



INVESTIGATION 264

INVESTIGATION INTO THE ALLEGED DUMPING OF STEEL REINFORCING BAR EXPORTED FROM

**THE REPUBLIC OF KOREA, MALAYSIA, SINGAPORE,
SPAIN, TAIWAN, THE KINGDOM OF THAILAND AND THE
REPUBLIC OF TURKEY**

DUMPING MARGIN CALCULATION

SOUTHERN STEEL BERHAD

THIS REPORT AND THE VIEWS OR RECOMMENDATIONS CONTAINED
THEREIN WILL BE REVIEWED BY THE CASE MANAGEMENT TEAM AND MAY
NOT REFLECT THE FINAL POSITION OF THE ANTI-DUMPING COMMISSION

July 2015

1 BACKGROUND

1.1 Background

On 8 August 2014, OneSteel Manufacturing Pty Ltd (OneSteel) lodged an application requesting that the then Parliamentary Secretary to the Minister for Industry (the Parliamentary Secretary) publish a dumping duty notice in respect of steel reinforcing bar (rebar) exported to Australia from the Republic of Korea (Korea), Malaysia, Singapore, Spain, Taiwan, the Kingdom of Thailand (Thailand) and the Republic of Turkey (Turkey).

Subsequent to receiving further information on two occasions from OneSteel, the Commissioner of the Anti-Dumping Commission decided not to reject the application and initiated an investigation into the alleged dumping of rebar from the nominated countries. Public notification of initiation of the investigation was made in *The Australian* newspaper on 17 October 2014. Anti-Dumping Notice (ADN) No. 2014/100 provides further details of the investigation and is available on the Commission's website at www.adcommission.gov.au.

OneSteel alleged that the Australian industry has suffered material injury caused by rebar being exported to Australia from the nominated countries at dumped prices. It alleges that the Australian industry has been injured through:

- loss of sales volumes;
- loss of market share;
- price suppression; and
- reduced profits and profitability.

A search of Customs and Border Protection's (ACBPS) import database indicated that Southern Steel Berhad (Southern Steel) exported rebar from Malaysia to Australia during the investigation period. The Commission wrote to Southern Steel advising them of the initiation of the investigation, requesting co-operation with the investigation and providing copies of an exporter questionnaire for it to complete. Southern Steel completed exporter questionnaires. The exporter questionnaire response was supported by confidential appendices and attachments, including confidential spreadsheets containing sales and cost data requested in the exporter questionnaires. The non-confidential version of the exporter questionnaire response has been placed on the public record.

1.2 Purpose of this report

Based on the volume of Southern Steel's exports relative to the total export volume during the investigation period a decision was made not to conduct an on-site verification visit at Southern Steel's premises.

The purpose of this report is to assess Southern Steel's exporter questionnaire response and make preliminary assessments regarding:

- export price (Chapter 2);
- normal value (Chapter 3); and
- a dumping margin (Chapter 4).

PUBLIC RECORD

Whilst a decision was made not to conduct an on-site verification visit, an analysis of the exporter questionnaire response provided by Southern Steel was completed. This analysis included tests for the reasonableness of the export price, domestic sales and cost to make and sell (CTMS) data provided to calculate the dumping margin.

2 EXPORT PRICE

2.1 Australian export sales

In its response to the exporter questionnaire response, Southern Steel provided a detailed spreadsheet listing its Australian export sales of rebar during the investigation period. It also provided the source documents of four export transactions which reconciled to the relevant transactions in the detailed export sales listing. The assessment noted that export sales of plain round bar were included in the export sales listing, which are not the goods. Therefore, export sales of plain round bar were excluded from the export price assessment.

There were no [REDACTED] identified in this data.

The assessment team has adopted the invoice date as the date of sale.

Export sales of rebar straights were completed on a [REDACTED] basis. Export sales of rebar coils were completed on an [REDACTED] basis.

In its response to the exporter questionnaire response, Southern Steel stated that it was not related to any of its Australian customers during the investigation period.

2.2 Export price – preliminary assessment

The assessment team considers that:

- Southern Steel is the exporter;
- the goods have been exported to Australia otherwise than by the importer; and
- purchases of the goods by the importer were arm's length transactions.

The export price has been determined under section 269TAB(1)(a) of the *Customs Act 1901* (the Act)¹ using the invoiced price by Southern Steel less any part of that price that represents a charge in respect of the transport of the goods after exportation or in respect of any other matter arising after exportation.

Details of the export price calculations and summary export prices are at **confidential appendix 1**.

¹ References to any section, subsection or paragraph in this report relate to provisions of the Act, unless specifically stated otherwise.

3 NORMAL VALUE

3.1 Domestic sales

In its exporter questionnaire response, Southern Steel provided a detailed spreadsheet listing its domestic sales of rebar during the investigation period. It also provided the source documents of four export transactions which reconciled to the relevant transactions in the detailed export sales listing.

Having reviewed the documentation provided by Southern Steel, the assessment team considers that the goods manufactured for domestic consumption have characteristics closely resembling the goods exported to Australia and are therefore 'like goods' in accordance with subsection 269T(1).

Southern Steel stated in its exporter questionnaire response that it provides certain [REDACTED], which are included in the domestic sales spreadsheet.

Domestic sales of rebar straights were completed on a [REDACTED] basis. Domestic sales of rebar coils were completed on an [REDACTED] basis.

The assessment team has adopted the invoice date as the date of sale.

3.2 Related party transactions

Southern Steel stated it sold rebar to a related party. [REDACTED]
[REDACTED] the assessment team considers that sales to related parties are not arms-length transactions and therefore has excluded these transactions from the assessment of the normal value.

3.3 Model matching

As outlined in Issues Paper 2015/01 (Public Record Document 24 of Case 264 refers), model matching has been applied based on minimum yield strength (i.e. 500MPa), shape (coil or straight) and diameter. The export models were matched to domestic models with the Malaysian standard with minimum yield strengths of 500Mpa.

3.4 Ordinary course of trade and sufficiency

The assessment team assessed whether the domestic sales are made in the ordinary course of trade (OCOT) by comparing the unit selling price to the corresponding quarterly weighted average CTMS for each model.

In its exporter questionnaire response, Southern Steel provided a CTMS spreadsheet for rebar showing quarterly costs data for rebar sold domestically and exported to Australia. The calculation of unit costs to make and sell for rebar from Southern Steel is contained in **confidential appendix 2**.

PUBLIC RECORD

The volumes of domestic sales made in OCOT for specific models were then compared to the model exported to Australia using the model matching methodology outlined in section 3.3 above. The assessment team found that there were sufficient volumes of identical models sold in OCOT on the domestic market for all export models.

3.5 Domestic sales – preliminary assessment

The assessment team found sufficient volumes of domestic sales of rebar by Southern Steel that were arm's length transactions and at prices that were in the ordinary course of trade. The assessment team is therefore satisfied that the prices paid in respect of domestic sales of rebar for are suitable for assessing normal value under subsection 269TAC(1).

The domestic sales spreadsheet, including the OCOT test, is at **confidential appendix 3**.

3.6 Adjustments

In using domestic sales as a basis for normal value, the assessment team considers that certain adjustments are necessary to ensure fair comparison of normal values with export prices.

The following adjustments have been made in accordance with subsection 269TAC(8):

Domestic inland transport	Deduct an amount for domestic inland transport costs.
Domestic commissions	Deduct an amount for domestic commission.
Export inland transport	Add an amount for export inland transport costs.
Export handling	Add an amount for export handling costs.

The above adjustments were calculated as using actual costs for domestic adjustments and weighted averages for export adjustments and applied to the normal value.

The assessment team's preliminary adjustment calculations are included in normal value calculations at **Confidential Appendix 4**.

PUBLIC RECORD

3.6.1 Adjustments that were not made to the normal value

Domestic credit

The domestic sales listing identified payment terms of [REDACTED]. However, the exporter questionnaire did not provide Southern Steel's short term borrowing costs. Therefore there was insufficient information to enable a calculation of domestic credit costs.

Domestic port and freight

The domestic sales listing included port and freight costs for domestic sales destined for East Malaysia. However, there was insufficient information in the domestic sales spreadsheet to enable a calculation of port and freight costs for each transaction on a line-by-line basis.

4 DUMPING MARGIN – PRELIMINARY ASSESSMENT

Dumping has been assessed by comparing quarterly weighted average export prices (at FOB terms) to corresponding quarterly weighted average normal values for the investigation period, in accordance with paragraph 269TACB(2)(a) of the Act.

The weighted average product dumping margin for rebar exported to Australia by Southern Steel for the investigation period is **4.7%**.

Details of the dumping margin calculations are at **Confidential Appendix 5**.

PUBLIC RECORD

5 LIST OF APPENDICES

Confidential Appendix 1	Export sales
Confidential Appendix 2	Cost to make and sell
Confidential Appendix 3	Domestic sales
Confidential Appendix 4	Normal value
Confidential Appendix 5	Dumping margin