

16 April 2015

Ms Candy Caballero  
Director Dumping Operations 4  
Anti-Dumping Commission  
55 Collins Street  
Melbourne VIC 3000

### Public File

Dear Ms Caballero

### **Investigation No. 240 - Rod In Coil exported from Indonesia, Taiwan and Turkey – Submission by PT Gunung Raja Paksi of 23 March 2015**

#### Introduction

I refer to the submission by PT Gunung Raja Paksi (“PT Gunung”) of 23 March 2015. The submission alleges that the Anti-Dumping Commission (“the Commission”) has not undertaken a detailed analysis of material injury sustained by the Australian industry and questions the Commission’s conclusions on causality. OneSteel Manufacturing Pty Ltd (“OneSteel”) considers it appropriate to address certain matters raised.

#### Causation

The material injury analysis undertaken by the Commission in an anti-dumping investigation examines both volume and price-effect injury. It is not a requirement under the WTO Anti-Dumping Agreement or Customs Act provisions that material injury to an industry must evidence both forms of injury. Statement of Essential Facts (“SEF”) and Preliminary Affirmative Determination (“PAD”) No. 240 has identified injury to the Australian industry in both forms.

It is alleged on behalf of PT Gunung that the volume-effect injury analysis undertaken by the Commission lacks “actual” analysis. OneSteel disputes this viewpoint as PT Gunung does not challenge the Commission’s statement that its exports were sold to OneSteel customers (at *dumped* prices). The allegation that the volume injury is a “but-for” analysis is incorrect as it is recognised that OneSteel experienced lost sales volumes at its customers (to PT Gunung). The claimed “compelling explanation” arguments are therefore not relevant in respect of dumped exports by PT Gunung – as volume injury to dumped exports is evident.

PT Gunung’s further claims that its sales followed market trends do not take full account of the impact on a quarter-by-quarter basis throughout the investigation period. It is OneSteel’s understanding from market intelligence that PT Gunung’s dumped exports were most damaging in the first half of the investigation period. The established dumping margins for PT Gunung at this time would have been a determining factor in the sales lost by OneSteel to PT Gunung.

It should be recalled that the impact of the dumped imports on the trade-exposed RIC sales of the Australian industry is far greater than as suggested by PT Gunung as approximately two-thirds of RIC sales are transferred internally by OneSteel. The volume impact of the dumped imports on a trade exposed market of approximately [REDACTED] tonnes is therefore of greater impact particularly when PT Gunung’s dumping is concentrated in the first half of the calendar year.

PT Gunung challenges the price-effect analysis undertaken by the Commission to support a finding of price injury from dumping. The Commission has indicated that the rod in coils (“RIC”) market is price sensitive and explained that its analysis confirmed that “*the weighted average quarterly selling price per tonne for imported goods was between xx per cent and xx per cent below the OneSteel*

*weighted average quarterly selling price*” and that following further refinements of the analysis it determined *“that the level of undercutting was highest in relation to the dumped imports”*.

It is therefore without dispute that the dumped exports were the lowest prices in the market, contributing to the price suppression and price depression experienced by the Australian industry.

PT Gunung claims that the Commission’s price undercutting analysis “provides insufficient information” of the methodology used in its analysis. OneSteel does not agree with this proposition as it is clear from the Commission’s analysis that the dumped imports undercut OneSteel’s weighted-average prices by the greatest amount. The Commission was able to contrast OneSteel’s weighted average selling prices with the import prices at comparable levels. Section 8.6.1 of SEF and PAD No. 240 confirms that OneSteel’s selling prices were “delivered”. SEF No. 240 also indicates that the Commission examined sales by PT Gunung at “prices paid by the end user<sup>1</sup>” and for “contemporaneous sales of imported goods by distributors<sup>2</sup>”. It is therefore apparent that the Commission has verified prices of OneSteel and PT Gunung (and for other imports) at comparable levels.

PT Gunung’s concerns that the Commission has not undertaken its analysis at the correct level or the prices were not correctly compared are unfounded. The criticisms levelled at the Commission by PT Gunung are based upon assumption and are not supported by evidence that the Commission has failed to properly compare selling prices of OneSteel with the dumped import prices. Additionally, the price undercutting analysis of PT Gunung is based upon selective sales to the smaller WA market – whereas the correct price undercutting analysis should reflect the whole of the Australian market. OneSteel would also highlight that the Commission did find that Turkish exports to Australia by Diler Demir Celik Sanayi ve Ticaret A.S. (“Diler”) were at dumping margins of 5.8 per cent. It is therefore incorrect to conclude that all Turkish exports were at non-dumped prices.

PT Gunung’s criticisms of the Commission’s price undercutting analysis is based upon selective pricing of imports into the smaller W.A. only and cannot be accepted as representative of the whole Australian market for like goods.

In relation to fair comparison arguments tendered by PT Gunung, OneSteel does not consider that the Commission has failed to take full account of credit terms included in selling prices for the dumped imports when comparing with OneSteel’s prices.

OneSteel anticipates that the Commission is well versed on the legislative requirements of determining whether dumping has caused material injury to the Australian industry. The industry may well experience injury from other causes (including a downturn in the market and non-dumped imports), however, the Commission must be satisfied that the injury from the dumped imports is material (during the investigation period). In the current investigation the Commission has evidenced that the dumped imports undercut the Australian industry’s selling prices by the greatest margin. It can be concluded that in the absence of the price undercutting from the dumped imports that the Australian industry (and importers of non-dumped goods) would not have reduced prices that resulted in a diminution in profits.

The Commission has properly concluded that the Australian industry has suffered material injury from the dumped imports from Indonesia and Taiwan.

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<sup>1</sup> Refer Section 8.5.1 of SEF and PAD No. 240, P. 53.

<sup>2</sup> Ibid, Section 8.6.2, P. 54.

### Cumulation

The Commission has correctly cumulated the effects of the dumped exports for injury analysis purposes. It is unclear from PT Gunung's representations how the Commission has "not fulfilled its obligations" in this regard as s.269TAE(2C)(c) requires the assessment to be undertaken for *each exporter*, and not by country.

PT Gunung suggests that the volume of dumped imports from Indonesia and Taiwan – estimated in aggregate at 2.1 per cent by PT Gunung – is insufficient to cause material injury to the Australian industry. By contrast, OneSteel contends that the volume impact of approximately 2.1 per cent of the Australian market of 540,000 tonnes is far greater when only the trade-exposed Australian sales (i.e. the market excluding internal transfers) are considered. The volume impact is more likely to be approximately █ per cent of the trade-exposed RIC market on an annual basis and as high as approximately █ per cent in the first half of the calendar year. It should be noted, however, that the dumped imports equally impact the price of internally traded goods.

OneSteel however recognises that the Commission is required to take account of the total market for like goods (i.e. trade exposed sales and internally traded goods) and that an Australian industry analysis is required.

### Ministerial discretion

OneSteel recognises the Minister's (in this case, the Parliamentary Secretary) discretion to apply measures. However the referenced Productivity Commission recommendations eluded to by PT Gunung were not implemented by the then Federal Government.

OneSteel reaffirms earlier requests to the Commission to recommend to the Parliamentary Secretary that anti-dumping measures on dumped exports of RIC from Indonesia and Taiwan are required to limit further material injury to the Australian industry.

### Conclusions

OneSteel does not agree with PT Gunung's assertions that the Commission has not adequately assessed the impact of dumped imports on the Australian industry's profit and profitability. The volume of dumped imports from PT Gunung and the Taiwanese exporter are above negligible levels, the margins of dumping also exceed negligible levels. The Commission has also established that the dumped imports undercut OneSteel's weighted-average selling prices by the greatest margins. On this basis it is appropriate for the Commission to recommend that the Parliamentary Secretary apply anti-dumping measures on the dumped exports from Indonesia and Taiwan.

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



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