

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

**Case number:** EPR 319

**Product:** Chrome Plated Steel Bars

**Document:** Exporter submission as a response to Issues Paper

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

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## SUBMISSION TO THE ANTI-DUMPING COMMISSION

### 1. INTRODUCTION

1.1 This submission (**Submission**) is provided by Nimet srl (**Nimet**) in response to the Issues paper made by Anti-Dumping Commission (**Commission**) which will form the base for the final recommendations made to Parliament, in regards to dumping duties against chromed bars exported from Romania

1.2 Nimet claims confidentiality in relation to certain information in this Submission that has been marked as confidential and for all the files (Annex) related to this submission.

1.3 In its Issues Paper, the Commission revisited its injury analysis and found that the Australian industry had suffered material injury in the form of:

- price depression
- price suppression;
- reduced sales volume;
- reduced profitability;
- reduced profits;
- reduced sales revenue;
- reduced capacity utilisation; and
- reduced employment;

caused by importation of chromed bar from Romania at dumped prices.

The investigation period for the purpose of assessing dumping is 1 October 2014 to 30 September 2015 and the injury analysis period for the purpose of determining whether material injury to the Australian industry has been caused by imports of dumped chrome bars is from 1 July 2011.

The Commission further conducts a coincidence analysis where **the volume and prices of the dumped imports and the injury factors are examined in order to assess whether a linkage exists between those events.**

However the Commission, **although acknowledging that other factors including goods found as being undumped from Italy, the declining market for chrome bar, imports of finished hydraulic cylinders products, may have caused injury to the Australian industry, does not continue with the same analysis as is the case of the dumped goods, in order to establish the exact**

**impact of each of them onto each injury factor previously considered within Milltech's evolution throughout the injury analysis period.**

### **Size of the dumping margin**

During the Investigation period Nimet has been found to export dumped goods and was calculated a dumping margin of 35.3%.

Since the dumping margins is the key factor for the Investigation and considering that Milltech claims that Romania exported dumped goods with an interval between 22 and 66.9%, Nimet would like to contest the modality for calculating its dumping margin due to the following aspects:

#### **1. Establishment of comparable basis –consultation of parties**

To establish whether Nimet sold more than 5% on the domestic Romanian market, the Romanian sales were split in 5 intervals using a criteria **undisclosed to Nimet**.

WTO recommends that: *“the general manner is that the comparison of the export price and the normal value has to be done in a fair manner. The authorities determine the margin of dumping by such a comparison must specify to the parties the information which they should supply in order to make a fair comparison possible”*.

Nimet was never asked whether the **chosen criteria** for splitting the diameters intervals is appropriate and we do not consider appropriate or suitable for comparison the established selection criteria.

Moreover, Stelmi and Cromsteel were consulted when establishing the intervals as it results from the public visit report, whilst Nimet was presented a fait accompli.

TABEL 1 - CONFIDENTIAL

## 2. Establishment of comparable basis – time intervals

WTO recommends that *“To ensure a proper comparison (...), the comparison must be made of sales made, as nearly as possible, at the same time”*.

If we consider the Nimet domestic sales made during the same time interval as the Nimet sales on the Australian market for diameters between XX and XXmm, C45 chromed bars, the amount for comparable like goods on the Romanian market decreases from [REDACTED] kg to [REDACTED] kg, thus making the comparable base inappropriate (less than 5%).

## 3. Establishment of comparable basis – new diameter – price interval proposal

The 2 intervals chosen by the Commission for which they considered the Romanian market a suitable base for comparison in establishing the dumping margin are:

- one interval of [REDACTED] kg, quantity which was sent to a Romanian customer as a **testing sample**. The sampling sales conditions are totally different from the standard ones, as they imply the fabrication of a small lot for the purpose of testing at the customer plant or at an external laboratory. It also necessitates a number of tests to be individually done in our plant. Considering the low volume and the extra costs generated by the additional testing, such lots are particularly managed and quoted/invoiced.

The Commission is asked to consider Nimet's invoice in **Annex 1, 2** and test reports **Annex 3, 4, 5** demonstrating the special character of this sale.

Moreover, the order for this sample lot is attached in **Annex 6, 7** with the purpose of showing that the goods have left in cut pieces and not in commercial length as considered by the Commission in choosing it as a comparable base.

- the second interval was represented by [REDACTED] kg sold in a period of **1 year to 30 different customers** for a diameter range between [REDACTED] and [REDACTED] mm (which means a multitude of diameters [REDACTED] etc). We would like to ask the Commission to consider the fact that **Nimet makes a total amount of sales per month of 2500 tons**.

This clearly demonstrates the small volume of the Romanian market in relation to this topic.

At the same time, to Australia [REDACTED] kg of a sole diameter was sold to one customer at one time.

Nimet provided the Commission with the **Reference Price** list that Nimet used during the Investigation Period. Prices for customers both from the domestic

market and outside it were established by applying discounts or adding a certain percentage to this reference price list.

The importance of this price list is related to the fact that, as prices are calculated by always referring to it; it will always show a certain linearity ( i. e diameter in a certain range have in common the same EUR/kg) when analysing it from one diameter to the other or within a certain interval.

According to this price list, if we calculate EUR/kg the most proper comparison base as it can be observed below would be between [REDACTED] and [REDACTED] mm diameter.

TABLE CONFIDENTIAL

By choosing this interval, the comparable domestic sales base will be reduced to [REDACTED] kg, thus resulting into a 2% value and thus invalidating the domestic market as a comparison base.

The Commission calculated normal values for Cromsteel based on like goods sold for home consumption in Romania or, where insufficient sales had occurred for a particular model, based on constructed normal values. This was the same approach that was taken by the Commission to calculate Nimet's normal values.

Nimet and Stelmi were analysed from the same point of view.: domestic market. As it can be observed in the questionnaire (sales made by Nimet to Italy), the Italian market is a market with a strong hydraulic sector.

Both Stelmi and Nimet have an important sales volume on the Italian market as the questionnaire reveals ( during the investigation period, **we sold to Italy** [REDACTED] tons out of which [REDACTED] tons were of 38MnVS6 and [REDACTED] C45E).

This quantity is sold on the Italian market only by Nimet; if to this value the Cromsteel sales are added in at least an equal amount it results that the market volume increases significantly, thus leading to the conclusion that the comparison has not been made in the same manner for all parties.

Nimet has presented the reasons that makes the Romanian market unfit for comparison in its Submission dated 29.12.2016, on which we would like to emphasize again:

- 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( distributor) 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.** Therefore, Nimet's domestic prices are calculated taking these factors into account.

The variation of lengths sold by Nimet on the domestic market made impossible the issuing of invoices considering prices per pieces (each length would have needed the creation of a new article i.e CB40x200mm) and therefore made it difficult by Nimet to demonstrate such sales by proofing invoices.

However these aspects have been presented to the Commission during its visit in Nimet and can be further observed in **Annex 8** – offers to Romanian customers during the investigation period.

- It is only the cuttings and the scraps of the metal bars that are normally produced for the purpose of series sales, 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.
- **Nimet has an internal rule that prohibits it from issuing any invoice with a smaller value than [REDACTED] EUR.** 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. An example of the increase domestic price is the invoice [REDACTED] – **Annex 9** required also by the Commission to verify our domestic sales, where a chromed bar with diameter 22mm and a length of 0,34 is sold with [REDACTED] EUR/piece, as per presented offer 10.10.2014. The calculation of EUR/m for chromed bar, diameter 22mm in steel grade C45 E reveals a value of [REDACTED] EUR/m ( $[REDACTED] \text{ EUR/piece} / 0,34\text{m}$ ). Nimet reference price list for this diameter is [REDACTED] EUR/m and comparing with [REDACTED] EUR/m it results that the selling price for a domestic sales was increased by about [REDACTED] %.

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.

The Commission **has not made any adjustments for the extra services that Nimet offers on the Romanian market** ( offering materials from stocks, cutting goods for customers, selling goods and generating scrap for lengths that are in low volumes) .

WTO ADA stipulates in Article 2.4:

*A fair comparison shall be made between the export price and the normal value. This comparison shall be made at the same level of trade, normally at the ex-factory level, and in respect of sales made at as nearly as possible the same time. Due allowance shall be made in each case, on its merits, for differences which affect price comparability, including differences in conditions and terms of sale, taxation, levels of trade, **quantities**, physical characteristics, and **any other differences** which are also demonstrated to affect price comparability."*

[REDACTED]

[REDACTED]

[REDACTED]

The Commission concluded also that all other Romanian exporters (although no existence of any has been recorded at the Romanian Chamber of Commerce) will be further imposed with a 66,9% dumping margin.

[REDACTED]

We therefore conclude that the Commission's analysis is not a complete and objective one. While Romanian exporters have been considered to have injured the Australian industry and Milltech downwards trend is only caused by the dumping goods coming from Romania throughout the entire injury analysis period, no concluding analysis towards possible effects of purchases made from other exporters is made.

### **Analysis of injury indicators – Nimet's influence on the injury factors**

In the Issues Paper, all the arguments referring to Nimet are vaguely indicated with no reference to figures or clear data that are able to demonstrate Nimet's particular injury to Milltech.

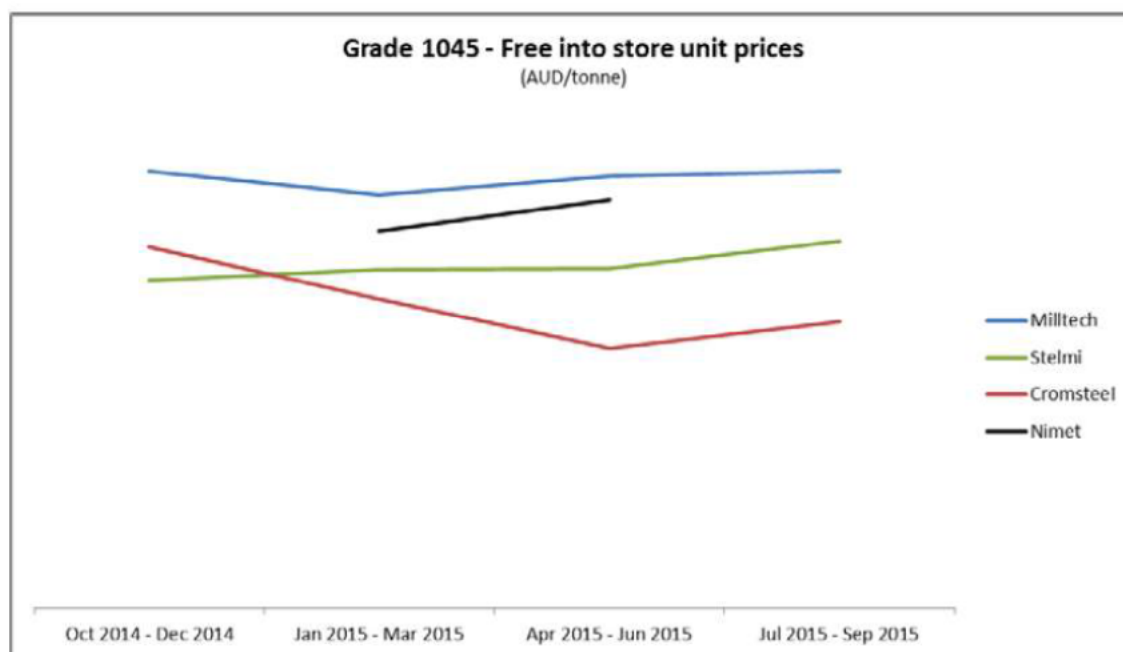
#### **1. Price indicators**

The commission considers that Nimet has caused injury by price depression and suppression to Milltech because of Nimet selling at dumped prices on the Australian market.

Milltech demonstrates in its submission that it has suffered price depression due to pressure made by its customers in adjusting the price level to that of the Romanian.

However, graphic: figure 11 from page 14 from the Issues paper shows that the undercutting in prices for 1045 grade was initially determined by Stelmi in the fourth quarter of 2014.





This also puts into question Milltech affirmation that the “**price war**” was started by the Romanian manufacturers and led to overall price decrease throughout the industry.

Moreover, as the price decrease continued, the same graphic shows that the war was fought between Cromsteel and Stelmi, **Nimet being situated at a much higher price level, close to Milltech.**

[REDACTED]

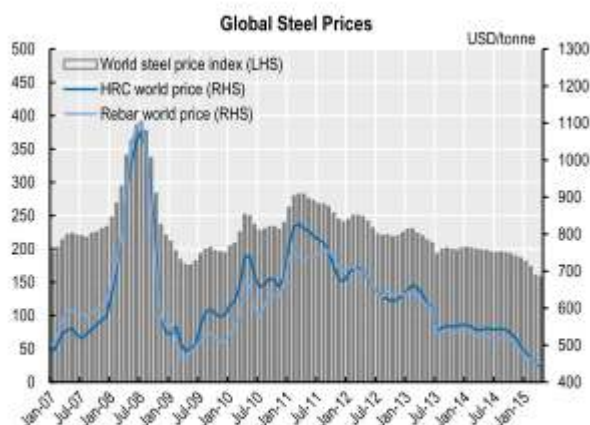
As an extra argument in Nimet’s lack of participation to injury is the Commission’s acknowledgment, that during the investigation period, **Nimet and Milltech did not share the same customers.**

The Commission concludes also that Nimet determined a price suppression to MillTech by its impossibility to increase its prices in accordance to its necessity driven by its increase into the CTMS.

The same upper arguments demonstrate that Nimet couldn’t have influenced Milltech price suppression either, by hindering its normal trend of price increase, by not only having the closest level to that of Milltech but also by following a visible **ascending trend** - see graphic above.

Milltech claims in the submission that the price pressure of the importers was caused by price undercutting made by the Romanian exporters.

The OECD () has published an article for the second semester of 2015 showing an evolution of the global steel market developments and evolution from January 2007 to January 2015.



Source: Platts Steel Business Briefing.

They state that *the world steel price index<sup>1</sup> has been trending downwards since the second quarter of 2011. It decrease to 158 points in April 2015, 44% lower than its post-crisis peak in April 2011.*

This well-known evolution of what represents the raw material for chromed bar manufacturers – steel – and the fact that raw material price has an influence of at least 60% in the selling price for all chrome platers, the pressure started to come from all distributors and OEM's in this industry, as is the case of the Australian importers.

We ask the commission to consider **Annex 11, 12.1,12.2** containing Nimet customer requests, including from Australia, asking for a price decrease or discount to an initial offer, considering the current raw material prices.

## 2. Market share

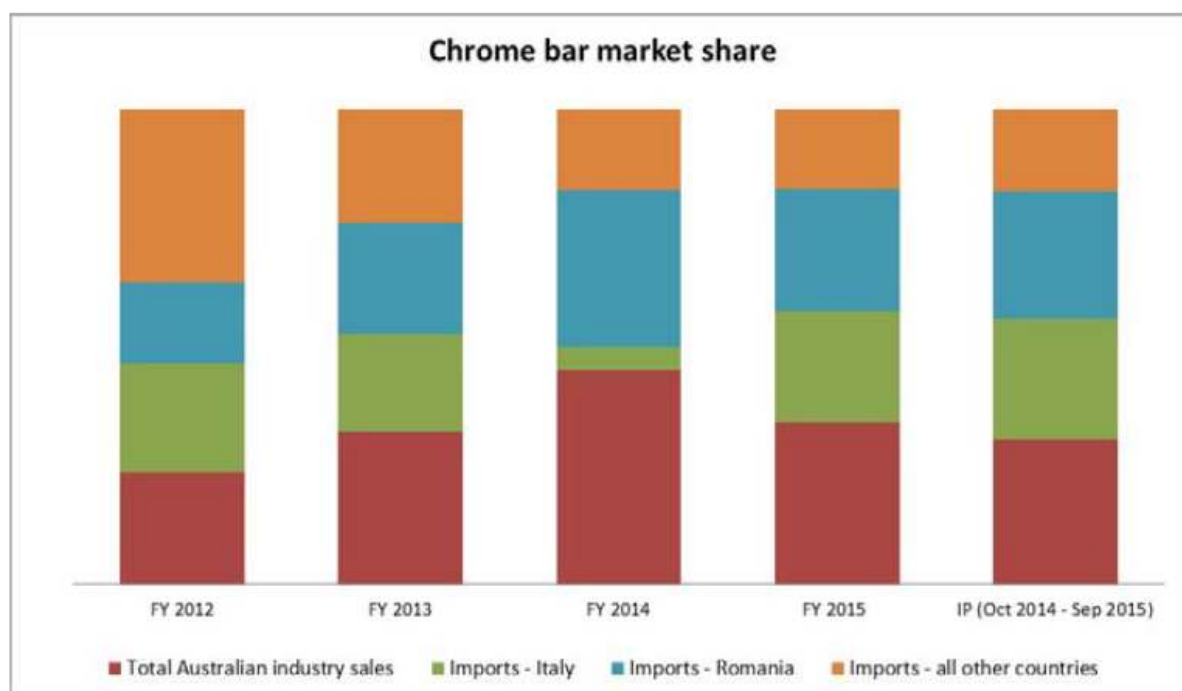
In the SEF and also in the Issues Paper the Commission has found that Milltech has not suffered injury in the form of lost market share.

The Commission states that Figure 3 indicates that the Australian industry's market share grew from FY2012 to FY2014, and, while it declined thereafter, its market share **remained higher than at the beginning of the injury analysis period.** Milltech's market share reflected the trend of the Australian industry as a whole.

However, there is an obvious aspect visible on the graphic that shows that the

<sup>1</sup> [www.steelbb.com](http://www.steelbb.com)

**volume of the Romanian imports have increased by constantly absorbing from the market share of the “ all other countries ”. ( as per Commision flowchart).**



### **Sales volume**

In the Issues Paper the Commission shows that Milltech volumes sales fluctuated in a downward trend over the injury analysis period and Milltech has suffered injury over injury analysis period in a form of reduced volumes sales.

The Commission considers that the exports of chrome bar from Romania at dumped prices have caused Milltech to lose some sales volume, despite Milltech increasing its sales volumes in the investigation period as a result of maintaining lower prices. Therefore, the Commission considers Milltech experienced injury in the form of reduced sales volumes.

However, the Commision’s finding that Milltech has suffered injury in the form of reduced sales volume since 2011/15 is a mischaracterisation of market trends. In other words, Milltech, like all other players on the Australian market, has experienced a decline in sales volume caused by the fall of the Australian market. The fact that MillTech has retained and sometimes increased market share throughout the injury analysis period provides further evidence that reduced sales volume is not, of itself, appropriately characterised as 'injury'.

## Profits and Profitability

In the Issues Paper the Commission has found that MillTech suffered injury in the form of reduced profitability in the injury analysis period, caused indirectly by imports from Romania at dumped prices which have determined price suppression and price depression along with reduced sales volumes.

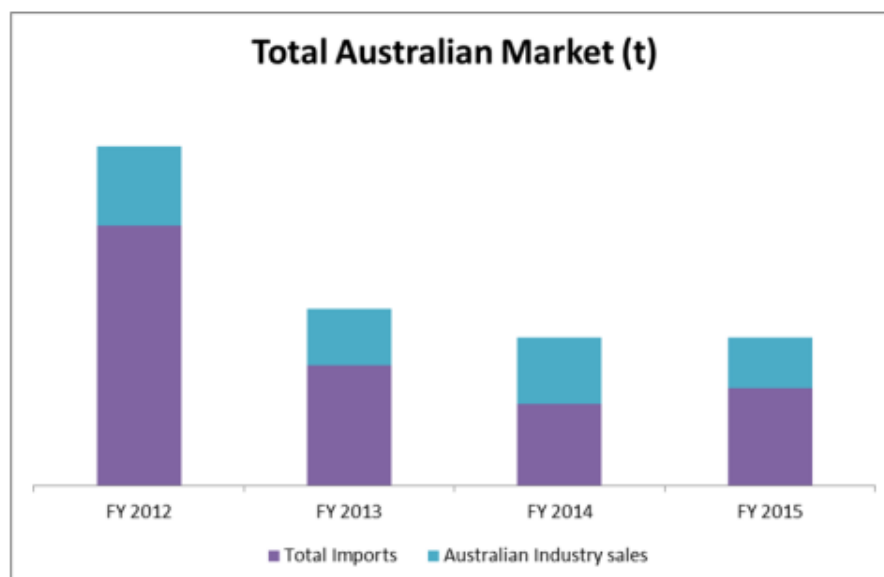
In the same publication the Commission also consider it reasonable to consider that this decline in profit and profitability is correlated with the fall in size of the chromed bar market over the same period.

WTO states that when examining a “*causal relationship between the dumped imports and the injury, it is **obligatory** to examine the other factors, if any, which are also causing injury. The injury caused by these others factors must not be attributed to the dumped imports. Some relevant factors in this respect, contained in a illustrative list given in the Agreement are:*

- *Contraction in demand or changes in the patterns of consumptions*
- *The volumes and prices of non-dumped goods (...)”.*

The Commission notes that the size of the market for chrome bar has fallen significantly in volume terms from FY2012 to FY2013.

The graphic from Figure 17 from Issues paper also shows that the market never returned to the 2012 level which was almost double from the 2015 one.



**Figure 17: Size of the chrome bar market** (Source: DIBP import data and verified data provided by Milltech)

However, the Commission makes NO further investigation related to the impact of such a change in the economic conditions of the Industry in spite of its obvious and major influence on the considered injury factors.

WTO states also : *“the investigating authorities must develop analytical methods for determining what evidence is or may be relevant in a particular case, and for evaluating that evidence, taking account of other factors which may be causing injury.”*

In its submission the Australian producer states that they have invested in one continuous chrome plating line in 2013 and added a second one in 2015. This large investment in a context of major market fall and low demand, has had an enormous impact on profitability due to its low absorption possibilities, causing it to remain at a negative line.

Despite the Commissions conclusion on the injury suffered by Milltech during the analysis period, the same Issues paper confirms that the Australian industry has had an increase of profit and profitability during the investigation period.

Moreover, all graphics presented by the Commission, sustain that after Milltech’s streamlining it’s production due to the continuous chrome plating lines, it’s performance indicators have improved (increase profit & profitability, decrease in CTMS).

If analysed before the investigation period, both external factors (major decrease in demand, imports of goods on more competitive prices) and internal ones (major investments causing temporary low profitability) are to be considered as affecting Milltech in a negative way.

However it is clear that market stabilization since 2014 and the more efficient production is leading Milltech towards a positive trend.

Basically, a certain **conjuncture** determined by a mix of factors (market fall, competition by foreign chrome platers, major investments in spite of negative profitability) is the one that has caused a negative trend into Milltech’s evolution till 2014.

#### **Other relevant economic factors**

The Commission has considered the following economic indicators in addition to the injury factors above.



## Revenue

In the SEF, the Commission found that Milltech's revenue from sales of like goods decreased from FY2012, but remained relatively stable since that time.

This descendent trend of Milltech's revenue coincides with the moment when the market had a decline with 55%, which of course creates a causal link between the injury suffered by Milltech and revenue lost value.

Although concluding that the Australian Industry has suffered injury in the form of lost revenue the Commission makes **no** demonstration on the causal link between the dumped goods coming from Romania and the injured industry. Moreover if referring to the indicators that compose the revenue – sales volume and prices – the same upper arguments (volume decrease following the same descending line as the overall market decrease, price decrease caused by raw material global price decrease) can be presented as the main cause.

## Capacity utilisation

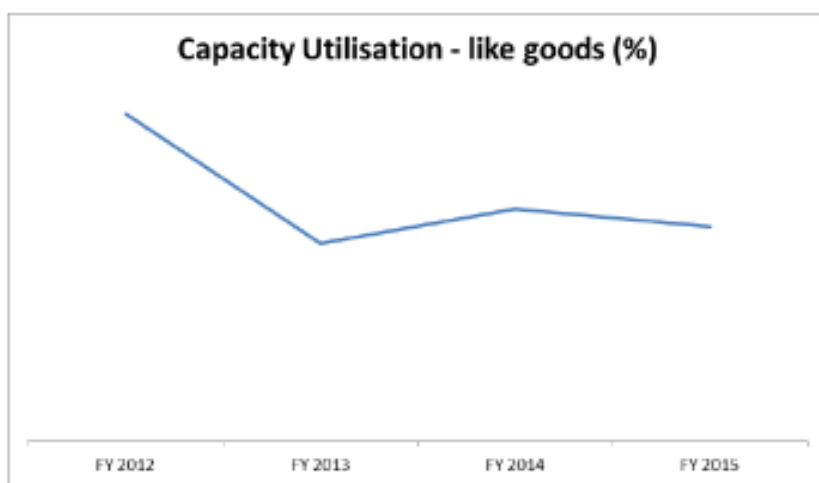
The SEF stated that Milltech had not suffered injury in the form of reduced capacity utilisation. However, the Commission notes that capacity utilisation declined during the injury analysis period. Due to Milltech investing in its continuous chroming lines, Milltech's production capacity for chrome bar production increased.

In 2013, Milltech purchased the first continuous chroming line to add to the immersion tanks for chroming, even though this decision cannot be sustained by the market evolution which was in a total crash. Moreover, Milltech purchased a second continuous chroming line in 2015.

As per the graphic presented by the Commission, the Capacity utilisation had a descending trend between 2012 and 2013 year, which perfectly coincides with the market decline period. Moreover, from 2013-2014 Milltech started to produce more and therefore to use more of its resources (if read in conjunction with Figure 3 from Issues paper –showing Milltech's market share increase and therefore volume increase between 2013 and 2014).

From 2014 to 2015 it had a light decrease which didn't reach the level from 2012 -2013 market decline period.

**This clearly demonstrates an obvious link between the market decline, wrong choice of moment for production capacity investments and capacity utilisation.**



**Figure 7: Milltech's capacity utilisation (Source: Verified data from Milltech)**

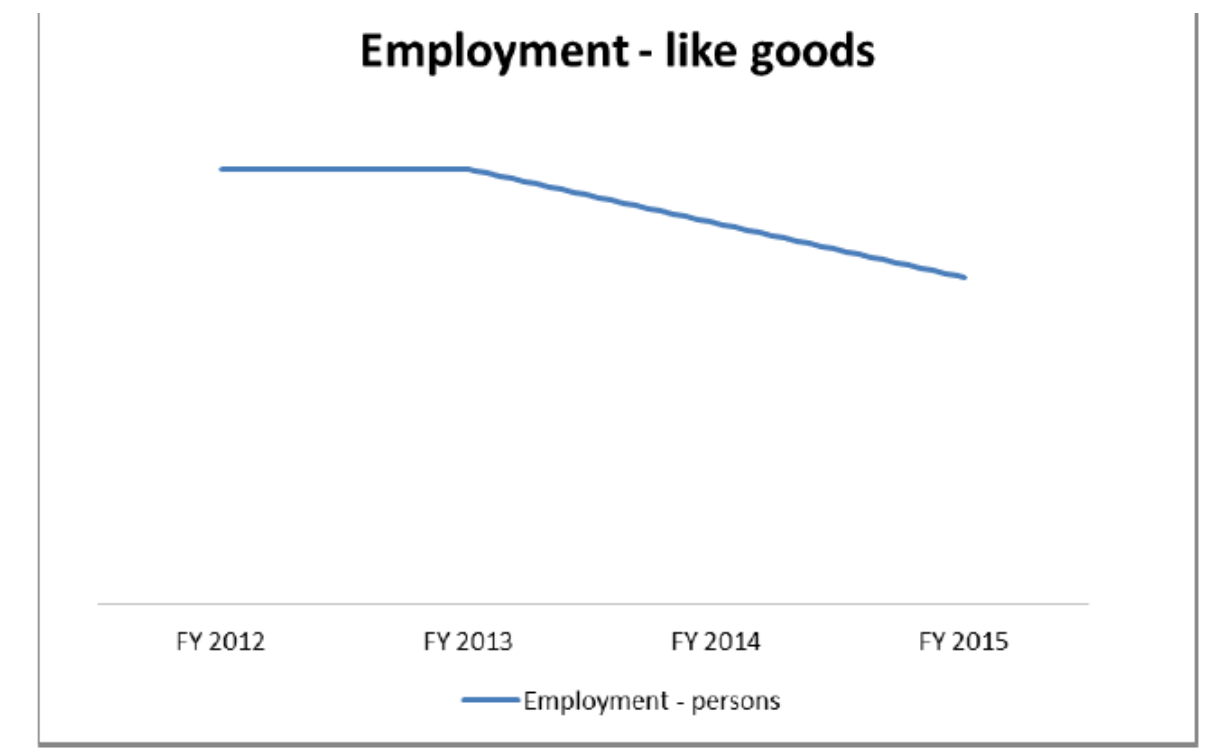
## **Employment**

The Commission considers that the Australian industry has suffered injury in the form of reduced employment.

As per the graphic presented by the Commission in the SEF, the employment had suffered a decline between 2013 and 2015.

This as well can be justified by the investments made in the continuous chrome plating lines which, by being more efficient allowed the production of a higher quantity with less resources (less employees as well).

Again the clear link between the market decrease and the employment decrease is observable as well as following the same descending line as the volume and the market overall.



### **Causal link between dumped goods and Milltech injury**

The Commission has analysed the following factors in assessing the causal link between the dumped imports from Romania and injury suffered by the Australian industry:

- Size of the dumping margins;
- Price undercutting;
- Price effects,
- Volume effects;
- Profit effects, and;
- Other possible causes of injury.

### **Size of the dumping margin**

The Commission has established in the PAD the dumping margins for chromed bars exported from Romania.

ROMANIAN EXPORTER / MANUFACTURER	DUMPING MARGIN
ASO Cromsteel	22.4%
Nimet srl	35.3%
All Other Romanian Exporters	66.9%

Table 1: Dumping margins for exports from Romania

The Commission considers that the magnitude of dumping provided exporters with the ability to offer chrome bar at lower prices than would otherwise have been the case, and that this enabled importers of chrome bar to have a competitive advantage in terms of price compared to the Australian industry. The lower prices offered by exporters became apparent through the Commission's price undercutting analysis.

The Commission conducted **price undercutting** analysis to determine whether dumped chrome bar exported from Romania undercut the Australian industry's prices.

In demonstrating upon this the Commission made a comparison between Nimet and Milltech's prices and stated the following: ***There were no common customers between Milltech and Nimet.***

***The Commission's analysis found that over the investigation period, Milltech's prices for each steel grade of chrome bar were undercut by Nimet, although Nimet's imports of chrome bar into the Australian market was small in terms of volume.***

The first sentence shows clear evidence of no possible connection between the injury suffered by the Australian Industry and Nimet sales on the Australian market.

The second one refers to prices for **each steel** grade although Nimet has sold mainly 38MnVS6 in Australia during the investigation period, **a steel grade that Milltech does not produce**, thus making the analysis improper. The only comparable item that Nimet sold was the 38.1 diameter bars in C45 steel grade, which was **sold in a quantity of 3.096 tons ( 3096 kg )representing less than 1% of the total** estimation of the **market** of 1300 tons ( total market volumes of the chromed bars market

The Commission further analysis and compares prices from all exporting countries and concludes *that Romanian exports were generally the lowest export prices in the investigation period and, when taking into account the magnitude of the undercutting and the market share of those goods in Australia, it is likely*

*that the prices of the dumped goods from Romania influenced the prevailing market prices in Australia in the investigation period.*

However, as the Commission further acknowledges this isn't the case of Nimet, which according to Figure 11 is the closest one to Milltech's price level and the most unlikely one to have influenced the *prevailing market prices in Australia in the investigation period*.

## Price effects

In this chapter the Commission has found that the Australian chrome bar market is price sensitive with price being an important, **but not the only, factor affecting purchase decisions. These other factors include quality, the range of models available (including steel grade and diameters) and the ability to purchase complementary products like tube** also affect whether importers choose Australian chrome bar or imported chrome bar.

Before analysing the price influence, Nimet would like to emphasize on the competitive advantage given by the other factors affecting purchase decisions:

- **Range of models available (including steel grade and diameters).**  
Although the Commission has not considered the sale made by Nimet **of a steel grade that the Australian Industry does not fabricate**, as a particular situation and a competitive advantage of Nimet, we would like to underline once more that such a steel grade is used for specific application and niche assemblies that cannot use a replacement grade in their construction. This was the **main** factor considered by the sole Australian customer of Nimet, [REDACTED], when making its purchasing decision.
- **Complementary products**  
The Commission makes little reference to the importers possibility of supplying the hydraulic tubes along with the chrome bars and it mainly connects it to Stelmi in explaining their performance in the Australian market.

However we would like to highlight on the following aspects:

- Milltech does not produce nor stock hydraulic tubes.
- The hydraulic tube is a complementary product to the chrome bar, thus being requested, most of the time, along with the bar (**see Annex 13.1, 13.2, 13.3 & 13.3 attachment** – inquiries from customers).



- This is a service and therefore a competitive advantage for the supplier that is able to provide both products.
- This is a major factor affecting purchase decision
- Both Romanian chrome bar exporters to Australia have the capacity of providing this complementary products either from own production or from own stock.
- The purchase decision is not only freight cost driven, but as certain bar sizes require certain tube sizes, it is also a strategic decision into supplying the complete number of pieces to make one application.
- Diameter range- Milltech doesn't have the possibility to produce goods with diameter <18mm.

- **Price**

The Commission considers that Milltech was forced to respond to price undercutting from dumped imports from Romania by maintaining low and suppressed prices in order to remain competitive and to maintain sales and production levels. Further, the Commission considers that Milltech would have been able to increase its prices in the absence of competition from chrome bar exported from Romania at dumped prices. This supports the finding that Milltech suffered injury caused by dumping in the form of price suppression.

However the Commission does not further analyse other possible factors of price pressure from customers:

- Global steel price decrease, which would have been used as an argument by any customer against a price increase.
- Lack of possibility from the Australian industries side to supply complementary products like hydraulic tubes which makes the purchase decision favourable to suppliers that have this capacity as it is more cost wise (bringing a lorry with both bars and tubes spares the customer from needing to buy more than it's necessary of either bar or tube)

Besides external factors which are clear to have influenced the price pressure made to Milltech, the Commission is not able to bring any proof of Nimet's injury made to Milltech by price suppression. Moreover the Commission admits that Nimet and Milltech did not share the same customers during the investigation period and the graphics presented in the Issues paper show the low volumes coming in from Nimet into Australia and their price closeness to that of Milltech.

Regarding Price depression is it only natural that a decrease to half in demand to cause such a phenomena for all players in the certain market and that unless having a real competitive advantage (range of models available or

complementary products) one will have to turn to what it can offer in order to continue surviving on the market.

### **Sales volumes and profit**

Although the Commission initially concludes that Milltech did not suffer injury in the form of loss of sales volumes, profit and profitability during the investigation period (see SEF), they further return on their decision in the Issues paper and connect a possible injury on these upper aspects to the sales made by Romanian importers at dumped prices.

Again the Commission does not make any connection with the overall aspect of the chrome bar market, and **while acknowledging that it *cannot determine whether dumping occurred prior to the investigation period*, it presumes that it has and that this has caused material injury that can no longer be shown during the investigation period (as these indicators show positive increasing trends – figure 14, 15 and 16) and that the market fall in 2012 had no influence at all.**

### **Other possible causes of injury**

In the SEF, the Commission referred to three potential other causes of injury to Milltech. These were **undumped goods from Italy, importation of finished hydraulic cylinders, and the declining market for chrome bar ( and not only).**

In analysing the imports from Italy the Commission refers to price undercutting made by Stelmi to Milltech and by the Romanian importers to Stelmi and Milltech.

The Commission does not make any different analysis between the 2 Romanian exporters, as the upper statement is valid only for one of them as shown by the Commissions graphics.

The Commission further explains Stelmi's performance in the Australian market by the perceived superior quality of its products and by its ability to supply complementary items like tubes to their customers.

The Commission further concludes that chrome bar exported from Italy at undumped prices **is a secondary factor influencing prices** in the Australian chrome bar market.

Again while acknowledging that it *cannot determine whether dumping occurred prior to the investigation period, or what was the undercutting situation before the investigation period*, the Commission makes no further analysis into the impact of the Italian imports onto the Australian Industry during the injury analysis period.

## Declining market

The Commission notes that the size of the market for chrome bar has fallen significantly in volume terms from FY2012 to FY2013, then fell slightly again in FY2014 before stabilising in FY2015. Also, as seen in Figure 17 provided in The Issues Paper the market never returned to the 2012 level but remained at an approximately 55% of the 2012 level.

As it can be read in the [Annex 14,15](#) –( emails with information from the Australian market) , the Australian customers are very affected about the market decline which has affected their sales volumes.

The Commission further analyses 2 identified factors that were likely to cause the decline in the chrome bar market: sourcing of already assembled hydraulic cylinders and falling in investments in the mining sector.

**In both analyses the Commission concludes that it does not have sufficient information to assess whether and to what degree any injury was caused by these 2 factors.**

Returning to WTO's recommendation of *causal relationship between the dumped imports and the injury*, it is **obligatory** to examine the other factors, if any, which are also causing injury, we conclude that the Commission's findings are lacking complete proof and demonstration base.

The Australian Bureau of Statistics records that:

- **“Manufacturing”**, which in 2007-08 was the second highest employing industry, dropped out of the top five and was sixth in 2012-13, (replaced by Accommodation and food services in the top five).

*Sales and service income fell by 2.2% between 2011-12 and 2012-13. Wages and salaries declined by 1.4%, total expenses fell by 2.0% and employment fell by 4.3%. OPBT, EBITDA and IVA fell by 24.8%, 10.8% and 4.1% respectively.*

- **“Mining”** Sales and service income declined by 7.5% between 2011-12 and 2012-13. Total expenses and wages and salaries rose by 5.1% and 9.5%

*respectively, while employment fell by 1.9%. OPBT fell by 34.3% and EBITDA and IVA also declined, by 23.5% and 13.7% respectively.<sup>2</sup>*

The Bureau of Statistics offers therefore a clear overview of the downwards trend of the main sectors around which industries such as Milltech's are gravitating.

We therefore request a reanalysis with precise and sufficient data of all involved factors in Milltechs presumed material injury.

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<sup>2</sup> <http://www.abs.gov.au/ausstats>