

**Name of Investigation: Chrome bars exported from Italy and Romania**

**Case number:** EPR 319

**Product:** Chrome Plated Steel Bars

**Document:** Exporter submission

**Submitted by:** Nimet srl, an exporter

**Date:** 29.12.2015

**SUBMISSION TO THE ANTI-DUMPING COMMISSION**

**1. INTRODUCTION**

- 1.1 This submission (**Submission**) is provided by Nimet srl (**Nimet**) in response to the application made by Milltech Pty Ltd (**Milltech**) for the publication of a dumping notice (**Application**). The Submission is being provided in addition to the completed exporter questionnaire and spreadsheets that Nimet received from the Anti-Dumping Commission (**Commission**) in relation to its investigation (**Investigation**).
- 1.2 Nimet claims confidentiality in relation to certain information in this Submission that has been marked as confidential.

**2. GOODS EXPORTED BY NIMET TO AUSTRALIA**

**Description of goods exported by Nimet during the Investigation Period**

- 2.1 Between 1 October 2014 to 30 September 2015 (**Investigation Period**), Nimet exported two models of goods to Australia. These bars had the following features:
- 2.1.1 chrome plated bars made from alloy or non-alloy steel;
  - 2.1.2 a circular cross section;
  - 2.1.3 a length between 5-7m (with the exception of a specific project that contained bars with lengths of 1985mm and 2135mm); and
  - 2.1.4 a chrome thickness of 15microns (where the diameter of the bar was less than 20mm) or a thickness of a minimum of 20 microns (where the diameter of the bar was greater than or equal to 20mm).
- 2.2 The goods were comprised of two models. The first model, model C45E, was comprised of three product codes. They were:
- 2.2.1 Product code CB38,1, a product that would be a good subject of the Application. The product code "CB38,1" means that the bars were hard chrome plated steel bars with a diameter of 38.1mm and a tolerance of f8.
  - 2.2.2 Product codes CB15 and CB15,875, which are products with a diameter of 15mm and 15,875mm and are therefore not goods subject of the Application (the Application covers bars with diameters between 18-160mm). These product codes should not be considered further in the Investigation. They are not referred to again in this submission.
- 2.3 The second model, model [MODEL SOLD BY NIMET TO AUSTRALIA], represents the majority of the goods that Nimet exported during the Investigation Period, which were delivered in four containers. There were a number of different diameters (and hence product codes) for these goods. The descriptions of each product code are contained in Nimet's response to the exporter questionnaire where it has listed the goods that it exported to Australia over the Investigation Period. However, all product codes contain the following information:

- 2.3.1 Whether or not the good is hard chrome plated (Nimet code [NIMET INTERNAL CODE]) or induction hardened and hard chrome plated ([NIMET INTERNAL CODE]) The diameter of the bar.
- 2.3.2 The model of the bar [MODEL SOLD BY NIMET TO AUSTRALIA] which shows the steel grade and base material.
- 2.4 All model [MODEL SOLD BY NIMET TO AUSTRALIA] goods that were exported by Nimet to Australia during the Investigation Period had a diameter between 18mm and 170mm and were not greater than 8m in length. They were either hard chrome plated steel bars or induction hardened and hard chrome plated steel bars.

### **Goods subject of the Application**

- 2.5 The Application lists international steel grade bars SAE/AISI 1045 (**1045**) and SAE/AISI 4140 (**4140**) as like goods produced and sold in Australia. Although the goods subject of the Application are not limited to those bars (as the Application covers all goods that have the physical characteristics listed in the Application), Nimet notes that Milltech has based its calculations of export prices on estimated prices of 1045 and 4140 bars exported from Romania. Bars 1045 and 4140 are therefore relevant to Milltech's claim of alleged material injury.

#### *Direct substitutes for 1045 and 4140 bars*

- 2.6 Nimet considers model C45E to be a direct substitute for the 1045 bar. "1045" is the designation according to the American Iron and Steel Institute, while "C45E" is the designation according to the European Norm. These two models are similar but not identical. They are used in the same industries and for similar applications and have similar chemical composition and mechanical properties. However, some customers request a certain model (either 1045 or C45E) due to small but important dissimilarities that can sometimes make a difference to how the bar performs in its final application.
- 2.7 Model 42CrMo4, another good produced and manufactured by Nimet, is a direct substitute for the 4140 bar. However, no goods of this model were exported to Australia by Nimet during the Investigation Period.

#### *Potential substitutes for 4140 bars - model [MODEL SOLD BY NIMET TO AUSTRALIA]*

The only model other than model C45E that was exported by Nimet to Australia during the Investigation Period was model [MODEL SOLD BY NIMET TO AUSTRALIA] goods. Model [MODEL SOLD BY NIMET TO AUSTRALIA] is not a direct substitute for 1045 or 4140 bars as it is a different steel grade with chemical composition and mechanical properties.

### **Model [MODEL SOLD BY NIMET TO AUSTRALIA]**

#### *Chemical and mechanical properties*

- 2.8 The mechanical properties and chemical compositions of model [MODEL SOLD BY NIMET TO AUSTRALIA] and also models C45E and 42CrMo4+QT are shown below:
- [ table with differences between Nimet model and 1045 and 4140]
- 2.9 In terms of the production process, the chromed bars in model [MODEL SOLD BY NIMET TO AUSTRALIA] can be produced in the following two ways:

- 2.9.1 A production process that involves [NUMBER] traditional horizontal chrome baths producing bars with a diameter between 4-160mm and lengths up to 8m. a higher flexibility regarding the delivery term as it allowed easy changing from a diameter to another.

A production process involving [NUMBER] endless chrome plating lines producing bars with a diameter between 6-63.5mm and lengths up to 12m. This production process results in higher productivity.

- 2.10 Flowcharts depicting the differences between production processes for hard chrome plated bars and induction hardened and hard chrome plated bars are enclosed at Attachments A and B respectively.
- 2.11 The table below contains the volume of goods that may be subject of the Application that Nimet exported to Australia during the Investigation Period (**Exported Goods**).

**Table 1.0 Exported Goods**

<b>Goods subject of the Investigation</b>	<b>Goods produced and exported by Nimet that may be subject of the Application</b>	<b>Volume exported to Australia during the Investigation Period</b>
1045 bars	C45E (direct substitute), product code CB38,1	3,086 kg
1045 or 4140 bars	[MODEL SOLD BY NIMET TO AUSTRALIA]	87,933 kg
<b>Total</b>		91,019 kg

**Whether an Australian industry exists for like goods**

- 2.12 Nimet does not have any statistics or research regarding Milltech's market share of sales of goods in Australia that are like the Exported Goods and is therefore unable to comment on whether or not Milltech accounts for at least 25% of the volume and/or value of total production or manufacture of like goods in Australia.
- 2.13 The Romanian Ministry of Industry and Commerce has provided data regarding the volumes of steel bars exported from Italy and Romania to Australia from January 2011 to June 2015 (see Attachment C), by calendar year. A summary of that data is in Table 2.0 below.

**[Table 2.0 Volume of steel bars exported (tonnes) from Italy and Romania to Australia ]}]**

- 2.14 Table 2.0 shows that the number of steel bars exported from Italy and Romania decreased in 2013 but increased again in 2014. [SALES VOLUME ROMANIA TO AUSTRALIA]

**Table 3.0 Volume of steel bars exported (tonnes) from Romania to Australia by exporter[SALES VOLUME ROMANIA TO AUSTRALIA]**

- 2.15 Nimet understands that chrome plated steel bars are also exported to Australia from China and Taiwan.

**3. EXPORT PRICES OF THE EXPORTED GOODS**

- 3.1 All of the Exported Goods were produced and exported by Nimet through Constanta Romania Port and purchased directly by Nimet's customer [ Australian customer] who is located in [ Australian region]. We note that Milltech did not list Australian customer as a customer in its

Application but listed Interlloy and Van Leeuwin as customers of Romanian exporters. Nimet did not make any sales to Interlloy or Van Leeuwin during the Investigation Period. [ Nimet information about sales to the customers mentioned in MillTech application].

- 3.2 The Exported Goods were delivered in four containers under four invoices. However, within those invoices there were several different products [NIMET INTERNAL CODES] delivered that were all individually priced.
- 3.3 [Australian customer]'s purchase of the Exported Goods occurred in arms length transactions as described under section 269TAA of the *Customs Act 1901* (Cth) (the '**Act**'). [Australian customer] did not, in any of the transactions, pay any consideration for the Exported Goods other than their price. The prices were not influenced by a commercial or other relationship between Australian customer (or one of its associates) and Nimet (or one of Nimet's associates). Nimet is not aware of [Australian customer] (or one of its associates) being reimbursed, compensated or otherwise receiving a benefit in respect of the whole or any of the price of any Exported Good. Further, Nimet does not have any knowledge of [Australian customer] selling the Exported Goods at a loss.
- 3.4 Nimet confirms that it was not a beneficiary of any form of subsidy either from the Romanian Government or from the European Community during the Investigation Period in relation to the Exported Goods.
- 3.5 Therefore, the export prices should be calculated in accordance with section 269TAB(1)(a) as the price paid for the Exported Goods by Australian customer, excluding any part of that price that represents a charge in respect of the transport of the goods after exportation or in respect of any other matter arising after exportation (**Export Prices**).
- 3.6 Nimet notes that Milltech has calculated the export price for goods from Romania based on a constructed export price for 1045 and 4140 bars. This was based on CIF prices offered by an exporter of the goods to importers to any Australian port less overseas freight based on actual costs incurred on an importation of steel goods from the UK to Australia. This is not an accurate process for calculating export prices of the Exported Goods for the following reasons:
- 3.6.1 As discussed in paragraphs 0 to 2.9, with the exception of one of the Exported Goods, the Exported Goods are not substitutes for 1045 and 4140 bars due to their different steel grades.
- 3.6.2 The price of goods exported from the UK to Australia are not appropriate for calculating export prices of the Exported Goods because the costs incurred by a UK exporter differ to the costs incurred by a Romanian exporter. Some of these cost differences include freight costs, custom fees, handling port costs and labour costs. As costs ultimately influence the export price, costs from UK exports are not relevant.
- 3.7 Nimet submits that it is more appropriate to calculate Export Prices based on the actual prices charged by Nimet, which have been provided in its response to the Exporter Questionnaire.

**Ex works prices for Export Prices**

- 3.8 During the Investigation Period, the Exported Goods were exported to Australia by Nimet (not by the importer) and were purchased by [Australian customer].
- 3.9 The "gross invoice values" in Nimet's exporter questionnaire responses include ocean freight, inland transport and handling costs. Ocean freight costs are costs that arise after exportation.

Nimet submits that the only way to provide a meaningful comparison between export prices of the Exported Goods and normal values of like goods exported to Europe (which Nimet submits below is the most suitable process for calculating normal values) is to calculate ex works prices (**EXW**) prices. Nimet's reasons are:

- 3.9.1 Exports to Europe and Australia incur different amounts of transport costs. Transport costs are made up of inland freight and ocean freight costs. The EXW prices exclude both of these costs. Therefore, a comparison of the EXW export prices and EXW normal values will be the most appropriate way to assess whether or not dumping occurred.
- 3.9.2 A substantial number of Nimet's exports to Europe during the Investigation Period of like goods to the Exported Goods were exported on an ex works basis.
- 3.10 Nimet submits that the EXW prices (EUR/kg) should be calculated based on the following formula:

EXW price (EUR/kg) = gross invoice value (EUR/kg) - ocean freight (EUR/kg) - inland freight costs (EUR/kg) - handling costs (EUR/kg).

Nimet's proposed approach is consistent with section 269TAB(1)(a) of the Act as the export price excludes charges arising after exportation. The EXW export prices calculated in accordance with the above formula (**Export Prices**) are displayed in column AN of the excel sheet entitled "Australian sales" in Nimet's exporter questionnaire response.

#### **4. BASIS FOR CALCULATING NORMAL VALUES**

- 4.1 Nimet submits that the Minister should direct that section 269TAC(2)(d) of the Act applies so the normal value of the Exported Goods must be calculated based on the price paid for like goods sold in the ordinary course of trade in arms length transactions for exportation from Romania to a third country. Nimet submits that all sales of like goods to European countries other than Romania should be considered. The key reasons are that Nimet sells a low volume of like goods in Romania, is not aware of the volume (if any) of sales of like goods made by other sellers in Romania, and in any event considers the Romanian market to be unsuitable as a basis for calculating normal values.

##### **Low volume of sales by Nimet in Romania**

- 4.2 As Nimet's exporter questionnaire responses demonstrate, the volume and value of like goods that were sold by Nimet for domestic consumption in Romania over the Investigation Period was low. Nimet does not consider that these sales should be used for the purpose of determining the normal value of like goods under section 269TAC(1) of the Act.
- 4.3 The volume of like goods sold by Nimet for home consumption in Romania during the Investigation Period was only:
  - 4.3.1 202.78 kg of goods with product code CB38,1.
  - 4.3.2 2,703.92 kg of goods with model [MODEL SOLD BY NIMET TO AUSTRALIA].
- 4.4 The volume of Exported Goods was 91,019 kg. Therefore, the volume of like goods sold by Nimet for domestic consumption in Romania was only 3.19% of the volume exported to Australia. Under section 269TAC(14)(c) of the Act, the volume sold by Nimet in Romania



must be taken, for the purposes of paragraph (2)(a), to be a low volume as it is not large enough to permit a proper comparison for the purposes of assessing a dumping margin under section 269TACB of the Act.

**Domestic sales in Romania by other sellers**

- 4.5 Nimet's understanding is that [other Romanian chromed bars producer] is the only other producer and seller of chrome plated steel bars in Romania. However, Nimet does not have any information regarding the volume of like goods sold [other Romanian chromed bars producer] to the Romanian domestic market over the Investigation Period. Therefore, it cannot say with confidence that any like goods sold by other sellers in Romania were in volumes that were not less than 5% of the volume exported by Nimet to Australia.
- 4.6 In any event, Nimet does not consider that sales of like goods by [other Romanian chromed bars producer] to the Romanian domestic market should be used to calculate the normal values of like goods. The reason is that [other Romanian chromed bars producer]'s Romanian domestic sales are made to the same market as Nimet, being a market of small workshops that have low purchasing volumes, which Nimet submits, for the reasons detailed in paragraph 4.7 below, makes the market in Romania not suitable for calculating normal values of like goods. Therefore, Nimet does not consider that normal values for the purpose of section 269TAC(1) should be calculated based on the prices of goods sold by other sellers in Romania for domestic consumption.

**Romanian market not suitable for calculating normal values**

- 4.7 Romania has not been an economy in transition since 2007 and therefore should not be considered to have been one at any time during the Investigation Period. However, for other reasons, the Romanian market for sales of chrome plated steel bars is not suitable for calculating normal values. The main reasons are that Nimet's prices for its sales (both domestic and exported) are calculated taking into account the sold quantity and the overall volume to a certain customer. In Romania, the customers are buying only small quantities of cut pieces not leading to an overall high volume. Whether or not the quantity sold fills up a container is also a relevant factor and a key difference between export sales and domestic sales.
- 4.8 The goods produced by Nimet in Romania, are goods that are produced for the purpose of sales to European and non-European markets. They are not produced for the purpose of Romanian domestic sales. It is only the small quantities of goods that are left on stock that are made available for domestic sales in Romania. These sales are made mainly to Romanian businesses that use small length bars for hydraulic cylinder repairs. The different nature of the transactions impacts upon the prices paid by domestic buyers compared to foreign buyers. The reason is that:
- 4.8.1 Prices are partially a function of whether or not the sale involves a high volume of product. Domestically, goods are sold at cut lengths, which creates scraps, while goods that are exported to third countries are normally sold in high quantities, mostly in commercial lengths (steel mill lengths with no additional length processing). Goods within a container have individual prices, however they are priced on the basis that they will form part of a full load. In selling to the Romanian market, Nimet plays the role of trader which means it provides extra services like offering materials from stock, cutting goods for customers, selling goods and generating scraps for lengths that are in low volumes. Nimet's domestic prices are calculated taking these factors into account.

- 4.8.2 It is only the cuttings and the scraps of the metal bars that are sold by Nimet for domestic consumption in Romania. On the other hand, goods that are exported to European countries and Australia, are mainly comprised of commercial length bars. The differing lengths of the bars sold in Romania to those exported from Romania are shown in the responses to the exporter questionnaire. The lengths have an impact on the price charged.
- 4.8.3 Nimet has an internal rule that prohibits it from issuing any invoice with a smaller value than ([ Nimet 'threshold invoice amount]). The impact of this is that prices often need to be increased for domestic sales to meet this threshold level as domestic sales do not occur based on almost full loads.
- 4.9 The above factors result in an increased price being charged for goods sold in the Romanian market, making those sales an unsuitable method for use in calculating normal values of like goods for comparison with the Export Prices.
- 4.10 Based on the low sales volumes and the characteristics mentioned above that make sales in the Romanian market unsuitable for calculating normal values of like goods, Nimet submits that the Romanian market presents a particularity that does not lend itself to permitting any proper comparison of normal values and Export Prices. Therefore, the Minister should exercise his power under section 269TAC(2)(d) to direct that normal values be calculated based on sales of like goods made to a third country.

**Normal value based on exporter's third country sales**

- 4.11 Nimet submits that the Minister should determine that all exports of like goods to European countries should be used to determine the normal value of the Exported Goods. Although the Minister is not required to consider third country sales before constructing the normal value of goods under section 269TAC(2)(c), Nimet submits that exports to European countries are appropriate for calculating normal values and constructed normal values cannot be used due to the Romanian market being unsuitable for calculating normal values.
- 4.12 For the reasons outlined in paragraphs 4.7 to 4.10 above, any comparison of Export Prices with constructed normal values of the Exported Goods based on costs to make and sell goods and profits on sales in Romania, would not be a valid comparison. Goods sold in Romania are neither sold in commercial lengths nor in containerised volumes and therefore sales of goods of the same kind as the Exported Goods could not have hypothetically been made in Romania. A more accurate indication of the normal values of the Exported Goods can be obtained from the sales made by Nimet to other European countries.
- 4.13 During the Investigation Period Nimet exported like goods to countries in Europe (**Third Country Like Goods**). The Third Country Like Goods were comprised of both goods that are identical to the Exported Goods and goods that are not identical, but similar to the Exported Goods. The third countries in Europe that they were exported to are listed in Nimet's exporter questionnaire responses. Nimet considers them to be suitable third countries for the purpose of calculating normal values as:
- 4.13.1 Nimet's nature of trade with European countries is more similar to the nature of trade it has with Australia than the nature of trade it has with domestic Romanian customers.
- 4.13.2 Nimet's volume of trade with European countries is more similar to its volume of trade with Australia than its volume of trade domestically. The majority of



Nimet's sales of like goods outside of Australia were to importers in European countries other than Romania.

- 4.13.3 Similarly to the Exported Goods, the Third Country Like Goods were mainly comprised of sales of commercial length bars in containerised deliveries.
  - 4.13.4 Calculating normal values only based on like goods exported to a single third country is complicated as Nimet did not export a large enough number of like goods to a single third country (or domestically within Romania) during the Investigation Period. Therefore, it is more appropriate to calculate normal values based on like goods sold to a number of third countries.
  - 4.13.5 Nimet considers the EU as its domestic market, not because of the currency in the EU (as the majority of Nimet's sales are made in euro worldwide) but because of the free trade regulations between UE countries (no import export taxes, no custom formalities and the existence of strong commercial relationships as the EU is seen as part of the same community). Therefore, Nimet's sales to the EU are largely representative of its "domestic" sales.
- 4.14 The export of the Third Country Like Goods occurred in arms length transactions as described under section 269TAA of the Act. Nimet's customers did not, in any of the transactions, pay any consideration for the Third Country Like Goods other than their price. The prices of the Third Country Like Goods were not influenced by a commercial or other relationship between any customer in Europe (or one of its associates) and Nimet (or one of Nimet's associates). Nimet is not aware of any of its European customers (or one of their associates) being reimbursed, compensated or otherwise receiving a benefit in respect of the whole or any of the price. Further, Nimet does not have any knowledge of any of its European customers selling Third Country Like Goods at a loss.

## **5. CALCULATION OF NORMAL VALUES**

- 5.1 The Act defines "like goods", in relation to goods under consideration, as goods that are identical in all respects to the goods under consideration or that, although not alike in all respects to the goods under consideration, have characteristics closely resembling those of the goods under consideration.
- 5.2 Where an Exported Good had an identical product code to at least one Third Country Like Good, the EXW export price of that Third Country Like Good has been used to calculate the normal value of the Exported Good. Attachment D lists the Exported Goods and the Third Country Like Goods they should be compared with.
- 5.3 Where an Exported Good did not have an identical product code to at least one Third Country Like Good, the EXW export price of a similar Third Country Like Good has been used to calculate the normal value of the Exported Good. However, as explained below Nimet notes that there are no Third Country Like Good that can easily be compared to Exported Goods that were non-induction hardened with diameters between [CERTAIN PRODUCT RANGE] .
- 5.4 Ocean freight costs were not incurred for any exports of the Third Country Like Goods. Nimet submits that the normal value of the goods referred to in paragraphs 5.2 and 5.3 should be calculated based on the following formula:

EXW price (EUR/kg) = gross invoice value (EUR/kg) - inland freight costs (EUR/kg) - handling costs (EUR/kg).

The normal values of the Third Country Like Goods are included in Nimet's exporter questionnaire responses.

**Adjustments required to certain normal values**

- 5.5 For thirteen kinds of Exported Goods that were non-induction hardened and had diameters between [certain product range]. ([certain product range]. ) there were no Third Country Like Goods that had diameters within 5mm of [certain product range]. . The most similar Third Country Like Goods were product codes [NIMET INTERNAL CODE, dia.25]-[MODEL SOLD BY NIMET TO AUSTRALIA]-S3 and [NIMET INTERNAL CODE, dia56].-[MODEL SOLD BY NIMET TO AUSTRALIA], which had diameters of 25mm and 56mm. . However, a proper comparison can only be made with diameters [CERTAIN RANGE] and [certain range]mm as all the other diameters should be considered un appropriate for comparison due to the following reason:
- 5.5.1 The prices of raw materials vary depending on a bar's diameter and difference in diameter greater than 5mm is significant.
- 5.5.1 The conditions of the bars vary as some are cold drawn and others are hot rolled, making them incomparable. Bars with diameters less or equal to [CERTAIN DIA.]mm are cold drawn and bars with diameters greater or equal to [CERTAIN DIA.]mm are hot rolled. For example, a bar with a diameter of [CERTAIN DIA.]mm can be purchased either in a cold drawn or hot rolled condition while bars with a diameter of [CERTAIN DIA.]mm are only purchased in hot rolled conditions. Cold drawn bars are more expensive than hot rolled bars and the price of the bar takes into account an average of the purchased costs between cold drawn and hot rolled bars.
- 5.5.2 The productivity involved in the production of the bars vary. For example, over a 24 hour period, Nimet is able to produce 10 tonnes of bars with a diameter of [CERTAIN DIA.]mm but only 4 tonnes of bars with a diameter of [CERTAIN DIA.]mm. Therefore, bars with a [CERTAIN DIA.]mm diameter are more expensive than bars with a [CERTAIN DIA.]mm diameter due to their lower productivity.
- 5.5.3 The market demand for bars, which is a factor that influences price, varies between bars with differences in their diameters of greater than 5mm.
- 5.6 Nimet submits that the Commission should calculate the normal value for diameters between [DIAMETER] and [DIAMETER]mm based on the comparison with one of the UE customer attached price list. Although sales did not occur for these diameters during the investigation period, the above mentioned price list has been sent and accepted by the customer as referred price list and applied within the investigation period for like goods ( as it can be proved by the prices from the spreadsheet questionnaire –domestic EU sales).

**6. ASSESSING WHETHER DUMPING HAS OCCURRED**

**Weighted average Export Prices and Normal Values over Investigation Period**

- 6.1 Nimet submits that the Minister should assess whether dumping has occurred consistent with the process in section 269TACB(2)(a) of the Act, by comparing the weighted average of export prices over the whole of the Investigation Period with the weighted average of corresponding normal values over the whole of the Investigation Period for each of model C45E and model [MODEL SOLD BY NIMET TO AUSTRALIA]. Nimet submits it is the

most appropriate approach, in the circumstances, to assess whether dumping has occurred because:

- 6.1.1 Although individual products codes had their own unit prices, Nimet's pricing of the Exported Goods took into account the fact that they were being delivered in four container deliveries to Australia. Not all product codes on an invoice had their unit prices influenced by their respective volume. However, the total volume of goods exported over the Investigation Period influenced the Export Prices. Therefore, it is appropriate to compare weighted averages of Export Prices and normal values over the entire Investigation Period for each of model C45E and model [MODEL SOLD BY NIMET TO AUSTRALIA].
- 6.1.2 The Investigation Period only covers 12 months. Therefore, it is possible to calculate weighted averages over the entire period for each model as prices will not have fluctuated significantly as the Investigation Period does not run over several years.
- 6.1.3 Calculating weighted averages over the entire Investigation Period is consistent with the approach taken by Milltech in its Application and allows Nimet's results to more easily be compared with Milltech's alleged claims. Milltech has assessed whether dumping has occurred based on the estimated normal values for bars 1045 and 4140 (two models) over the Investigation Period. Nimet has adopted a similar approach to enable the Commission to compare Nimet's results with Milltech's Application.

- 6.2 The weighted average Export Price for each model and the weighted average normal value for each model was calculated consistent with section 269T(5A) of the Act using the following formula:

$$\frac{(EXW p_1 \times q_1) + (EXW p_2 \times q_2) + \dots + (EXW p_t \times q_n)}{q_1 + q_2 + \dots + q_n}$$

- 6.3 The calculations of the weighted average Export Prices and normal values are included in Attachment D. Comparing the weighted averages of the Export Prices and normal values for the two models of Exported Goods over the Investigation Period confirms that neither model was dumped by Nimet in Australia as the weighted average Export Prices were greater than weighted average normal values:

Weighted average over the Investigation Period	Export Price (EUR/kg)	Normal Value (EUR/kg)	Margin (EUR/kg)
Model C45E	[NIMET PRICE]	[NIMET PRICE]	[NIMET PRICE]
Model [MODEL SOLD BY NIMET TO AUSTRALIA]	[NIMET PRICE]	[NIMET PRICE]	[NIMET PRICE]

[alleged material injury to the Australian industry]

- 6.4 Despite the above evidence that confirms Nimet did not dump models C45E and [MODEL SOLD BY NIMET TO AUSTRALIA] over the Investigation Period, if the Commission considers that Nimet has dumped any of the Exported Goods, Nimet submits that its sales of

the Exported Goods would not have caused material injury to the Australian Industry for like goods (**Australian Industry**).

**No material injury to the Australian Industry**

*The decline in the quantity of goods exported from Romania over the Investigation Period*

- 6.5 As Table 2.0 demonstrates, the quantity of like goods exported from Romania to Australia has decreased since 2012. Although Table 2.0 does not contain data of exports after 30 June 2015, the following factors suggest that the volume of exports from Romania to Australia are declining:

6.5.1 Nimet did not export goods to Australia between 1 July 2015 up until 30 September 2015.

6.5.2 Putting aside the fact in paragraph 6.5.1, only [VOLUME] tonnes of like goods were exported to Australia during the first six months of 2015, a number that does not even add up to half the volume of like goods exported by Romania to Australia in 2014.

- 6.6 The decline in exports of like goods from Romania to Australia suggests that the Australian Industry has not suffered damage as a result of any dumping that may have occurred of like goods.

*The proportion of Nimet's Exported Goods to goods sold in the Australian market*

- 6.7 The total volume of the Exported Goods was 91,019 kg. Data from the Romanian Ministry of Industry and Commerce (see Table 2.0) suggests that Italy and Romania exported [VOLUME] kg of steel bars between 1 January 2015 and 30 June 2015 and [VOLUME] kg of steel bars in 2014. Based on these figures, Nimet estimates that approximately [VOLUME] kg of steel bars were exported to Australia from Italy and Romania between 1 October 2014 to 31 December 2014 and [VOLUME] kg between 1 January 2015 to 30 September 2015, totalling an estimated [VOLUME] kg over Investigation Period.

- 6.8 If Milltech's estimates of the size of the market is correct, and the total market for like goods sold or consumed in Australia is approximately [VOLUME] tonnes of goods each year (without even considering any other suppliers to the Australian market such as [PRODUCER] in [EUROPEAN COUNTRY] who is the exclusive distributor to [AUSTRALIAN CUSTOMER] or suppliers from China or Taiwan), Nimet's Exported Goods only account for approximately [SHARE]% of like goods sold or consumed in Australia. Table 2.0 shows that Romania exported around [VOLUME] tonnes of chrome bars to Australia between 1 January to 30 June 2015 so taking into account that this covered half of the Investigation Period, an estimate for Romania's sales over the entire Investigation Period would be [VOLUME] tonnes, which is approximately [SHARE]% of like goods sold or consumed in Australia.

- 6.9 As Nimet only sells a very small percentage of volume in the Australian market, Nimet submits that it cannot in any way be considered to have influenced the demand for chrome plated steel bars in the Australian Industry or to have caused material injury to the Australian Industry in any other way.

*Milltech does not produce a product with the same steel grade as the Exported Goods*

- 6.10 Nimet does not consider that its sales of the Exported Goods have affected the prices paid for like goods that were produced or manufactured in Australia during the Investigation Period by

Milltech or by any other third person as the Exported Goods differ to the goods sold by Milltech. With the exception of one Exported Good all of the Exported Goods were model [MODEL SOLD BY NIMET TO AUSTRALIA] bars. Milltech does not produce any goods with the same steel grade as model [MODEL SOLD BY NIMET TO AUSTRALIA], a fact that is confirmed by the following documents:

- 6.10.1 Milltech's production range brochure, which is included at Attachment E; and
  - 6.10.2 Milltech's Application, which states on page 11 that Milltech's chrome plated round steel bars are produced from 1045 and 4140 grade steel bars.
- 6.11 For the reasons explained in paragraphs 0 to 2.9, model [MODEL SOLD BY NIMET TO AUSTRALIA] is not an exact substitute for 1045 or 4140 bars. In circumstances where Milltech does not produce goods with the same steel grade as model [MODEL SOLD BY NIMET TO AUSTRALIA], it is highly unlikely that Nimet's sales of the Exported Goods could have influenced on the price of goods produced and sold in Australia by Milltech.

*Nimet's customer during the Investigation Period*

- 6.12 As confirmed by Nimet's response to the exporter questionnaire, Nimet's only Australian customer during the Investigation Period was Australian customer. Nimet does not consider Australian customer to be a significant material consumer of chrome plated steel bars in Australia. It is not even listed as a customer in Milltech's Application. Nimet considers the largest consumers of chrome plated steel bars in the Australian market to be Interlloy, Van Leeuwin, Sanwa and [AUSTRALIAN CUSTOMER]. The only importers of goods from Romania that are listed in the Application are Interlloy and Van Leeuwin.
- 6.13 In circumstances when Nimet's only customer is neither listed in the Application nor a large consumer of chrome plated steel bars, it is highly unlikely that the Exported Goods could have caused any material injury to the Australian Industry. It is unlikely that Nimet's commercial dealings with one single importer over the Investigation Period impacted upon the sales of chrome plated steel bars in the Australian Industry, in particular in relation to sales that were made to any substantial consumers of chrome plated steel bars in Australia.

*Differences between export prices and domestic prices*

- 6.14 Other than its own goods, Nimet is unable to provide an estimate of the export prices paid by importers of goods subject of the investigation that were exported to Australia from Romania. Nimet notes that Schedule 3 of the *Customs Tariff Act 1995* (Cth) states that the duty rate for tariff 7215 is 5%. However, other than this, Nimet does not have any records regarding the custom duties, other fees or inland transportation costs charged by other exporters and is therefore unable to estimate export prices of other exporters of like goods. It is also unable to estimate the prices paid for like goods that were produced or manufactured in the Australian Industry and sold in Australia during the Investigation Period. Therefore, it cannot provide conclusive evidence of the difference in the price of like goods exported from Romania by other exporters and the price of like goods produced or manufactured in the Australian Industry and sold in Australia.

**Causation**

- 6.15 Nimet denies that the sales of the Exported Goods have caused any injury or hindrance to the Australian Industry. If the Australian Industry is found to have suffered any injury or hindrance over the Investigation Period, Nimet submits it was not caused by sales of the



Exported Goods but rather by contractions in consumer demand and/or developments in technology.

*Contractions in demand for chrome bars*

- 6.16 Nimet has received reports from Australian customers to the effect that there has been a slowdown in the hydraulic equipment market (who are users of chrome plated steel bars) and consequently a decrease in the purchase of like goods from Romania. Table 2.0 depicting the data from the Romanian Ministry shows some important variations from one year to another in the number of overall purchases from Italy and Romania, in particular in 2011 and 2012, which supports Nimet's view that demand has contracted.

*Technological developments*

- 6.17 In 2013, as described in its Application, Milltech invested in two continuous chrome plating lines. Since 2013, Nimet has also invested in its chrome plating lines and now has [NUMBER OF]continuous chrome plating lines for chromed plated bar production. Nimet considers its own technology to be much more productive than Milltech's technology. Nimet's technology is representative of the major production methods used by most European producers of chrome plated steel bars. It is partially due to this technology that producers and manufacturers of chrome plated steel bars in Europe remain competitive in markets around the world. Any injury that Milltech has suffered over the last couple of years may have been caused by its inferior production technology which has the result of making it less competitive with European producers or manufacturers.

**7. CONCLUSION**

- 7.1 For the reasons outlined in this Submission, Nimet does not consider that any of the Exported Goods were dumped in Australia. Even if the Commission finds that any goods were dumped in Australia, Nimet submits that they did not cause material injury to any Australian industry. Therefore, Nimet submits that the Commissioner should recommend, in its statement of essential facts, that a dumping duty notice not be made.