VAN BAEL & BELLIS

INJURY SUBMISSION

Presented on behalf of

THE TURKISH STEEL EXPORTERS' ASSOCIATION (ÇİB)

in the framework of the investigation initiated by the Commissioner of the Anti-Dumping Commission

concerning

the application lodged by OneSteel Manufacturing Pty Ltd for the publication of a dumping duty notice

in respect of

rod in coils exported to Australia from the Republic of Indonesia, Taiwan and Turkey

(Anti-Dumping Notice No. 2014/27)

Version

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Table of contents

1. INTRODUCTION

The present submission is made on behalf of the Turkish Steel Exporters' Association (hereafter referred to as "ÇİB"). On 10 April 2014, Dale Seymour, the Commissioner of the Anti-Dumping Commission (hereafter referred to as "the Commissioner"), initiated an investigation concerning the publication of a dumping duty notice in respect of rod in coils exported to Australia from, *inter alia*, the Republic of Turkey (hereafter referred to as "Turkey").[1]

On 24 February 2014, OneSteel Manufacturing Pty Ltd (hereafter referred to as "OneSteel" or "the applicant") lodged an application requesting the Parliamentary Secretary to the Minister for Industry (hereafter referred to as "the Parliamentary Secretary") to publish such a dumping duty notice.[2] The goods subject to the application (hereafter referred to as "the goods") are hot rolled rods in coils of steel, whether or not containing alloys, with maximum cross sections of less than 14 mm excluding deformed bar in coils and stainless steel in coils. The goods are typically classified under subheadings 7213.91.00 and 7227.90.90.[3]

On 2 April 2014, the Anti-Dumping Commission (hereafter referred to as "the Commission") submitted its report about OneSteel's application to the Commissioner, recommending that the Commissioner decide not to reject OneSteel's application.[4]

In its application, the applicant alleges that the goods have been exported to Australia at prices less than their normal value and that the dumping has caused material injury to the Australian industry through (i) loss of sales volumes, (ii) loss of market share, (iii) price undercutting, (iv) price depression, (v) price suppression, (vi) reduced revenues, (vii) reduced profits, (viii) reduced profitability, (ix) reduced return on investment, and (x) reduced employment.[5] ÇİB rejects these allegations and requests that the investigation be terminated.

This submission will show that the applicant suffered in fact no injury during the reference period used for the injury determination starting from January 2010 and that any potential injury suffered by the applicant would not be due to imports of the goods from Turkey.

In addition to the fact that the publication of a dumping duty notice would thus be contrary to Section 269TG Customs Act 1901, ÇİB submits that such a dumping duty

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1 See Australian Government, Anti-Dumping Commission, Anti-Dumping Notice No. 2014/27, http://www.adcommission.gov.au/cases/documents/003-ADN201427RodinCoil.pdf.

2 See Application for the publication of a dumping duty notice concerning rod in coil exported from the Republic of Indonesia, Taiwan and Turkey, http://www.adcommission.gov.au/cases/documents/001-Application-RodinCoilPublicFile.pdf.

3 See Anti-Dumping Notice No. 2014/27, pages 1 and 2.

4 See Australian Government, Anti-Dumping Commission, Consideration Report No. 240, http://www.adcommission.gov.au/cases/documents/004-CON240-RodinCoil-FINAL.pdf.

5 See Consideration Report No. 240, page 6.

notice would also be contrary to Australia's public interest and that, therefore, the Parliamentary Secretary should in any event make use of the unfettered discretion granted to him by the *Customs Act 1901* (the Act) and decide not to impose a dumping duty in accordance with Section 269TL of the Act.

2. THE APPLICANT DOES NOT SUFFER MATERIAL INJURY

ÇİB is not convinced by the applicant's arguments and evidence in the application with regard to the injury allegedly suffered during the reference period starting from January 2010 and is very surprised that the Commission did not advice the Commissioner to reject the application.

ÇİB will demonstrate in the following subsections that the applicant did not suffer injury during the reference period and that any injury allegedly suffered by the Australian industry was caused by factors other than imports from Turkey.

2.1 The applicant's sales data suggest that the applicant is currently not suffering any material injury

According to the Commission's Consideration Report on page 21, the Commission found that the data for external and internal sales of the goods provided by the applicant in its application indicate that the applicant has experienced injury but that such injury was only then evident today, if the analysis was solely based on the applicant's external sales.

It has to be recalled that the applicant's internal sales to its wire and reinforcing mesh businesses, which further process the products, accounted for a significant proportion of the total sales during the reference period since January 2010.[6] This is not surprising considering that the manufacture of reinforcing mesh is the largest market segment of the Australian market for rod in coils.[7]

The very high proportion of the applicant's internal sales thus of course has an impact on overall injury trends. As a matter of fact, the Commission stated clearly that injury to the applicant was not evident today if the applicant's internal sales were taken into account.

2.1.1 Internal sales by the applicant have to be considered for the injury determination

ÇİB submits that the applicant's internal sales must be considered for the injury determination in the present investigation. Sales by the applicant to its wire and reinforcing mesh businesses may not be excluded from the assessment of the

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6 See Consideration Report No. 240, page 20.
7 See Consideration Report No. 240, page 13.

Australian market's consumption because the Australian market does not show a clear separation between a 'captive market' and the 'free market'.

This is evidenced by the fact that sales by the applicant to its own wire and reinforcing mesh businesses do come into competition with the products sold on the free Australian market and are thus necessarily subject to the effects of any alleged dumping.

The goods, whether imported or of Australian origin, are sold on the same market and used for the same purpose. Moreover, the applicant sells the like goods to both, related and unrelated customers and charges similar prices for such sales. In this regard, ÇİB refers to the Commission's findings according to which the applicant has advised that prices for internal sales are determined using prices to external customers.[8]

2.1.2 The applicant's overall sales data do not indicate that it has experienced injury

Based on so compiled Australian market consumption data, it cannot be inferred from the applicant's sales data that the applicant has suffered injury during the reference period. In fact, the applicant's sales did not develop less favourably than the general market trend.

As can be seen from Figure 1 on page 14 of the Commission's Consideration Report No. 240, the insignificant continuous decrease in sales of Australian production over the reference period since January 2010 merely mirrors the general market trend of decreasing demand in Australia. At the same time, the Commission's Figure 1 suggests that the applicant's market share remained virtually stable at a very high rate of only slightly less than 85% since 2011. Any lost sales volumes by the Australian industry are thus due to the general market trend of decreased demand and not to imports.

These facts clearly make it difficult to understand the Commission's conclusion on page 21 of its Consideration Report No. 240 where it is stated that "*[t]he Commission found that the data for external and internal sales of rod in coils indicates that OneSteel has experienced volume, price and profit injury*". In light of the foregoing, ÇİB respectfully requests the Parliamentary Secretary to carefully reconsider the Commission's findings on this point.

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[8] See Consideration Report No. 240, page 13.

2.2 The Commission's estimated size of the Australian market seems unrealistically small

The Commission suggests on page 14 of its Consideration Report No. 240 that the size of the Australian market was 500,000 to 600,000 tonnes in 2013. Apart from the fact that this figure does not seem to be accurate[9], this figure also seems to underestimate the real size of the market.

According to the World Steel Association, the Australian industry produced about 677,000 tonnes of like goods to be classified under subheading 7213.91.00 in 2012. At the same time, Australia's export data suggest that only about 3,000 tonnes of that production were exported in 2012. For 2013, the applicant indicates on page 19 of the Application that its production volume increased by 20% if compared to 2012 whilst Australian export statistics suggest that exports of the like goods have increased to only about 7,300 tonnes in 2013 (thus an increase by only about 4,300 tonnes). Given that the total amount of imports of the goods will still have to be added to these figures in order to get a picture of the Australian market, the Commission's finding that the size of the Australian market was 500,000 to 600,000 tonnes in 2013 seems unrealistic.

ÇİB thus respectfully requests the Parliamentary Secretary to review the Commission's findings also on this point very carefully. If it turns out that Australian consumption is in fact much higher than estimated by the Commission, this would further weaken the Commission's already contestable findings with regard to injury and, as a result, the investigation should be immediately terminated.

2.3 Volume of imports from Turkey was below the *de minimis* threshold from 2010 to 2012 and was still very low in 2013

According to the applicant, imports of the goods from Turkey in 2010 were zero and imports from Turkey in 2011 were essentially non-existent.[10] In 2012, Turkish exports of goods that were classified under subheading 7213.91.00 to Australia amounted to only 5,643 tonnes.[11]

Even when based on the unrealistically low Commission estimates regarding the size of the Australian market, it would appear likely that the market share of Turkish imports of the goods was below 1% in 2012. Such a figure constitutes a negligible market share which is not suitable to trigger any material injury.

According to the Commission's findings on page 17 of the Consideration Report No. 240, the volume of imports from Turkey amounted to 12,472 tonnes in 2013. It should

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9 Not only does the Applicant rely on a very rough figure but it should be noted that this figure seems to be underestimated as it will be discussed in this submission.

10 See Application, page 22.

11 Turkish export statistics data, attached as Annex I [*CONFIDENTIAL*].

be noted that even if the Australian consumption was as little as 500,000 tonnes in 2013, which is a very unrealistic estimate, the market share of Turkish imports in 2013 would have been as tiny as 2.5%. It is thus very likely that the real market share of Turkish imports was well below 2% in 2013.

These numbers should convince the Parliamentary Secretary to terminate the investigation in relation to Turkey as the volume of imports from Turkey has not been significant enough to be able to contribute to the alleged injurious situation of the Australian industry.

2.4 The applicant's very high and stable market share suggests no injury

The Commission's conclusions in its Consideration Report No. 240 with regard to the size of the Australian market for rod in coils, despite being an unrealistically low estimate (see above), reveal that the applicant held a market share of about slightly less than 85% all over the years since 2011, when it allegedly first suffered injury due to imports of the goods from Indonesia (not Turkey).

The Commission clearly states that "*[f]igure 5 shows that OneSteel's market share for rod in coils decreased in 2011 and remained relatively constant in 2012 and 2013*".[12] ÇİB reiterates that imports from Turkey in 2011 were essentially non-existent.[13] Since Turkish imports started to appear on the Australian market in noteworthy numbers in 2012, the applicant's market share has not decreased.

Furthermore, it should once again be noted that imports from Turkey accounted at any time during the reference period for a market share of only between zero and 2.5% at maximum (and only if Australian consumption were indeed as little as estimated by the Commission). In any case, the minimal increase in market share for Turkish imports in 2013 was achieved solely at the expense of other imports' market shares and did not have an impact on the applicant's market share.

2.5 Available information demonstrates that injury attributable to Turkish imports is negligible

The Commission's Dumping and Subsidy Manual[14] outlines its practice of comparing the unsuppressed selling price and non-injurious price with export prices and normal values as a means to determining an injury margin attributable to subject imports.

> *Estimates of the USP and the NIP can assist in assessing whether dumping has caused material injury and the level of remedy that industry could expect from anti-dumping measures. This is a useful test during the consideration of an application. As the investigation*

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12 See Consideration Report No. 240, page 24.
13 See Application, page 22.
14 Chapter 23 – Non-Injurious Price.

> *advances the same issues can be further considered, while progressively referring to data that has been verified.*
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> *As the investigation progresses, the NIP will be compared to export prices to assess causal link and the likelihood of an injury margin. Where export prices are found to be above the NIP, the Commission may consider the likelihood that material injury was not caused by dumping.*

Using information contained in OneSteel's application, the Commission's Consideration Report No. 240 and other available information, ÇİB is able to perform the test outlined in the Commission's guidelines and compare an estimated non-injurious price with OneSteel's estimated export price and normal value.

The attached Annex II [*CONFIDENTIAL*] contains a calculation of the non-injurious price and a comparative analysis with export price and normal value. The data supports the view that Turkish imports have not contributed to the claimed injury by OneSteel.

ÇİB notes that the Productivity Commission, in its review of Australia's Anti-Dumping and Countervailing System[15], identified a number of specific circumstances where the imposition of dumping and countervailing measures would not be in the public interest. This included where:

- *The imposition of measures equivalent to the assessed dumping margin (or the benefit from a countervailable subsidy) would result in an import price still well below local suppliers' costs to make and sell.*

- *Dumped or subsidised imports may be a contributing factor to the material injury being experienced by a local industry, but are not the major cause.*

ÇİB submits that the circumstances outlined by the Productivity Commission are applicable and relevant in this investigation. The calculations at Annex II [*CONFIDENTIAL*] demonstrate that based on the normal values estimated by OneSteel for imports from Turkey:

i) OneSteel's prices would continue to be uncompetitive and unprofitable in the Australian market;

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15 Productivity Commission Inquiry Report, No. 48, 18 December 2009, page 72-73.

ii) the undumped into-store price for imports from Turkey would be approximately 7% and 12% below OneSteel's prices and costs respectively; and

iii) any injury that could be attributable to Turkish imports is negligible or immaterial.

ÇİB considers that verified information gathered by the Commission during the investigation will support the findings outlined above. Accordingly, ÇİB contends that as there are no grounds for the imposition of a dumping duty notice, the Commissioner should terminate the investigation so far as it relates to Turkey in accordance with Section 269TDA(13) of the Act.

2.6 No price depression caused by Turkish imports

The applicant claims that its unit costs exceeded its unit prices from 2010 to 2013, which was confirmed by the Commission in Consideration Report No. 240.[16] The Commission recognised that the amount by which costs exceeded prices was relatively constant although the difference was lower in 2012.[17]

The Commission follows from these alleged facts that the applicant's unit prices have been depressed. This finding is entirely inconsistent, in particular as far as imports from Turkey are concerned, as will be explained in the following.

The Commission's Figure 6 on page 25 of Consideration Report No. 240 shows indeed clearly that the amount by which the applicant's costs allegedly exceeded the applicant's sales revenue was constant from 2010 to 2013 (with a smaller negative margin in 2012) and that the applicant's costs in 2013 were basically back at the level of 2010, after they had increased significantly in 2011.

It is however obvious that this negative margin between the applicant's revenues and costs is entirely unrelated to imports of the goods from Turkey which commenced to appear on the Australian market in noteworthy numbers only in 2012 when the applicant's negative margin between costs and revenues was the smallest.

Moreover, the Commission confirms that the amount by which the applicant's costs allegedly exceeded the applicant's sales revenue in 2013 was at the level of 2010. In this regard it has to be noted that the applicant claims that the material injury from the alleged dumping of the goods commenced only in 2011.[18]

It is thus undisputed that the applicant's negative margin in 2010 was entirely unrelated to any foreign imports of the goods. If the applicant's costs and the

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16 See Figure 6, Consideration Report No. 240, page 25.
17 See Consideration Report No. 240, page 25.
18 See Application, page19.

negative margin between costs and sales revenue in 2013 were still at about the same level as they had been in 2010, and this is what the Commission suggests in Figure 6 on page 25 of Consideration Report No. 240, when the applicant's negative margin between costs and sales revenue was indisputably not caused by foreign imports of the goods, ÇİB fails to see how this negative margin could be the result of price depression caused by foreign imports.

These figures rather make it evident that the applicant's production costs and selling expenses, despite the applicant's assertions to the contrary, are still much too high to be competitive. Indeed these figures suggest that the applicant's business is highly inefficient, which would not surprise anybody given that the applicant is the sole Australian producer not having been exposed to any external competition for way too long.

In light of the above, any allegations by the applicant concerning price depression caused by imports of the goods from Turkey are hence exposed as groundless and absurd accusations in a poor attempt to shield off a highly inefficient business from effective competition to the detriment of the Australian users.

2.7 No indicators for price suppression recognisable

ÇİB respectfully requests the Parliamentary Secretary to take note of the fact that neither the Application nor the Consideration Report No. 240 contains any prima facie evidence regarding the applicant's groundless allegations on price suppression by foreign imports.

Consideration Report No. 240 in this regard merely states on page 26: "*The Commission has reviewed the information provided by OneSteel in relation to price depression and price suppression and considers that, for the purpose of this consideration report, these claims appear to be reasonable*".

Without any analysis of the mere allegations that were not supported by sufficient prima facie evidence, the Commission then proceeds to conclude: "*The Commission considers that there appear to be reasonable grounds to support the claims that, as a result of the emergence of allegedly dumped imports of rod in coils from Indonesia, Taiwan and Turkey, the Australian industry has suffered injury in the form of price depression, price suppression and price undercutting*".

ÇİB believes it does not have to further explain why such procedure is inacceptable, as it is obvious that the fundamental principles of the rule of law have been stretched by this approach.

ÇİB rejects any accusations with regard to price suppression caused by imports of the goods from Turkey and submits that the applicant's corresponding allegations are not supported by any valid evidence, not even by prima facie evidence.

2.8 The applicant's profit and profitability data do not suggest negative development over the reference period

According to the Commission's Figure 7 on page 27 of Consideration Report No. 240, the applicant's profitability in 2013 was roughly at the level of 2010, when the applicant indisputably did not suffer injury.

The applicant claims that in 2010 its economic performance was impacted by the global economic downturn and that the impact of the goods subject to this investigation on OneSteel's profit and profitability delayed its recovery.[19]

This allegation must be firmly rejected as it is at odds with the other data presented by the Commission. As has been discussed above, the Commission's Figure 1 on page 14 of Consideration Report No. 240 clearly shows that Australian consumption progressively decreased from 2010 to 2013. That means, even if there was an impact on the Australian industry still in 2010 due to the global economic downturn, it is clearly demonstrated by the Commission's market data presented in above-mentioned Figure 1 that there has not been a subsequent recovery of the market in comparison to which the Australian industry's performance could have fallen behind.

It should not be surprising that if a market faces progressive decrease in demand over at least the last four consecutive years, the market's sole domestic producer is not experiencing sustainable long-term profitability increases. ÇİB rather concludes that the applicant's profitability rate in 2013 is in line with the general market trend since 2010 and cannot be attributed to imports of the goods from Turkey.

As regards the losses claimed by the applicant, ÇİB would like the Parliamentary Secretary to take note of the fact that the applicant's losses in 2013 were in fact lower than in 2010, when it indisputably did not suffer injury. ÇİB thus fails to see how imports of the goods from Turkey could have had a negative impact on the applicant's profits or losses.

Furthermore, ÇİB would like to note that the applicant purchases its steel billet from related entities that purchase their iron ore from related entities, so that it is very well possible that the losses being incurred by the applicant are merely notional losses and only the result of the OneSteel Group choosing to take its profits at a different part of the business.

2.9 The applicant's production volume and capacity utilisation

ÇİB notes that the applicant seems to have not provided information on its production volume or its capacity utilisation. According to the Commission on page 28 of

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[19] See Consideration Report No. 240, page 27.

Consideration Report No. 240, the applicant's capacity increased each year but the applicant did not provide sufficient information to calculate capacity utilisation.

ÇİB requests the Parliamentary Secretary to ensure that such data will be provided by the applicant and analysed against the applicant's statements concerning injury.

2.10 Other injury indicators

ÇİB moreover notes that the Commission's findings in section 6.10 of Consideration Report No. 240 concerning other economic factors are presented in such a concise manner that it was not possible for ÇİB to conduct a proper analysis of such findings.

ÇİB therefore respectfully requests the Commission to provide more detail on the injury indicators analysed in section 6.10 of Consideration Report No. 240 in order to enable ÇİB as an interested party to comment on the Commission's findings.

3. ANY INJURY ALLEGEDLY SUFFERED BY THE APPLICANT IS DUE TO FACTORS OTHER THAN IMPORTS FROM TURKEY

ÇİB objects to the Commission's decision to assess the effects of imports from Indonesia, Taiwan and Turkey cumulatively as the conditions for such accumulation are not met in the present case.

ÇİB further submits that the facts at the Commission's disposal clearly reveal that any injury allegedly suffered by the Australian industry, i.e. the applicant, during the reference period cannot be attributed to imports of the goods from Turkey. Any such potential injury must instead be attributed to imports from other countries, the bad competitiveness and inefficiency of the applicant and the contraction in demand in the Australian industry.

3.1 Accumulation of injury is not appropriate

The Commission finds on page 21 of Consideration Report No. 240 that it is appropriate to consider the cumulative effect of the exports from Indonesia, Turkey and Taiwan and states: "*Based on the information provided in the application, the Commission is satisfied that in respect of the rod in coils market the conditions of competition between imported and domestically produced like goods appear to be similar*."

As a general rule, the following four conditions must be met for a cumulated analysis of imports from different countries:

- the imports in question must be simultaneously subject to investigations;
- the margin of dumping established for each country is more than *de minimis*;

- the volume of imports is not negligible;
- the cumulative assessment is appropriate in the light of the conditions of competition between imported products and the conditions of competition between the imported products and the like product.

Whilst the first condition is met, i.e. the imports in question are simultaneously subject to an investigation, at least the third and fourth condition is not met in the case of Turkey.

As concerns the third requirement, it has been shown already above (see under section 2.3) that the volume of imports from Turkey was negligible at any time during the reference period. Even under the Commission's unrealistically small estimates with regard to the size of the Australian market, imports of the goods from Turkey have never held a market share of more than 2.5%. In fact, it is very likely that they were below 1% from 2010 to 2012.

Concerning the fourth condition, ÇİB submits that the cumulative assessment of Turkish imports and imports from other countries under investigation is not appropriate in the light of the conditions of competition between such products. ÇİB would like the Parliamentary Secretary to consider that the conditions of competition between the relevant operators are not similar in Turkey as compared with the other countries under investigation, in particular as regards their import volumes and market shares. Based on the Commission's figures contained in Consideration Report No. 240, Turkey exported zero tonnes to Australia in 2010, and the volume of imports from certain other countries subject to this investigation was about five and a half times higher than the volume of imports from Turkey in 2011, about four and a half times higher in 2012 and still about almost three and a half times higher in 2013. This means at the same time that whilst the market shares held by Turkish imports were negligible all over the reference period, the market shares held by imports from other countries under investigation were much higher.

Therefore, the conditions for accumulation of the injury caused by Turkish imports and by imports from other countries subject to this investigation are not met. The injurious effect of Turkish imports should thus be analysed separately from the imports originating in Indonesia and Taiwan.

3.2 Any potential injury suffered by the applicant cannot be attributed to imports from Turkey

Once Turkish imports will be decumulated from other imports for the purposes of the injury analysis, it will become apparent that the impact that the imports of the goods from Turkey had on the Australian industry was negligible and immaterial at most.

Apart from that, when analysing the applicant's Application and the Commission's Consideration Report No. 240 carefully, it also becomes clear that all of the injury allegedly suffered by the applicant can only have been caused by imports from countries other than Turkey, if it has been caused by any imports at all and not only by the applicant's bad competitiveness and inefficiency in combination with the Australian market's general negative trend.

The applicant itself repeatedly refers mainly to imports from other countries when describing the reasons for its allegedly miserable situation. This observation is also supported by the facts established in the Commission's Consideration Report No. 240, from where it can be seen that imports of the goods from, for instance, Indonesia were entering the Australian market in significant numbers already in 2011, when, in the applicant's words, "*[e]xports from Taiwan and Turkey were essentially non-existent*"[20].

Finally, for the sake of completeness, ÇİB would like to emphasise once more at this point that it must not be disregarded by the Parliamentary Secretary that the bad competitiveness and inefficiency of the applicant as well as the contraction in demand in the Australian industry have certainly played a very important role in the applicant's current situation.

4. THE PUBLICATION OF A DUMPING DUTY NOTICE WOULD ALSO BE CONTRARY TO AUSTRALIA'S PUBLIC INTEREST

Notwithstanding the above, the present investigation should in any event be terminated even if the Parliamentary Secretary were unexpectedly satisfied that the allegedly dumped imports have caused material injury to the applicant.

ÇİB submits that the Parliamentary Secretary should make use of the discretion granted to him by the Act and terminate the investigation in the public interest of Australia, in particular in the interest of the Australian downstream users of the goods.

Pursuant to Section 269TG(1) of the Act,

> "*[…] where the Minister is satisfied, as to any goods that have been exported to Australia, that:*
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> *(a) the amount of the export price of the goods is less than the amount of the normal value of those goods; and*
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> *(b) because of that:*

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[20] See Application, page 22.

(i) material injury to an Australian industry producing like goods has been or is being caused or is threatened, or the establishment of an Australian industry producing like goods has been or may be materially hindered; or

(ii) […];

the Minister may, by public notice, declare that section 8 of that Act applies:

[…]". (emphasis added)

It follows from this provision that the Parliamentary Secretary has discretion concerning the publication of an anti-dumping duty notice, even if dumping, material injury and the required causal link exist.

Further we note that in June 2011[21], the Australian Government announced as part of its reforms of Australia's anti-dumping system, that the Commission would include an assessment of the expected effect of measures being imposed in examining the causes of injury in a dumping investigation. Relevant matters to be assessed by the Commission included the expected effect of measures on market concentration, domestic prices and impacts on downstream industries.

As indicated by the applicant on page 11 of the Application, the goods subject to this investigation are a semi-finished intermediate feed material that is generally further processed by cold drawing through a die to produce a wire. Such wire is, amongst other uses, typically used for reinforcing mesh manufacturing. In fact, the manufacture of reinforcing mesh is the largest market segment of the Australian market for rod in coils.[22] As reinforcing mesh is used in combination with concrete to produce reinforced concrete in the residential, commercial and engineering construction industries, it is a key material for the entire Australian construction industry.

4.1 A monopolistic market structure is not in Australia's public interest

It is obvious that a monopolistic structure of the upstream market for the feed material cannot be in the interest of the downstream users that are interested in low prices which are the result of effective competition on the market.

Apart from the fact that Australia cannot be interested in an isolated market with only one producer and no effective price competition by external (and unrelated) imports, ÇİB would like the Parliamentary Secretary to consider also the following reasons

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21 Streamlining Australia's anti-dumping system, June 2011, page 26.
22 See Consideration Report No. 240, page 13.

explaining why the publication of a dumping duty notice would be contrary to Australia's public interest.

4.2 No need to fear becoming dependent on foreign imports

ÇİB submits that there is no reason for Australia to fear becoming dependent on foreign imports should its sole producer of the like goods, the applicant, not be able to keep up with foreign competition due to its much too high production and selling costs and potential production overcapacity in a shrinking market.

Hot rolled rod in coils is not a rare product. It is available all over the world and, as is evidenced by the present investigation, can be shipped to Australia and sold in Australia at reasonable prices despite its heavy weight. That means there is no reason for Australia to shield off its sole producer from foreign competition by means of trade defence measures.

There is in fact no reason to fear becoming dependent on third country imports should an inefficient Australian producer be pushed out of the market by foreign competition. There are plenty of manufacturers of rod in coils in the world who would, should the sole Australian producer not be able to keep up with foreign competition, compete fiercely with each other on prices in order to serve the Australian market.

4.3 Significant share of internal sales by the applicant is dangerous for the free Australian market

Moreover, it has to be noted once again that the applicant has a large share of internal sales. This means, the applicant supplies less and less the external Australian market and there is an imminent threat that unrelated downstream users might be foreclosed from access to the required feed material once unrelated imports into Australia are virtually banned by trade defence measures.

4.4 Impact of a dumping duty notice on downstream users

Finally, the publication of a dumping duty notice would have a severe and immediate impact on the Australian downstream users, whose production costs would rise when they have to source from the applicant, whose prices for the like goods would undoubtedly rise quickly once a dumping duty notice is published.

5. CONCLUSION

In light of all the above it appears that the applicant's Application was driven rather by fear of price competition on the Australian market than by any other reasons.

In the present submission, ÇİB has shown that:

- the applicant's overall sales data, i.e. internal and external sales, combined with the progressive decrease of demand on the Australian market and the applicant's very high and stable market share over the reference period do not indicate that the applicant has experienced injury;

- the volume of imports from Turkey was negligible all over the reference period and, given that the Commission's estimation of the size of the Australian market seems unrealistically small, is very likely to have been *de minimis* with a market share of less than 1% from 2010 to 2012 and still very low in 2013 with a market share of less than 2% and 2.5% at the very most;

- Turkish imports have not contributed to the injury claimed by the applicant, given that the undumped into-store price for imports from Turkey would be below the applicant's prices and costs, meaning that the imposition of measures equivalent to the assessed dumping margin would result in an import price still well below the applicants' costs to make and sell, resulting in the conclusion that the applicant's prices would continue to be uncompetitive and unprofitable post publication of a dumping duty notice and that any injury that could be attributable to Turkish imports is therefore negligible or immaterial;

- the allegations of price depression are groundless as the Commission's data show that the applicant's negative margin between costs and sales revenue (which is nearly the same in 2013 as in 2010) is entirely unrelated to imports from Turkey which have commenced to appear on the Australian market in noteworthy amounts only in 2012;

- there are no indicators let alone prima facie evidence for the applicant's allegation of price suppression;

- the applicant's profit and profitability data do not suggest a negative development over the reference period;

- the accumulation of injury is not appropriate as far as Turkey is concerned and any potential injury suffered by the applicant, though not recognisable, cannot be attributed to imports from Turkey but must have been caused by other imports and the applicant's bad competitiveness and inefficiency in combination with the Australian market's general negative trend; and that

- the publication of a dumping duty notice would also be contrary to Australia's public interest, which is not to have a monopolistic market structure but prices that are the result of effective competition on the market.

In conclusion, ÇİB respectfully requests that the present investigation be terminated.