PUBLIC FILE VERSION

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MINING AND MATERIALS

Anti-Dumping Commission Verification Visit: Steel Reinforcing Bar exported from Greece, Indonesia, Spain (Nervacero S.A), Taiwan (Power Steel) and Thailand

3.4 Form of dumping duty calculation

26 July 2017

3.4. Form of dumping duty calculation
3.4.1 OneSteel's view

The Combination method is the form of duty regarded by OneSteel as the most effective form of duty calculation as it has two components, namely fixed and variable elements.

The strength of the combination method is the use of the variable duty element acts as a floor price to capture additional IDD if the exporter further reduces the price. This amount can of course be refunded via a duty assessment if it is found that the goods sold at the lower price were not dumped.

Following slides demonstrate how the combination method is effective in capturing the full dumping duty in a falling and rising market.

3.4. Form of dumping duty calculation

3.4.1 OneSteel's view

Box 1

Ascertained normal value (**ANV**), $/tonne	$ 100						
Ascertained export price (**AEP**), $/tonne	$ 80						
		Year 1		Lowered price *		Increased Price *	
Actual Export Price (**DXP**), $/tonne		$	80	$	70	$	90
Combination duty method							
-Fixed Amount (*ad valorem*)	25%	$	20	$	20	$	23
-Variable amount (where DXP <AEP)	AEP-DXP	$	-	$	10	$	-
IDD calculated using "combination" method		*$*	*20*	*$*	*30*	*$*	*23*
Final duty payable, $/tonne	ANV-DXP	$	20	$	30	$	10
less refund		$	-	$	-	$	13
Total Final Duty Liability		**$**	**20**	**$**	**30**	**$**	**10**
Effectiveness of measures			**100%**		**100%**		**100%**

Notes: * *Assume no change in normal values*

Noting that where the FOB export price (DXP) is less than the AEP, the *ad valorem* rate is applied to the AEP.
Where the DXP is above the AEP, then the *ad valorem* rate is multiplied by the DXP.

3.4 Form of dumping duty calculation
3.4.1 OneSteel's view

In contrast the example in Box 2 demonstrates that the "ad valorem" method is ineffective (in this instance there is a 42% loss in effectiveness) in capturing the total final duty liability when the exporter lowers the export price further below the normal volume.

Box 2

Ascertained normal value (**ANV**), $/tonne	$ 100				
Ascertained export price (**AEP**), $/tonne	$ 80				
		Year 1	**Lowered price** *	**Increased Price** *
Actual Export Price (**DXP**), $/tonne		80	70	90
***Ad valorem* method**				
ad valorem rate	25%	20	17.5	22.5
IDD calculated using 'ad valorem' method		20	17.5	22.5
Final duty payable, $/tonne	ANV-DXP	20	30	10
less refund		0	0	12.5
Total Final Duty Liability		20	17.5	10
Effectiveness of measures		100%	58%	100%

Notes: * *Assume no change in normal values*

Ad Valorem measure fails to prevent ongoing dumping & injury

Exporters found dumping continue to drop prices and cause injury to the Australian Industry.

- Normal Value of product = <u>$660/t</u>
- Full CTMS = <u>$600/t</u>
  - Fixed costs =$120/t
  - Marginal cost (scrap, electricity etc) =$480/t
- Export price to Australia = <u>$630/t</u>
- Dumping margin of $30/$630 = 5%
- Based on 10,000t exports, contribution = ($630/t-$480/t) x 10kt = **<u>$1.5m</u>**

<u>Example 1 -</u> Exporter reduces price by 5%

- Export price to Australia = $599 +5% ($628/t)
- Exporters contribution/t = $599-$480 = $119/t
- Exporter's annual contribution = $119/t x 10kt = **<u>$1.19m</u>**

<u>Example 2 -</u> Exporter reduces price by 10%

- Export price to Australia = $567 +5% ($595/t)
- Exporters contribution/t = $567-$480 = $87/t
- Exporters annual contribution = $87/t x 10kt = **<u>$0.87m</u>**