OneSteel Manufacturing Pty Ltd
ABN 42 004 651 325

Level 40, 259 George St, Sydney NSW 2000
GPO Box 536, Sydney NSW 2000, Australia

P 02 9239 6666
F 02 9239 6633

6 February 2015

Ms Candy Caballero
Director Operations
Anti-Dumping Commission
C/o Australian Customs and Border Protection Service
Customs House
5 Constitution Avenue
CANBERRA ACT 2601

For Public File

Dear Ms Caballero

Investigation into Rod in Coil exported from Indonesia, Taiwan and Turkey – Exports from Indonesia

Introduction

OneSteel Manufacturing Pty Ltd ("OneSteel") would like to draw to the attention of the Anti-Dumping Commission ("the Commission") the recently published *Notification of a Proposal to Impose a Measure* pursuant to the *WTO Agreement on Safeguards* following the conclusion of a safeguard investigation by the Indonesian Safeguards Committee into rod in coil ("RIC") products exported to the Republic of Indonesia from the People's Republic of China ("China"), Japan and Malaysia.

The Safeguards Investigation is of key relevance to the reliability of the Commission's remote exporter verification of financial information submitted by PT Ispat Indo ("Ispat").

OneSteel would also like to highlight with the Commission the impact of the fluctuation of the Indonesian Rupiah on domestic prices across the investigation period of the RIC inquiry, and urge the Commission to consider the requirements of s.269TAF(3) of the *Customs Act*. Additionally, any dumping that has occurred over the course of the investigation period from Ispat should be taken into account by the Commission as having caused injury to the Australian industry.

OneSteel notes that on 15 January 2015, the Commission advised that the Parliamentary Secretary to the Minister for Industry (Parliamentary Secretary) had, under section 269ZHI of the Customs Act 1901 (the Act), extended the deadline for the publication of the Statement of Essential Facts ("SEF") to 1 March 2015 (see ADN 2015/02). This submission contains information that may significantly affect the manner in which the Commission calculates normal values and export prices for Indonesian Exporters. As this submission is being made at least three (3) weeks prior to the publication of the SEF, and in advance of the placement of a significant number of verification reports on the public record by the Commission, OneSteel submits that nothing precludes the Commission from having proper regard to the matters raised herein in advance of publication of the SEF.

Indonesian Safeguard Investigation

The Indonesian Safeguards Committee received an application from two key Indonesian producers of RIC, namely Ispat and PT Krakatau Steel Tbk on 23 December 2013. The application alleged that serious injury had been caused by the rapid increase of imports of RIC into Indonesia during the period 2010 to 2013. A Safeguard Investigation was initiated by the Indonesian Safeguards Committee on 17 January 2014.

The Safeguard Investigation determined that the RIC imports into Indonesia (from China, Japan and Malaysia) had increased by approximately 48 per cent across the inquiry period, with the applicants' sales declining by 7.7 per cent and non-applicant sales by 15.4 per cent.

Importantly, (and relevant to the Australian RIC Investigation) the Indonesian agency confirmed that the applicant companies have experienced financial losses during 2010-13, with a negative trend of 36.0 per cent in 2013. The period of the negative trend i.e. 2013 is the same investigation period applicable in the RIC Investigation No. 240.

Following consideration, the Indonesian investigating authority concluded "*that serious injury suffered by the Applicant [companies] mainly caused by significant increased volume of imports and not due to other factors*"[1]. The Authority went on to add:

> *"1. There was a significant increase volume of imports in absolute and relative terms to the domestic production (as shown in Table 7 and 8).*
>
> *2. When the national consumption increased during the period of investigation, the volume of imports has also increased significantly with a trend much higher than the increase of national consumption. On the contrary, the Applicant domestic domestic sales has suffered a decline with trend of 1.5%.*
>
> *3. With the decline in the Applicant Domestic Sales, consequently the Applicant market shares also declined with a trend of 18.6% during the period of investigation. The increased volume of imports has caused a fierce competition to the Applicant's domestic sales, and has taken the applicant market share during the period of investigation.*
>
> *4. The declining in the Applicant domestic sales and market shares during the period of investigation has made a negative impact to the Applicant production, utilisation capacity, and above all on the Applicant financial performance. During the period of investigation,* ***the Applicant suffered financial losses with a trend of 36.0****%,* ***particularly in 2013 where the Applicant experienced a huge financial loss in 2013*** *of 315.6 point index. [Emphasis added]*
>
> *5. There was also an existence of the low selling price of the imported goods below the Applicant's cost of production and sales prices. To regain its market share that has been taken away by the imports during the period of investigation****, the Applicant forced to sell below the cost of production. The Applicant decision to sell below the cost of production has contributed to a substantial financial loss****. [Emphasis added]*
>
> *6. Based on findings as mentioned in point b, it is concluded that there were no other factors attributed to the serious injury suffered by the Applicant other than significant increased volume of imports."*

The Indonesian Safeguards Authority recommended the imposition of a temporary import duty on the identified imports.

The Commission's attention is drawn to the clear statements that the Indonesian RIC producers, Ispat and Krakatou, experienced "significant" losses on their RIC domestic sales during 2013. Therefore, it is OneSteel's expectation that the Commission would concur with the Indonesian Safeguard Authority and find that domestic sales of RIC in Indonesia by Ispat have been at a loss. An alternative basis for the determination of these exporters' normal values would therefore require consideration.

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[1] Refer Non-Confidential Attachment 1.

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A further relevant comment of the Indonesian Safeguard Authority was included at Section 4(d):, namely:

> "*….it's been alerted that overcapacity has occurred during the year 2010-2013. However, a sudden slowdown in demand in some major markets and also parallel with trade remedies measures imposition by other countries, which could not be foreseen, has resulted in export diversion that caused significant increase volume of imports to Indonesia as shown in Table 8.*"

The referred "export diversion" can equally be considered to be the response of Ispat and PT Gunung in exporting RIC to Australia at dumped prices over the same period during which it was experiencing "fierce competition" on their home market.

OneSteel submits that the findings of the Indonesian Safeguards Authority are directly relevant to the Commission's assessment of normal values for RIC sold domestically by Ispat in the current investigation that has a concurrent period of investigation (being 2013). In the event that the Commission's remote exporter verification of financial information submitted by Ispat does not concur with the Indonesian Safeguards Authority's findings that "the Applicant suffered a huge financial loss compared to 2012, from (174.5) index point to (315.6) index point" for domestic Indonesian sales of RIC, then the Commission should properly recommend to the Minister that the information be disregarded pursuant to s.269TAC(7) of the Act, and rr.180(7) and 181(6) of the Customs Regulations, as it is unreliable.

OneSteel anticipates that the Commission will similarly determine for PT Ispat as it has for PT Gunung that its exports to Australia in 2013 were at dumped and injurious levels.

<u>Currency fluctuation</u>

OneSteel has observed that a sharp devaluation of the Indonesian Rupiah occurred during 2013 (refer attached graph – Confidential Attachment 2). In particular, the depreciation can be observed in the end of the second quarter and the third quarter of 2013 (against the Australian dollar), with a correction that followed.

S.269TAF(3) of the *Customs Act* states that:

> "*If:*
>
> *(a) the comparison referred to in subsection (1) requires the conversion of currencies; and*
> *(b) the rate of exchange between those currencies has undergone a short-term fluctuation;*
>
> *the Minister may, for the purpose of that comparison, disregard that fluctuation.*"

The devaluation of the Indonesian Rupiah is understood to significantly impact the Commission's assessment of normal values and subsequent dumping margins for Indonesian exporters in 2013. OneSteel contends that the Commission can disregard the devaluation of the Indonesia Rupiah and apply the rate applicable in the earlier quarters for determining normal values in the affected periods.

Although the Commission's *Dumping & Subsidy Manual* (December 2013) ("Manual") describes the use of s.269TAF(3), in circumstances beneficial to the exporter, i.e. in the case of domestic currency appreciation, OneSteel notes that World Trade Organisation ("WTO") jurisprudence in relation to this provision is not confined only to such circumstances, and the provision may be invoked in the case of domestic currency depreciation. Specifically, in *US — Stainless Steel (Korea)*[2], the complainant, Korea, argued in an investigation the authorities were bound to allow exporters at least 60 days to have adjusted their export prices to reflect sustained movements in exchange rates during the period of investigation. However, the WTO *Disputes Settlement Panel* ("Panel") did not accept this argument:

> "Korea is in effect asking us to read this provision to further say that 'in an investigation the authorities shall take no actions to address currency depreciations.'
>
> "We can perceive no textual basis to imply such an additional rule into Article 2.4.1.
>
> "the requirement that a Member take certain actions in the case of currency appreciation does not in our view mean that Members are prohibited from taking any action to address a situation arising from a currency depreciation."

OneSteel submits that notwithstanding the Commission's policy on this matter, in light of the WTO's decision in *US — Stainless Steel (Korea)*, it is entirely open to the Minister under the WTO *Anti-Dumping Agreement* to exercise the discretion available under s.269TAF(3), and use the rate of exchange in force prior to the short-term fluctuation for the purpose of converting currencies to permit a comparison between the export prices of goods exported to Australia and the corresponding normal values of like goods under s.269TAF(1). In fact, to do so would serve to expose continued injurious dumped export pricing by the exporter that would otherwise be concealed by an advantageous depreciation in the IDR value against the USD.

OneSteel strongly urges the Commission to apply the provisions of s.269TAF(3) in converting Indonesian domestic selling prices for the purposes of establishing dumping margins for the goods exported to Australia. In the event the Commission does not apply the provision, there exists a prospect that an Indonesian exporter may be falsely found not to be dumping.

Closing remarks

The Commission is urged to take full account of the Indonesian Safeguard Committee's decision dated 23 December 2014 as it relates to the domestic Indonesian RIC market. The goods the subject of the Indonesian Safeguard Investigation are like goods to the goods the subject of investigation No. 240. The Indonesian Safeguard Committee has confirmed that Ispat sold goods at below the cost of production in Indonesia in 2013, incurring significant losses. OneSteel anticipates that the Commission will establish findings concerning domestic sales for normal value purposes that are consistent with the Indonesian Safeguard Committee's recent finding.

Of additional relevance in the assessment of normal values for Indonesian exporters is the apparent sharp fluctuation in currency of the Indonesian Rupiah at the end of 2013. This will impact the determination of normal values for Indonesian exporters. The Commission is requested to consider the provision contained in s.269TAf(3) that permits the actual currency conversions over the period of the fluctuation to be disregarded, with a more representative conversion rate applied.

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[2] *United States – Anti-Dumping measures on stainless steel plate in coils and stainless steel strip from Korea*, WT/DS179/R, paras 6.129–6.130, adopted on 22 December 2000.

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If you have any questions concerning this letter please do not hesitate to contact OneSteel's representative Mr John O'Connor on (07) 3342 1921 or Mr Matt Condon of OneSteel on (02) 8424 9880.

Yours sincerely

Matt Condon
Manager – Trade Development
OneSteel Manufacturing Pty Ltd

NOTIFICATION UNDER ARTICLE 12.1(B) OF THE AGREEMENT ON

SAFEGUARDS ON FINDING A SERIOUS INJURY OR THREAT

THEREOF CAUSED BY INCREASED IMPORTS

NOTIFICATION OF A PROPOSAL TO IMPOSE A MEASURE
INDONESIA

(Bars and Rods, Hot-Rolled, in Irregularity Wound Coils, of Iron or Non-Alloy Steel or of Other Alloy Steel)

The following communication, dated 23 December 2014, is being circulated at the request of the Delegation of Indonesia.

Pursuant to Article 12.1(b) of the WTO Agreement on Safeguards, the Government of the Republic of Indonesia, hereinafter referred as "GOI", hereby notifies to the Committee on Safeguards on its findings of serious injury or threat thereof caused by the increased imports.

1 GENERAL BACKGROUND

a. Initiation of Investigation

On 23 December 2013, the Indonesian Safeguards Committee/*Komite Pengamanan Perdagangan Indonesia* (the Investigating Authority) received an application from PT. Ispat Indo and PT. Krakatau Steel Tbk., hereinafter referred as the "Applicant", requesting an initiation of a safeguard investigation against importation of "bars and rods, hot-rolled, in irregularity wound coils, of iron or non-alloy steel or of other alloy steel under HS Codes 7213.91.10.00, 7213.91.20.00, 7213.91.90.00, 7213.99.10.00, 7213.99.20.00, 7213.99.90.00", and 7227.90.00.00".

Based on the examination of the above-mentioned application, the Investigating Authority initiated an investigation on 17 January 2014. On the same date, the Investigating Authority announced the initiation of the investigation in a national daily newspaper ("Bisnis Indonesia"), and notified to the WTO Secretariat, which the document was circulated to the Members on 24 January 2014 (G/SG/N/6/IDN/24) .

b. Period of Investigation

The period of investigation covers 2010 to 2013.

c. Major Proportion

The total production of the Applicant is 58.6% from the total domestic production of the Subject Good, therefore it represent a major proportion as required by Article 4.1 (c) of the WTO Agreement on Safeguards.

d. Views and Comments of the Interested Parties

In accordance to Article 3.1 of the WTO Agreement on Safeguards, during the process of investigation, the Investigating Authority has provide an opportunities to all interested parties, including the representatives of exporting country to submit their views, evidence, and response. The Investigating Authority has held 2 (two) times public hearings. The first hearing was held on 21 February 2014, and the second one on 18 August 2014.

2 EVIDENCE OF SERIOUS INJURY OR THREAT THEREOF CAUSED BY INCREASED IMPORTS

In a view to determine the existence of serious injury or threat thereof caused by increased imports, the Investigating Authority has made an evaluation and analyze of all relevant factors of an objective and quantifiable nature having a bearing on the situation of the Applicant. The following evaluation was based on data provided by the Domestic Industry (both Applicant and non Applicant), and interested parties, where the data has been verified by the Investigating Authority.

a. Evidence of serious injury

TABLE 1
IMPORTS, DOMESTIC SALES, MARKET SHARES, AND NATIONAL CONSUMPTION

No.	Description	Unit	Year				Trend 10-13 (%)
			2010	2011	2012	2013	
1.	Imports	Ton	222,876	254,595	444,702	677,965	47.6
2.	Applicant's Domestic sales	Index	100	101.0	102.6	94.7	(1.5)
3.	Other Domestic Industry (Non Applicant) Domestic Sales	Index	100	186.4	199.4	157.5	15.4
4.	Shares of imports	Index	100	95.7	132.4	174.2	22.0
5.	Applicant Market Share	Index	100	84.6	68.1	54.2	(18.6)
6.	Other Domestic Industry (Non-Applicant) Market Share	Index	100	156.1	132.3	90.2	(4.6)
7.	National Consumption	Index.	100	119.4	150.7	174.6	20.9

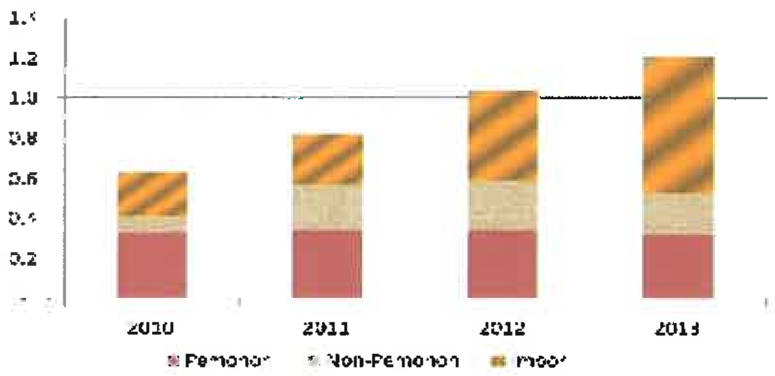
Source: CBS (Central Bureau Statistic) and as verified by Investigating Authority

1. The above Table shows that during the period of investigation the Applicant domestic sales have declined with a trend 1.5%. Even though the Applicant Domestic Sales increased during the period of 2010-2012, but in 2013 it suffered a decreased by 7.7% which was relatively higher than the increased in 2010-2012. During the period of 2010-2013 the domestic industry Non-Applicant domestic sales have increased with a trend 15.4%, however it also experienced a declined by 21.0% in 2013 compared to 2012.

2. During the period of investigation, there was a significant increased volume of imports with a trend 47.6%. On the other hand the Applicant's Domestic Sales experienced a decline during the same period, while the Domestic Industry Non Applicant's domestic sales increased with a trend of 15.4%, however it experienced a decline in 2013 compared to 2012.

3. When the imports increased significantly during the period of investigation, the Applicant market shares decreased significantly and suffered a year-to-year declined during the same period. During 2010-2013, the Domestic Industry Non Applicant's market shares decreased with a trend 4.6%, therefore, both the Applicant and the Domestic Industry Non Applicant suffered a loss in market shares which has been taken by imports during the period of investigation.

INDONESIA NATIONAL CONSUMPTION



Source: CBS, and the Domestic Industry Output
(Applicant and Non-Applicant)

4. During the period of investigation, the national consumption has increased with a trend of 20.9%. In line with the increased of national consumption, the market shares of imports has also increased significantly from 2010-2013 with a trend of 47.6%. Consequently, the market shares of both the Applicant and Domestic Industry Non Applicant have been taken by imports and they could not enjoy the increased in national consumption during the period of investigation.

TABLE 2:
PRODUCTION, CAPACITY, AND UTILIZATION CAPACITY

No.	Description	Unit	Year				Trend 10-13 (%)
			2010	2011	2012	2013	
1.	Production	Index	100	104.4	87.5	84.6	(6.6)
2.	Target Production	Index	100	98.4	96.1	97.8	(0.9)
3.	Capacity	Index	100	100	100	100	-
4.	Capacity Utilization	Index	100	104.4	87.5	84.6	(6.6)

Source: as been verified by The Investigating Authority

5. During the period of investigation, the Applicant production has suffered a decline with a trend 6.6%. Even though the Applicant Production enjoyed a slight increased by 4.4 index point in 2011 compared to 2010, during 2011-2013 it declined by 18.9%. In line with the decline in production, the capacity utilization also experienced a declined during the same period.

6. In contrary with the capacity which remains stable, during the period of investigation, the decline of production and capacity utilization has made the actual production was not in optimal condition, therefore, the Applicant was forced to reduce its production target from 100 index point in 2010 to 97.8 index point in 2013.

TABLE 3:
PROFIT/LOSS, AND COST OF PRODUCTION

No.	Description	Unit	Year				Trend 10-13 (%)
			2010	2011	2012	2013	
1.	Profit/Loss	Index	(100)	(253.9)	(174.5)	(315.6)	(36.0)
2.	Loss Margin	Index	(100)	(228.6)	(142.9)	(300.0)	(32.7)
3.	Profit/Loss (per unit)	Index	(100)	(251.4)	(170.1)	(333.3)	(38.0)

Source: As been verified by the Investigating Authority

7. The Applicant has experienced financial losses during 2010-2013 with a negative trend of 36.0%. In 2013, the Applicant

suffered a huge financial loss compared to 2012, from (174.5) index point to (315.6) index point.

TABLE 4:
EMPLOYMENT, PRODUCTIVITY, TARGET PRODUCTIVITY, PRODUCTION, AND TARGET PRODUCTION

No.	Description	Unit	Year				Trend 10-13 (%)
			2010	2011	2012	2013	
1.	Employment	Index	100	97.7	102.3	105.9	2.2
2.	Productivity	Index	100	106.8	85.5	79.9	(8.6)
3.	Expected Productivity	Index	100	100.7	94.0	92.3	(3.0)

Source: As been verified by the Investigating Authority

8. From the table above, employment has increased with a trend 2.2% during the period of investigation. The increased in employment was due to the effort by the Applicant to improve and maintain its sales to its consumers by focusing on the improvement of product quality control.

9. The Applicant's productivity has declined during the period of investigation with a trend of 8.6%, even though it increased in 2011 compared with 2010. The declined in productivity was mainly due to the decline in production with a trend of 6.6%.

TABLE 5:
PRICE UNDERCUTTING

(Index)

No.	Description	Year		
		2011	2012	2013
1.	The Applicant Sales Price	100	100	100
2.	Import Price	98.6	83.8	87.9

Source: As been verified by The Investigating Authority

10. Based on the Table above, during the period of 2011-2013 the import price was lower than the Applicant sales price, thus the Applicant unable to increase its sales price.

TABLE 6:
PRICE SUPPRESSION

(Index)

No.	Description	Year			Trend 11-13 (%)
		2011	2012	2013	
1.	The Applicant Sales Price	100.0	100.0	100.0	0.9
2.	Import Price	98.7	83.8	87.9	(4.7)
3.	The Applicant Cost of Production	102.1	102.0	104.1	(24.4)

Source: As been verified by The Investigating Authority

11. The table above shows that during the period 2011-2013 the Applicant Sales Prices were lower than the Applicant cost of production. The cheap price of imported goods, has caused the Applicant unable to increase its sales price higher than the cost of production.

b. Other Factors That May Contribute to Injury

In order to ensure that injury is only caused by increased imports, the KPPI also examined the following other known factors:

Effect of competition among the Domestic Industry

TABLE 7:
THE DOMESTIC INDUSTRY AND IMPORTS MARKET SHARE

(Index)

No.	Description	Year				Trend 10-13 (%)
		2010	2011	2012	2013	
1.	Shares of imports	100	95.7	132.4	174.2	22.0
2.	Applicant Market Share	100	84.6	68.1	54.2	(18.6)
3.	Domestic Industry Non-Applicant Market Share	100	156.1	132.3	90.2	(4.6)

Source: as been verified by the Investigating Authority

Based on table above, although the domestic industry Non-Applicant market share increased in 2011, however in 2011-2013 the domestic industry Non-Applicant market share decreased significantly from 156.1 index point to 90.2 index point. Therefore, it can be concluded that the decline in the Applicant market share was not caused by the competition among the Domestic Industry.

Technology and machineries

Verification result shows that the Applicant uses Electric Arc Furnace (EAF) machineries to produce raw material for wire rod, which is billet. EAF technology uses scrap iron, mixed with sponge iron and direct reduced iron (DRI) . Billet then directly processed to rolling mill plant and then formed into wire rod.

Wire rod produced using the Applicant's technology and machinaries is in compliance with domestic and international standards, such as Indonesian National Standard (SNI), Japan Industrial Standard (JIS), Standard American for Automotive Engineering (SAE) and American Iron and Steel Institute (AISI) . Strict quality control of wire rod production process has also been implemented by the Applicant, such as the control of scrap, chemical analysis sampling, and metallurgy analysis. The purpose of this strict quality control is to ensure that the wire rod produced is in accordance with the aforementioned standards. Therefore, the Applicant's technology and machinaries was not a factor that caused its injury.

Captive Market

Based on the result of investigation, although the Applicant was selling low carbon wire rod to its subsidiaries, however the volume was insignificant, which was less than 1% of the Applicant's total sales of low carbon wire rod during the period of investigation. Therefore, it can be concluded that sales to captive market did not have any effect to the injury suffered by the Applicant.

c. Conclusion on Causal Link

The investigation authority has examined all factors having a bearing in the Applicant situation, and came to a conclusion that serious injury suffered by the Applicant mainly caused by significant increased volume of imports and not due to the other factors. The reasonings of the conclusions are as follows:

1) There was a significant increase volume of imports in absolute and relative terms to the domestic production, as shown in Table 7 and 8 below.

2) When the national consumption increased during the period of investigation, the volume of imports has also increased significantly with a trend much higher than the increase of national consumption. On the contrary, the Applicant domestic sales has suffered a decline with trend of 1.5%.

3) With the decline in the Applicant Domestic Sales, consequently the Applicant market shares also declined with a trend 18.6% during the period of investigation. The increased volume of imports has caused a fierce competition to the Applicant's domestic sales, and has taken the Applicant market share during the period of investigation.

4) The declining in the Applicant domestic sales and market shares during the period of investigation has made a negative impact to the Applicant production, utilization capacity, and above all on the Applicant financial performance. During the period of investigation, the Applicant suffered a financial losses with a trend of 36.0%, particularly in 2013 where the Applicant experienced a huge financial loss in 2013 of 315.6 point index.

5) There was also an existence of the low selling price of the imported goods below the Applicant's cost of production and sales prices. To regain its market share that has been taken away by the imports during the period of investigation, the Applicant forced to sell below the cost of production. The Applicant decision to sell below the cost of production has contributed to a substantial financial loss.

6) Based on findings as mentioned in point b, it is concluded that there were no other factors attributed to the serious injury suffered by the Applicant other than significant increased volume of imports.

3 INFORMATION ON WHETHER THERE IS AN ABSOLUTE INCREASE IN IMPORTS OR AN INCREASE IN IMPORTS RELATIVE TO DOMESTIC PRODUCTION

In the light to provide evidence whether there is an absolute increase in imports or an increase in imports relative to domestic production, the Investigating Authority has analyzed import data during the period of investigation.

a. Absolute increase in imports

TABLE 7: DATA OF IMPORTS

Description	Unit	Year			
		2010	2011	2012	2013
Volume	Ton	222,876	254,595	444,702	677,965
Growth	%	-	14	75	52
Trend	%	47.6			

Source: Indonesia Statistic

Based on the data shown from the Table 7, there was an increased volume of imports in absolute terms during the period of investigation, with a trend of 47.6%.

b. Relative to domestic production

TABLE 8: DATA OF IMPORTS AND TOTAL PRODUCTION

Description	Unit	Year			
		2010	2011	2012	2013
Volume	Ton	222,876	254,595	444,702	677,965
Total Domestic Production	Index	100	72.0	100.0	92.8
Imports to Total Domestic Production	Index	100	79.1	151.2	258.1
Trend	%	42.8			

Source: Domestic Industry (Applicant and Non Applicant) As verified by the Investigating Authority, and Indonesia Statistic

The Table 8, above indicates that there was also an increased volume of imports relative to Total Domestic Production during the investigation period, with a trend of 42.8%.

c. Imports from Main Countries

TABLE 9: IMPORTS SHARES (%)

Country	Import Share 2010	Import Share 2013
China, P. R.	28.3	79.7
Japan	19.7	8.0
Malaysia	19.6	5.4
Total	67.6	93.1

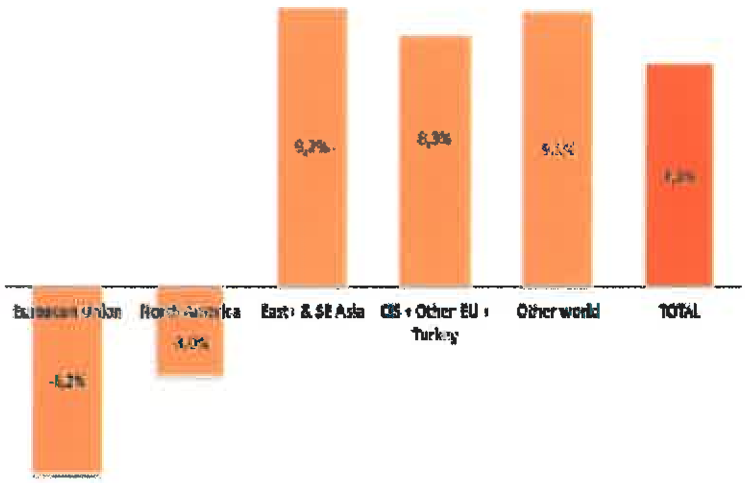
Table 9 indicates that the total shares of import from the main countries are 67.6% in 2010 and 93.1% in 2013. The imports from China, P. R. has increased significantly from 28.3% in 2010 to 79.7% in 2013.

4 UNFORESEEN DEVELOPMENT

a. According to World Steel Association Statistical Yearbook 2014, the capacity of production of China steel wire rod had significantly increased from 106 million tons in 2010 to 150 million ton in 2013. Such increased has contributed to the overcapacity of wire rod products in China.

b. Based on the International Rebar Exporters and Producers Association (IREPAS), the 70th Meeting in March 2014 presented data, during 2010-2013 there was a significant decline of wire rod consumption in the European countries and North America. At the same time South East Asia and East Asia countries experienced a significant and positive growth of wire rod consumption due to positive economic growth on those countries, such as Indonesia.

GRAPHIC OF GROWTH FOR WIRE ROD CONSUMPTION (2012-2013) IN THE WORLD BASED ON REGIONS (IN %)



Source: IREPAS

c. In addition to that, Malaysia and European Union has imposed trade remedies (Anti-Dumping) practices against wire rod product from major exporting countries as shown in Table 10. Thus, that condition has caused an alteration of their export to other countries in Southeast Asia region, such as Indonesia.

TABLE 10: STATISTICS OF TRADE REMEDIES MEASURES

Imposing Countries	Affected Countries	Product	Trade Remedies Instruments	Duties	Initiation	Duration of Measures
Malaysia	PRC,Taiwan, Korea Selatan, Turki	Steel *Wire Rod*	Anti-Dumping	3.03-25.20%	25 .06.2011	19.02.2013-19.02.2018
Uni Eropa	PRC	Steel *Wire*	Anti-Dumping	7.9%-24%	08 .05.2008	06.08.2009-

		Rod				06.08.2014

Source: *European Commission* and *Ministry of International Trade and Industry Malaysia*

d. Based on the above conditions, it's been alerted that overcapacity has occurred during the year 2010-2013. However, a sudden slowdown in demand in some major markets and also parallel with trade remedies measures imposition by other countries, which could not be foreseen, has resulted in export diversion that caused significant increase volume of imports to Indonesia as shown in Table 8.

5 DESCRIPTION OF THE PRODUCT INVOLVED

The description of Subject Good under Article 12.1 (a), has been modified and narrowed down based on the capability of the Applicant production and considering all inputs from the interested parties to exclude some particular products such as high carbon quality and cold heading quality wire rod. Therefore, the Subject Good are as follows:

"Wire rod in a form of bars and rods, hot rolled, in irregularity wound coils, of iron or non-alloy steel or of other alloy steel , with, which taken all together, particular size of circular cross-section diameters, chemical compositions, and Harmonized System (HS) Codes, as follows:

TABLE 11:
THE SUBJECT GOOD BASED ON SIZE OF CIRCULAR CROSS-SECTION DIAMETERS AND CHEMICAL COMPOSITIONS

Steel Wire Rod	**Harmonized System (HS) Code**	**Circular Cross-Section Diameter Size (mm)**	**Chemical Composition (%)**		
			C	**B**	**Al**
Non Alloy Steel Wire Rod	7213.91.10.00	< 14	0.25 max	0.0002 min	0.02 max
	7213.91.20.00	5.5 – 14			
	7213.91.90.00	5.5 – 14			
	7213.99.10.00	14 – 20			
	7213.99.20.00	14 – 20			
	7213.99.90.00	14 – 20			
Alloy Steel Wire Rod	7227.90.00.00	5.5 – 20	0.17 max	0.0008 min	-

Source: Indonesia Custom Tariff Book 2012 (BTKI 2012)

Note: Carbon (C), Aluminium (Al), and Boron (B)"

6 DESCRIPTION OF THE PROPOSED MEASURE

In view of the aforementioned findings, a safeguard measure has been proposed in form of import duty.

7 PROVIDE PROPOSED DATE OF INTRODUCTION OF THE MEASURE

Not applicable.

8 PROVIDE EXPECTED DURATION OF THE MEASURE

Not applicable.

9 CONSULTATIONS

In light of Article 12.3 of the WTO Agreement on Safeguards, hereby the GOI will give an opportunity for consultation for those Members having a substantial interest as the exporters of the Subject Good. The consultation scheduled to be carried out in the period of 14 working days started from the date of circulation this notification.

Members, with a substantial interest, requesting a consultation should notify to the Indonesian Safeguards Committee/*Komite Pengamanan Perdagangan Indonesia* not later than 7 (seven) working days from the date of the circulation of this notification addressed to:

THE INDONESIAN SAFEGUARDS COMMITTEE
(*Komite Pengamanan Perdagangan Indonesia*/KPPI)
Jl. M.I. Ridwan Rais No.5, Building I, 5th floor, Jakarta 10110
Telephone / Facsimile: (62-21) 385 7758
E-mail: kppi@kemendag.go.id