrates the movements in market share (expressed as a percentage) over the same period.

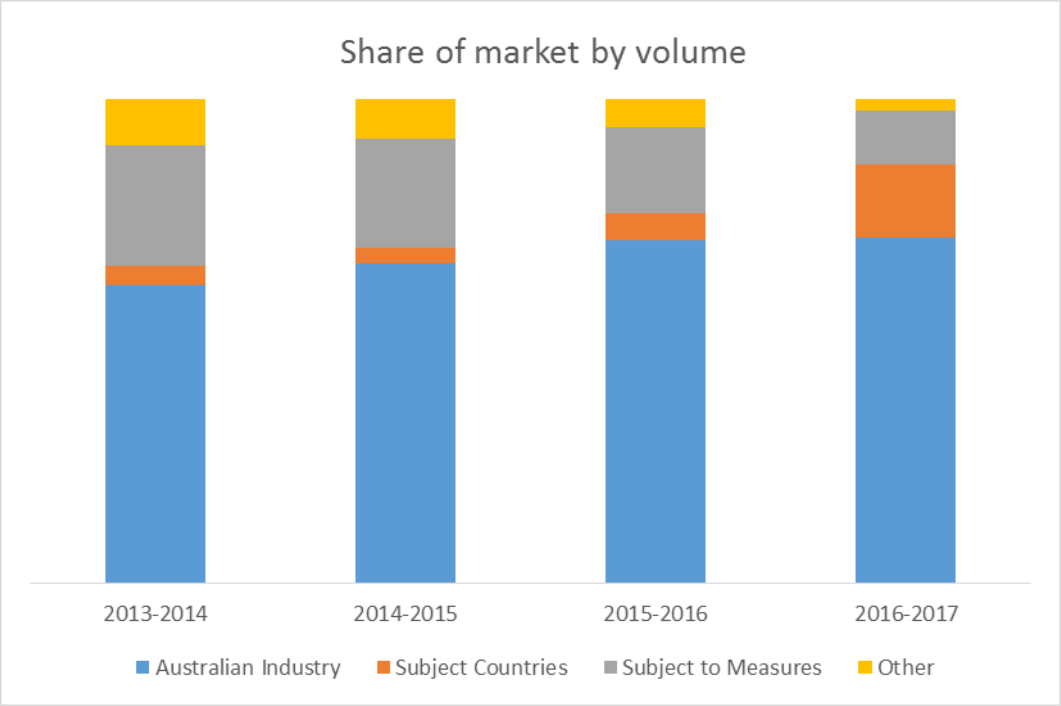

Figure 2 – Australian market share for rebar (proportion)

The data presented in Figures 1 and 2 and in the following parts of this report is for the period of April to March in each of the injury analysis years (2013 – 2016) and the investigation period (2016 -2017). References to a year should be read as a reference to the period starting from 1 April of that year to 31 March of the following year. For example, a reference to 2016 refers to the period from 1 April 2016 to 31 March 2017.

3. Reasonable grounds – dumping

3.1. Findings

Pursuant to subsection 269TC(1)(c), on the basis of available information and analysis, the Commission considers that:

- the goods have been exported to Australia from the subject countries at dumped prices;
- the estimated dumping margin for exports from the subject countries is greater than two per cent and therefore is not negligible; and
- the estimated volume of goods from each of the subject countries that appear to have been dumped is greater than three per cent of the total Australian import volume of goods and therefore is not negligible.

3.2. Legislative framework

Subsection 269TC(1) requires that the Commissioner reject an application for a dumping duty notice if, among other things, the Commissioner is not satisfied that there appear to be reasonable grounds for the publication of a dumping duty notice.

Under section 269TG, one of the matters that the Parliamentary Secretary to the Minister for Industry, Innovation and Science (Parliamentary Secretary)[9] must be satisfied of in order to publish a dumping duty notice is that the export price of goods that have been exported to Australia is less than the normal value of those goods, i.e. that dumping has taken place (to an extent that is not negligible). This issue is considered in the following sections.

3.3. Export price

3.3.1. Legislative framework

Export price is determined by applying the requirements in section 269TAB taking into account whether the purchase or sale of goods was an arms length transaction under section 269TAA.

3.3.2. The applicant's estimate

The applicant relied on export data from an independent international supplier of trade statistics to estimate the export prices for the goods. The export data, reported at the harmonised system (HS) 6-digit level, has been compared to the Free on Board (FOB) prices for goods to calculate a unit price in Australian dollars per tonne for each subject country.

3.3.3. The Commission's assessment

The Commission examined the data provided by OneSteel and compared it to information from the DIBP import database. Data was extracted from the DIBP database based on tariff classifications. Obvious errors in the data were removed and a weighted average FOB price was calculated for each of the subject countries. The import quantities and the weighted average FOB prices from each country varied. However, the variances were not material.

The Commission considers that the export volumes and prices submitted by OneSteel are sufficiently reliable and relevant for the purposes of the application.

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[9] On 19 July 2016, the Prime Minister appointed the Parliamentary Secretary to the Minister for Industry, Innovation and Science as the Assistant Minister for Industry, Innovation and Science. For the purposes of determining whether to publish a dumping duty notice, the Minister is the Parliamentary Secretary to the Minister for Industry, Innovation and Science.

However, the Commission has used the DIBP data for the purpose of establishing export prices for use in calculating the preliminary dumping margins set out in section 3.5 of this report.

The Australian industry's calculation of export price and the Commission's comparison is contained in **Confidential Appendix 1**.

3.4. Normal value

3.4.1. Legislative framework

Normal value is determined by applying the requirements in section 269TAC taking into account whether:

- the purchase or sale of the goods was an arms length transaction under section 269TAA;
- the goods were sold in the ordinary course of trade under section 269TAAD;
- there has been an absence or low volume of sales of like goods in the country of export; and
- whether the situation in the market of the country of export is such that sales in that country are not suitable for determining normal value under subsection 269TAC(1).

3.4.2. The applicant's estimate

The table below summarises the approach taken by the applicant to estimate normal values and the evidence relied upon.

Country	Basis of estimate	Details
Greece	Constructed normal value (as per subsection 269TAC(2)(c))	The applicant has used independent third party data to construct the cost of raw materials and conversion costs, and then applied the selling and administration costs of a producer of like goods in the domestic market to construct a cost to make and sell.
Indonesia	Constructed normal value (as per subsection 269TAC(2)(c))	The applicant has used independent third party data to construct the cost of raw materials and conversion costs, and then applied the selling and administration costs plus an amount of profit of a producer of like goods in the domestic market to construct a cost to make and sell.
Spain	Constructed normal value (as per subsection 269TAC(2)(c))	The applicant has used independent third party data to construct the cost of raw materials and conversion costs, and then applied selling costs listed in the 2015 audited financial statement of the exporter listed in the application to construct a cost to make and sell.
Taiwan	Constructed normal value (as per subsection 269TAC(2)(c))	The applicant has used independent third party data to construct the cost of raw materials and conversion costs, and then applied selling, administration and finance costs based on a similar domestic like goods producer to construct a cost to make and sell
Thailand	Constructed normal value (as per subsection 269TAC(2)(c))	The applicant has used independent third party data to construct the cost of raw materials and conversion costs, and then applied selling, administration and finance costs of a producer of like goods in the domestic market to construct a cost to make and sell.

3.4.3. The Commission's assessment

The Commission has had regard to the requirements of sections 269TAC, 269TAAD, and 269TAA, and whether there has been an absence or low volume of sales of like goods in the country of export.

The Commission is satisfied that the independent data used by the applicant is reliable and suitable for the purposes of constructing normal values. The Commission compared OneSteel's constructed normal values to verified CTMS data from the Commission's previous investigations. Based on the evidence provided in the application and all other relevant evidence, the Commission's assessment is that the applicant's normal value estimates are reasonable. OneSteel's calculation of normal value forms Confidential Appendix 2 to the application.

3.4.4 Applicant's submission regarding model matching criteria

In its additional submission of 16 June 2017 (see 'Addendum to Sections B-3 and B-5 to the application'), OneSteel suggested some product characteristics that may be relevant to compare the goods with like goods sold in the domestic markets of the countries of export, and the like goods produced in Australia. The characteristics include patterns in relief, form (coils vs. straight lengths), diameter, grade, minimum specified yield strength, maximum specified carbon equivalent content, minimum Vanadium or Niobium content, sales quantity method, coatings and whether the goods are primary or secondary merchandise.

The Commission will consider the criteria suggested by OneSteel in developing model matching criteria for the purposes of determining normal values during the investigation.

3.5. Dumping margins

3.5.1. Legislative framework

Dumping margins are determined in accordance with the requirements of section 269TACB.

Dumping margins and dumping volumes cannot be negligible, otherwise the investigation is terminated. Whether the dumping margins and dumping volumes are negligible is assessed under section 269TDA.

3.5.2. The Commission's assessment

The table below summarises the dumping margins calculated by the Commission. The dumping margins are expressed as a percentage of the export price.

Country	Applicant's estimated dumping margin	Commission's estimated dumping margin
Greece	22.5%	27.3%
Indonesia	29.2%	30.7%
Spain	16.8%	25.3%
Taiwan	8.2%	10.3%
Thailand	6.2%	7.6%

The Commission's dumping assessment is contained in **Confidential Appendix 1**.

The Commission's analysis of the DIBP import database (as set out in **Confidential Appendix 1**) shows that the volume of goods from each of the subject countries, and the dumping margins for those goods, are not negligible

4. Reasonable grounds – injury to the Australian industry

4.1. Findings

Pursuant to subsection 269TC(1)(c), having regard to the matters contained in the application and to other information considered relevant, the Commission considers that there appears to be reasonable grounds to support the claims that the Australian industry has experienced injury in the form of:

- Price depression
- Price suppression
- Loss of revenue
- Loss of profits, and
- Loss of profitability.

The Commission's analysis of the economic condition of the Australian industry is at **Confidential Appendix 1.**

4.2. Legislative framework

Under section 269TG of the Act, one of the matters that the Parliamentary Secretary must be satisfied of in order to publish a dumping duty notice is that the Australian industry has experienced material injury. This issue is considered in the following sections.

4.3. The applicant's claims

The applicant claims that the Australian industry has been injured through:

- Price depression
- Price suppression
- Price undercutting
- Lost market share
- Lost sales volume
- Loss of revenue
- Loss of profits
- Loss of profitability
- Reduced capital investment
- Loss of employment and wages, and
- Growing stock-on-hand.

OneSteel has claimed that material injury caused by the dumped imports of rebar from the subject countries commenced in or around April 2016. One Steel has separated its analysis of the relationship between the injury and the alleged dumping according to two broad product models of the goods, rebar straights and rebar in coils. With respect to rebar straights, OneSteel claims that following the initiation of INV 264, the volume of dumped imports declined and remained relatively stable until around 1 April 2016. After this time, and following the initiation of INV 300, the volume of dumped rebar straights began to increase again.

With respect to rebar in coils, OneSteel claims following the revocation of measures on exports of rebar by Nervacero S.A on 14 July 2016 due to the decision by the then Parliamentary Secretary, the volume of dumped rebar in coils began to increase. OneSteel claims that the Australian rebar industry as a whole has suffered injury due to dumped imports of rebar straights and rebar in coils.

4.4. Approach to injury analysis

4.4.1. Legislative framework

The matters that may be considered in determining whether the industry has suffered material injury are set out in section 269 TAE.

4.4.2. The Commission's approach

The Commission has had regard to the information provided by OneSteel, and has compared this with the DIBP import database for the period from 1 April 2013 to 31 March 2017 to assess whether the Australian industry has been injured by allegedly dumped imports. The Commission has also had regard to the *Ministerial Direction on Material Injury 2012*.[10]

4.5. Volume effects

OneSteel has claimed loss of sales and loss of market share to the dumped exports from the subject countries.

OneSteel notes that:

- the relationship between the volume of dumped imports and its market share is an inverse one;
- imports from the subject countries significantly increased from on or around April 2016 after the initiation of an investigation into the dumping of rebar exported from China and the revocation of measures against Nervacero S.A; and
- as a consequence of its market based pricing, it did not lose sales volume in trend terms but it lost sales volume to the dumped imports from the subject countries. This is reflected in its inability to increase market share over the period.

Figure 3, below, demonstrates movements in OneSteel's sales volume over the period from 1 April 2013 to 31 March 2017 (inclusive of sales to its related parties).

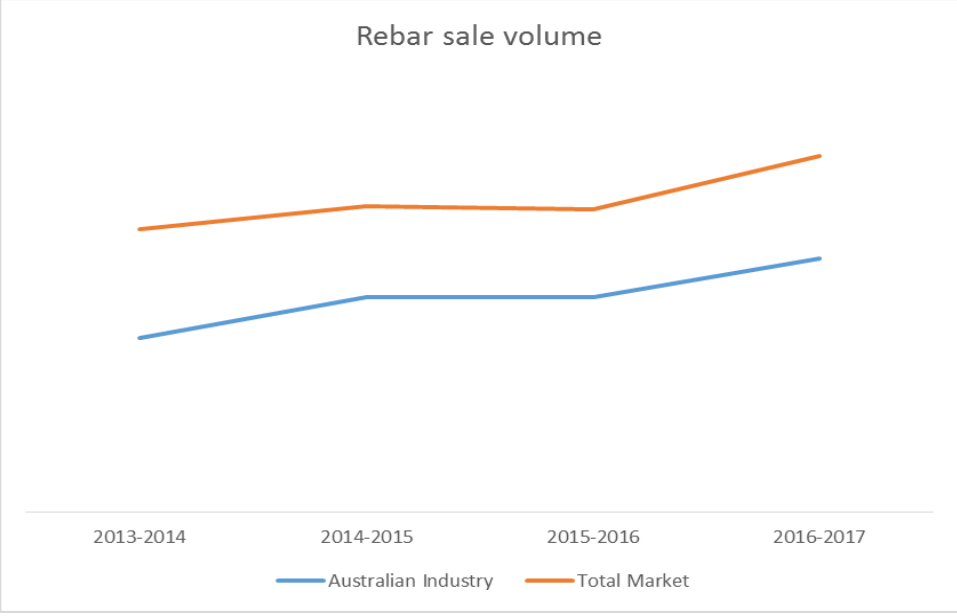

Figure 3 – Sales volumes of the goods and like goods

[10] Available on the Commission website.

4.5.1 Conclusion – volume effects

Figures 1 and 2 at section 2.5.1 indicate that the subject countries have increased market share in 2016 and this appears to be at the expense of Australian industry and imports from other countries. The Commission therefore considers it is reasonable for OneSteel to claim that its sales have been displaced by imports from the subject countries.

4.6. Price effects

Price depression occurs when a company, for some reason, lowers its prices. Price suppression occurs when price increases, which otherwise would have occurred, have been prevented. An indicator of price suppression may be the margin between prices and costs.

OneSteel has claimed that the exports from the subject countries have been undercutting prices in the Australian market and have caused price depression and price suppression. OneSteel stated in its application that it was unable to improve its margins because it responded to price undercutting by dumped imports by reducing its prices.

The Commission has compared the quarterly unit cost to make and sell (CTMS) with quarterly unit prices achieved by OneSteel during the period from 1 April 2013 to 31 March 2017, as shown by Figure 4.

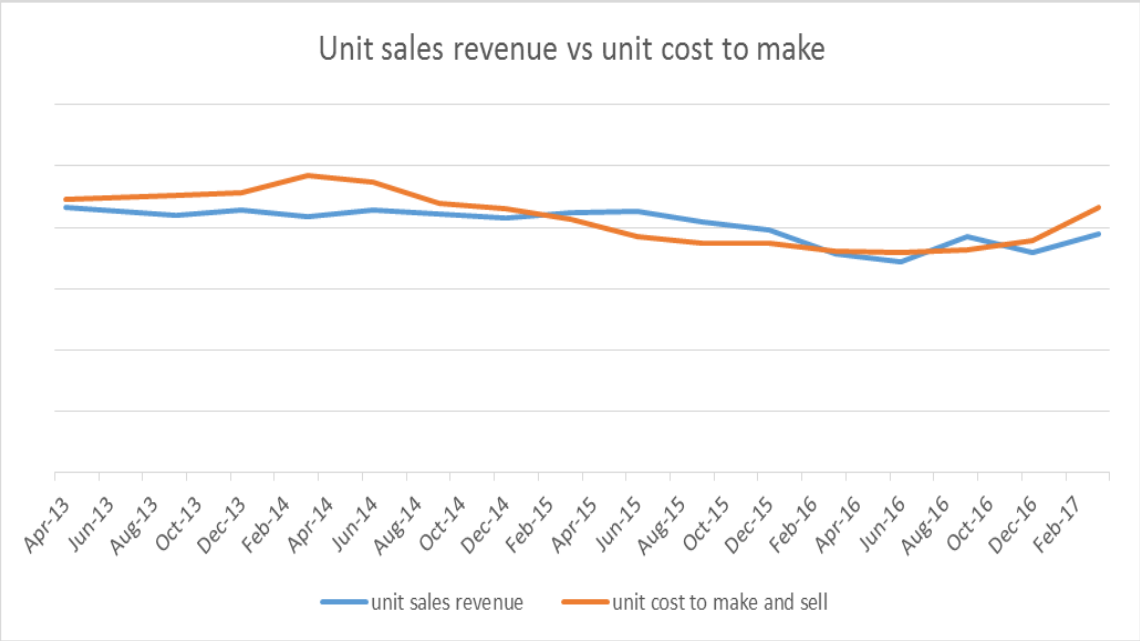

Figure 4 – OneSteel's CTMS and sales revenue for like goods

Figure 4 shows that over the period analysed, OneSteel's prices have been less than its unit CTMS, except in the June to December quarters of 2015 and then again in the September 2016 quarter. OneSteel has claimed that on the conclusion of INV 300, it was briefly able to increase its prices in the September 2016 quarter but following a resurgence in the imports of rebar at dumped prices it had to reduce its own prices. Figure 4 provides support for this claim.

4.6.1. Conclusion – price effects

The information summarised in Figure 4 supports OneSteel's claim that it has experienced price depression and price suppression.

4.6.2. Profit and profitability effects

The applicant has claimed injury in the form of loss of profits and reduced profitability. Figure 5, below, demonstrates that in the period analysed, OneSteel improved its position in 2015 through a combination of gaining market share and a reduced CTMS, but the declining unit sales price has seen a reversal of this improvement in 2016 (except in the September 2016 quarter).

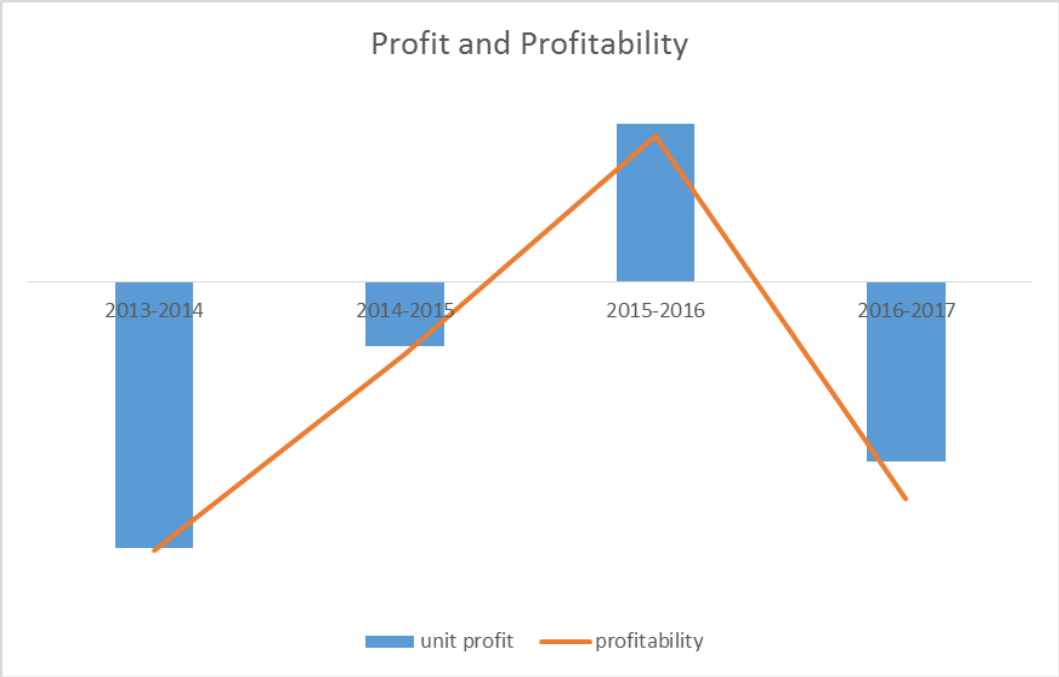

Figure 5 – Unit gain or loss and profitability

It is worth noting that, with increases in unit CTMS in 2016 shown in Figure 4, OneSteel was unable to make a profit from sales due to the ongoing reductions in price. OneSteel claims this was required for it to be competitive with imported products.

4.6.3. Conclusion – profit and profitability effects

The Commission has assessed the information provided by the applicant with regard to profit and profitability. The Commission considers that there appear to be reasonable grounds to support the claims that OneSteel experienced loss of profits and reduced profitability.

4.7. Other injury factors

OneSteel has stated that it has experienced injury in the form of reduced capital investment, reduced asset utilisation, reduced return on investment and growing stock-on-hand. OneSteel argues that these flow from the injury experienced in terms of lost sales and lost profitability, which reduces the value of the investments used to produce the goods and the number of staff able to be employed in production and administration.

OneSteel has demonstrated in its application an increase in overall production since 2015, and increased capacity utilisation. However this has corresponded with an increase in stock holding in 2016, as production volumes (apparently displaced by imports from the subject countries) were unable to be sold, and reduced employment, as the number of workers employed in the production of the like goods decreased.

4.7.1. Conclusion – other injury factors

The Commission has assessed the information available to it with regard to other injury factors. The Commission will examine the claims by the applicant that it experienced injury through reduced capital investment, reduced asset utilisation, reduced return on investment and growing stock-on-hand during the investigation.

5. Reasonable grounds – causation factors

5.1. Findings

Having regard to the matters contained in the application, and to other information considered relevant, the Commission considers that there appear to be reasonable grounds to support the claims that the Australian industry has experienced injury caused by dumping, and that the injury is material.

5.2. Cause of injury to the Australian industry

5.2.1. Legislative framework

Under section 269TG, one of the matters that the Parliamentary Secretary must be satisfied of in order to publish a dumping duty notice is that the dumping of the goods caused material injury to the Australian industry.

Matters that may be considered in determining whether the Australian industry has experienced material injury caused by dumped goods are set out in section 269TAE.

5.3. The applicant's claims

The causation claims of the applicant are that it has lost sales, market share and profit due to dumping of rebar from the subject countries, through displacement of sales and reduced prices.

5.4. The Commission's assessment

5.4.1. Cumulative effect of exports

Subsection 269TAE(2C) sets out the requirements for assessing the cumulative material injury effects of exports of goods to Australia from different countries. Where exports are from more than one country and are simultaneously the subject of a dumping investigation, the Parliamentary Secretary may cumulatively assess the effects of such imports if:

- the margin of dumping established for each exporter is not negligible;
- the volume of dumped imports from each country is not negligible; and
- a cumulative assessment is appropriate in light of the conditions of competition between the imported goods, and between all of the imported goods and the like domestic goods.

Size of the dumping margins

Under subsection 269TAE(1)(aa) the Parliamentary Secretary may have regard to the size of the dumping margins worked out in respect of the goods exported to Australia.

As set out in section 3.5.2, the dumping margins for the subject countries estimated by the Commission are not negligible. The Commission considers that the dumping of goods at these margins is likely to provide importers of rebar with a competitive advantage on price when compared to the same goods supplied by the Australian industry. The shift in Australian market share over the period that is being analysed, from countries currently subject to measures, to imports from subject countries, as indicated in Figures 1 and 2 at section 2.5.1 supports this finding.

Volume of dumped goods

The Commission's analysis of the DIBP import database (as set out in **Confidential Appendix 1**) shows that the volume of dumped goods from each of the subject

countries is greater than three per cent of the total Australian import volume, and therefore this is not a negligible volume.[11]

Conclusion

The Commission considers that there are reasonable grounds to conclude that:

- the dumping margin for the subject countries is not negligible;
- the volume of dumped imports is not negligible; and
- based on the evidence provided in the confidential attachments to the application and the Commission's understanding of the market for rebar derived from previous investigations, the conditions of competition between imported products and between imported and domestically produced rebar are similar.

Accordingly, the Commission considers it appropriate to examine the cumulative effect of the exports from the subject countries to determine whether the Australian industry has experienced injury caused by dumped goods.

5.4.2. Volume and price effects

Using the DIBP import database, the Commission has assessed the volume of imports from the subject countries against the weighted average FOB export price per tonne over the period 1 April 2013 to 31 December 2016.

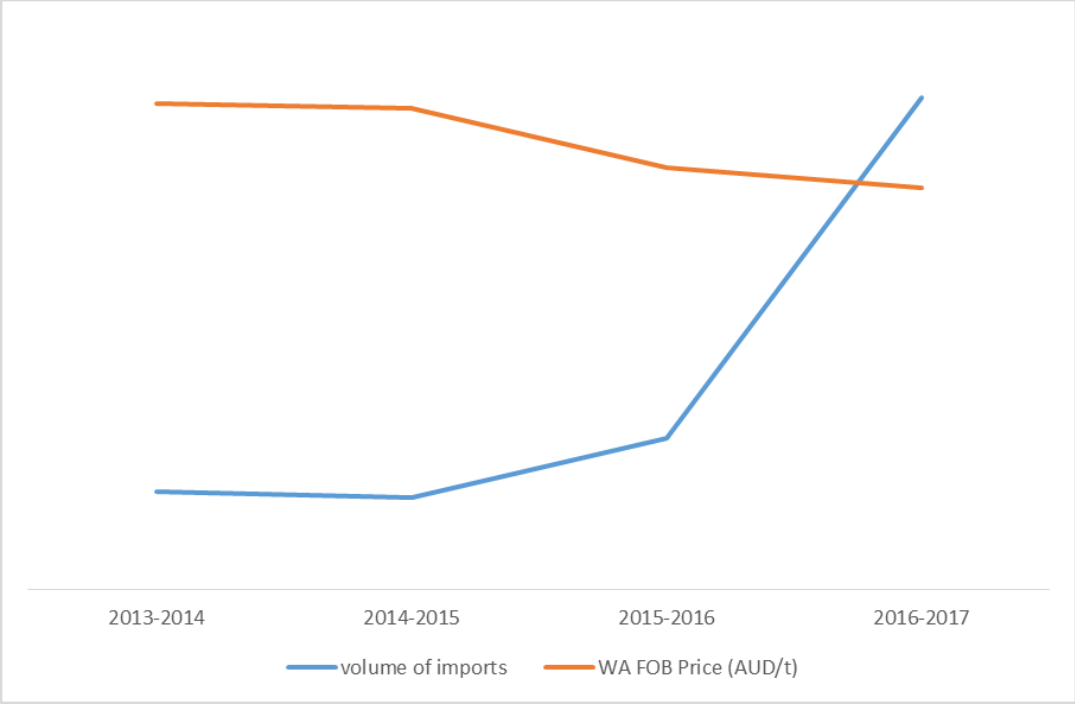

Figure 6 – Import volume vs weighted average FOB from subject countries

Figure 6 shows that the import volumes have significantly increased from 2015 to 2016. As noted above the goods appear to have been exported at dumped prices. This corresponds with a period of declining prices achieved by OneSteel, which supports its claim that it has reduced its prices in response to lower priced imports of the goods from the subject countries. The Commission considers that this analysis is sufficient at this stage to support a finding that the dumped goods may have caused the price depression and price suppression experienced by OneSteel.

[11] For the purposes of subsection 269TAE(2C)(d). See also subsections 269TDA(3) and 269TDA(4).

The Commission considers that OneSteel's claim that dumped goods from the subject countries thereby impacted negatively on its profit and profitability in 2016 is reasonable.

5.4.3. Market share

OneSteel submitted that although it was able to broadly maintain its sales volumes, its market share ought to have increased as a result of the growing market overall. However, Figures 1 and 2 demonstrate that the majority of the import volume previously supplied from countries subject to measures was instead supplied from the subject countries, which significantly increased their market share. As noted above, this was done so at allegedly dumped prices.

The Commission therefore considers that it is reasonable for OneSteel to claim that it has lost market share to the subject countries.

5.4.4. Pricing and price undercutting

The Commission found in REP 264 and REP 300 that the market for rebar in Australia is a commodity market with the primary factor affecting purchasing decisions being price.

OneSteel stated that it negotiates monthly prices for rebar with customers. The Commission accepts that, as customers can purchase either from OneSteel or from an import supply source, import offers and movement in those prices influence the prices that OneSteel is able to obtain. The Commission considers that OneSteel is obliged to respond to the price of imports in order to remain price competitive.

Falling import prices which are dumped can therefore cause price injury, resulting in lost revenue and profits. Price undercutting occurs when imported product is sold at a price below that of the Australian industry.

OneSteel claimed that the price undercutting information provided in the confidential attachments to its application supports its position that it has lost sales volumes and market share to imported rebar sourced from the subject countries at dumped prices.

The Commission has assessed OneSteel's prices against those from the subject countries in the period. The subject country prices have been taken at FOB and adjusted to Free into Store (FIS) using importer costs from REP 264, which are also similar to those verified in REP 300.

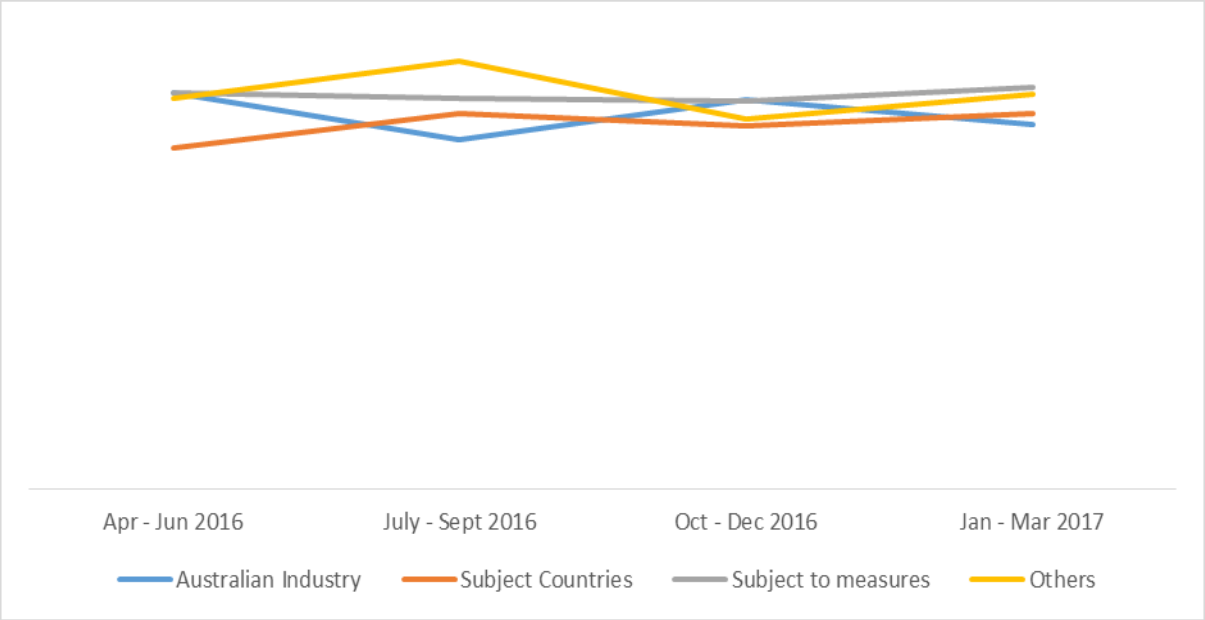

Figure 7 – FIS prices in 2016[12]

Figure 7 suggests that OneSteel's prices have been primarily influenced by the dumped imports from the subject countries, and have been undercut in the June and December quarters of 2016. The prices of the subject countries appears to be the lowest among all imports of the goods.

There appears to be reasonable grounds to support the claim that the Australian industry has experienced injury caused by price undercutting by exports from the subject countries.

5.4.5. Other possible causes of injury

OneSteel has submitted that it is an exclusive Australian distributor of imported goods manufactured by an entity subject to the application. The Commission will examine this distribution relationship during the course of the investigation.

The relationship between the volume of imports from countries that are currently subject to measures and the loss in volume of sales and market share of the applicant will be examined further in the investigation.

The Commission will consider other possible causes of injury during the investigation.

5.5. The Commissioner's assessment - material injury caused by dumping

The Commission considers that there appears to be reasonable grounds for finding that the Australian industry has experienced injury caused by dumping and that the injury is material.

[12] The applicant provided sales data for the period of 1 April 2016 to 30 March 2017.

6. Appendices and attachments

Appendices	Title
Appendix 1	Calculations and analysis for CON 418

Attachments	Confidentiality	Title
Attachment 1	Public	ADN 2017/92 Notice of Investigation
Attachment 2	Public	Instrument of investigation