



25 October 2018

### THE DIRECTOR – OPERATIONS 3

Anti-Dumping Commission  
Level 35, 55 Collins St  
Melbourne Vic 3000

Dear Director,

#### Statement of Essential Facts 465 - Review of Anti-Dumping Measures Applying to Certain Hot Rolled Structural Steel Sections Exported from The Republic of Korea.

This submission is made in addition to Liberty Steel's (formerly OneSteel) submissions requesting<sup>1</sup> the Commission recommend to the Minister to impose the 'combination method' of duty calculation in this matter as the Australian industry's preferred form of measures.

Liberty Steel has long regarded the 'combination method' of duty calculation as the most effective form of measure in preventing ongoing injury, especially in the case of the hot rolled structural steel category of goods.

On 30 July 2018 the Commission published its Statement of Essential Facts (**SEF 465**) in which it proposed to recommend that the duties be calculated using an *ad valorem* method on the basis that it was applied in the original investigation as the most appropriate. The justification here was that it best suits products with a cyclical nature of price fluctuation. Whilst that was the view of the Commission in November 2014, the findings published in SEF 465 demonstrate that it regrettably failed to prevent the recurrence of dumping and the consequent ongoing injury. Indeed, SEF 465 specifically identifies that the exporter Hyundai Steel has actually increased its dumping margin to 9.9% in the current review period (1 Jan 2017 to 30 Dec 2017) - up 7.38% from the original investigation period (1 Oct 2013 to 30 Sep 2014), together with a significant increase in export volumes, at these dumped prices.

Whilst a Review of Measures examines the changes in variable factors, the unsuitability and ineffectiveness of the *ad valorem* method of duty calculation for commodity type products such as Hot Rolled Structural Sections in terms of preventing ongoing value injury and the under collection of Commonwealth revenue can be estimated as a result of the Commission's experience in the Review 465 case. During the review period (CY 2017) Hyundai Steel exported over ████████ tonnes of HRSS to Australia at an approximate average FOB price of at least AU\$████/t. The identified 7.38% under-collection of dumping duties equates to AU\$████/t (based on FOB \$████/t). When applied to the more than ████████ tonnes exported by Hyundai, this equates to the under-collection of more than AU\$████ million in lost Commonwealth revenue in the review period alone. The Commission is aware from Investigation No. 223 that Liberty Steel sets its price relative to benchmark import prices:

<sup>1</sup> Submissions on EPR465 - 014 and 015



*In this case, as the price of imports would be higher at least by the dumping margins found, it would be expected that OneSteel's prices would also be higher at least by the percentage of the dumping margin's found.<sup>2</sup>*

As such it is reasonable for the Commission to estimate that the price injury impact to Liberty Steel's profitability caused by Hyundai's increased dumping rate of AU\$█/t, exceeds AU\$█ million for the review period alone. *[calculation of value of injury based on Liberty Steel's confidential information]*

In order for all stakeholders to have confidence in the effectiveness and fairness of Australia's anti-dumping system it is important that when material injury caused by dumping has been found, that the measures recommended by the Commission and imposed by the Minister are effective in preventing ongoing injury. The strength of the combination method lies in the use of the variable duty element which acts as a floor price to capture additional interim dumping duty if the exporter further reduces the price. The combination method does not disadvantage importers as they have the option of applying for a duty assessment and obtaining a refund if it is found that the goods sold at the lower price were not dumped.

For this reason, Liberty Steel requests the Commission recommend that the combination method of duty calculation be imposed in this Review 465.

Yours sincerely

For and on behalf of Liberty Steel

<sup>2</sup> REP 223 HOT ROLLED STRUCTURAL STEEL SECTIONS – JAPAN, THE REPUBLIC OF KOREA, TAIWAN AND THE KINGDOM OF THAILAND  
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