



CUSTOMS ACT 1901 - PART XVB

FINAL REPORT NO. 240

**ALLEGED DUMPING OF ROD IN COILS
EXPORTED FROM THE REPUBLIC OF INDONESIA, TAIWAN
AND THE REPUBLIC OF TURKEY**

13 May 2015

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ABBREVIATIONS

Abbreviation / short form	Full reference
ACBPS	Australian Customs and Border Protection Service
ADN	Anti-Dumping Notice
Arrium	Arrium Ltd
CBSA	Canada Border Services Agency
COGS	Cost of goods sold
CTM	Cost to make
CTMS	Cost to make and sell
Diler	Diler Demir Celik Sanayi ve Ticaret A.S.
DFAT	Department of Foreign Affairs and Trade
FOB	Free on board
Gunung	PT. Gunung Rajapaksi
Habaş	Habaş Sinai ve Tibbi Gazlar Istihsal Endüstrisi A.Ş
IDR	Indonesian Rupiah
Indonesia	Republic of Indonesia
Ispat	PT. Ispat Indo
Minister	Minister for Industry and Science
NIP	Non-injurious price
PSNZ	Pacific Steel New Zealand
OneSteel	OneSteel Manufacturing Pty Ltd
Quintain	Quintain Steel Co Ltd
REQ	Response to the exporter questionnaire
Sanwa	Sanwa Pty Ltd
SEF	Statement of Essential Facts
Stemcor	Stemcor Australia Pty Ltd
TCO	Tariff Concession Orders
Turkey	The Republic of Turkey
the Act	<i>Customs Act 1901</i>
the Commission	Anti-Dumping Commission
the Commissioner	The Commissioner of the Anti-Dumping Commission
the goods	the goods the subject of the application (also referred to as the goods under consideration or GUC)
the Parliamentary Secretary	Parliamentary Secretary to the Minister for Industry and Science
USA	United States of America
USD	United States Dollar
USITC	United States International Trade Commission
USP	Unsuppressed selling price

REP 240 ROD IN COILS – INDONESIA, TAIWAN AND TURKEY

1 SUMMARY AND RECOMMENDATIONS

1.1 Introduction

This investigation has been conducted in response to an application by OneSteel Manufacturing Pty Ltd (OneSteel) alleging that rod in coils exported to Australia from the Republic of Indonesia (Indonesia), Taiwan and the Republic of Turkey (Turkey) at dumped prices have caused material injury to the Australian industry producing like goods.

This report (REP 240) sets out the Commissioner of the Anti-Dumping Commission's (the Commissioner's) recommendation to the Parliamentary Secretary to the Minister for Industry and Science (the Parliamentary Secretary) in relation to the investigation.¹

1.2 Recommendation

The Commissioner recommends to the Parliamentary Secretary that a dumping duty notice be published in respect of rod in coils exported to Australia from Indonesia (except by PT. Ispat Indo (Ispat)) and Taiwan.

If the Parliamentary Secretary accepts this recommendation, to give effect to the decision, the Parliamentary Secretary must sign the relevant notices and schedules under subsection 269TG(1) and subsection 269TG(2) of the *Customs Act 1901*,² and section 8 of the *Customs Tariff (Anti-Dumping) Act 1975* (the Dumping Duty Act).

1.3 Application of law to facts

1.3.1 Authority to make decision

Division 2 of Part XVB sets out, among other matters, the procedures to be followed and the matters to be considered by the Commissioner in conducting investigations in relation to the goods covered by an application.

1.3.2 Application

On 24 February 2014, OneSteel lodged an application requesting that the Parliamentary Secretary publish a dumping duty notice in respect of rod in coils exported to Australia from Indonesia, Taiwan and Turkey. The Commissioner was satisfied that the application was made in the prescribed manner by a person entitled to make the application.³

1.3.3 Initiation of investigation

After examining the application, the Commissioner was satisfied that:

- there is an Australian industry in respect of like goods; and

¹ The Minister for Industry and Science has delegated responsibility with respect to anti-dumping matters to the Parliamentary Secretary, and accordingly, the Parliamentary Secretary is the relevant decision maker for this investigation.

² Unless stated otherwise, a reference to a part, division, section or subsection is a reference to a part, division, section or subsection of the *Customs Act 1901*.

³ Section 269TB

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- there appeared to be reasonable grounds for the publication of a dumping duty notice in respect of goods the subject of the application, or for the publication of such notice upon the importation into Australia of such goods.⁴

The Commissioner decided not to reject the application, and notice of the initiation of this investigation was published on 10 April 2014.⁵

1.3.4 Statement of essential facts and preliminary affirmative determination

The combined *Statement of Essential Facts 240* (SEF 240) and *Preliminary Affirmative Determination 240* (PAD 240) for this investigation was placed on the Public Record on 2 March 2015. In preparing SEF 240 and PAD 240 the Commissioner had regard to the application concerned, any submissions concerning publication of a dumping duty notice that were received by the Commission within 40 days after the date of initiation of the investigation and any other matters considered relevant.

The combined SEF 240 and PAD 240 is available on the Commission's website at <http://www.adcommission.gov.au>.

Further details of SEF 240 and PAD 240 are contained in section 2.1 of this report.

1.3.5 Submissions received from interested parties

The Commission received numerous submissions from interested parties during the course of the investigation. Each submission has been considered by the Commission. The submissions received prior to the publication of SEF 240 and PAD 240 are listed in **Non-Confidential Attachment 1**.

After the publication of SEF 240 and PAD 240, the Commission received submissions from interested parties which were taken into account in preparing this report. The submissions received after the publication of SEF 240 and PAD 240 are listed in **Non-Confidential Attachment 2**.

Non-confidential versions of all submissions received are available on the Public Record for this investigation on the Commission's website at <http://www.adcommission.gov.au>.

1.3.6 Termination of part of the investigation

On 13 May 2015, the Commissioner terminated part of the investigation in respect of rod in coils exported from Indonesia by Ispat and from Turkey (by all exporters).

TER 240 sets out the reasons for the termination and is available on the public record for this investigation on the Commission's website at <http://www.adcommission.gov.au>.

1.4 Findings and conclusions

The Commission has made the following findings and conclusions for this investigation based on available and relevant information.

1.4.1 The goods and like goods (Chapter 3)

Locally produced rod in coils are like to the goods the subject of the application.

⁴ Subsection 269TC(1)

⁵ Subsection 269TC(4)

1.4.2 Australian industry (Chapter 4)

There is an Australian industry producing like goods, comprising of one Australian producer of rod in coils, that being OneSteel.

1.4.3 Australian market (Chapter 5)

The Australian market for rod in coils is predominately supplied by locally produced rod in coils and imports from New Zealand, Indonesia, Taiwan and Turkey, with a small volume of imports from other countries.

1.4.4 Dumping (Chapter 6)

The Commission has assessed that during the investigation period rod in coils exported to Australia:

- from Indonesia by Ispat were not at dumped prices;
- from Indonesia by all exporters other than Ispat were at dumped prices, the dumping margin was not negligible and the volume of dumped goods from Indonesia was not negligible;
- from Taiwan were at dumped prices, the dumping margin was not negligible and the volume of dumped goods from Taiwan was not negligible;
- from Turkey by Habaş Sinai ve Tibbi Gazlar İstihsal Endüstrisi A.Ş (Habaş) were at dumped prices, however the margin of dumping was negligible; and
- from Turkey by all exporters other than Habaş were at dumped prices and the dumping margin was not negligible, however the volume of dumped goods from Turkey was negligible.

The Commission's assessment of dumping margins for rod in coils exported Indonesia, Taiwan and Turkey is outlined below:

Country	Exporter / Manufacturer	Dumping margin
Indonesia	Gunung	10.1%
	Ispat	-0.7%
	All other exporters	10.1%
Taiwan	Quintain	2.7%
	All other exporters	2.7%
Turkey	Habaş	0.4%
	Diler	5.8%
	All other exporters	5.8%

Table 1- Dumping margins – Indonesia, Taiwan and Turkey

1.4.5 Economic condition of the Australian industry (Chapter 7)

The Commissioner is satisfied that the Australian industry producing like goods experienced injury in the form of:

- reduced sales volumes;
- reduced market share;

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- price depression;
- price suppression;
- reduced profits;
- reduced profitability;
- reduced revenue;
- reduced employment; and
- reduced attractiveness for investment.

1.4.6 Has dumping caused material injury? (Chapter 8)

The Commissioner is satisfied that the Australian industry suffered material injury as a result of dumped exports from Indonesia (except by Ispat) and Taiwan.

1.4.7 Will dumping and material injury continue? (Chapter 9)

The Commission is satisfied that dumping and material injury will continue if interim duties are not imposed in relation to rod in coils exported to Australia from Indonesia (except those exported by Ispat) and Taiwan.

1.4.8 Non-injurious price (Chapter 10)

The Commission has calculated a non-injurious price (NIP) for exports of rod in coils from Indonesia and Taiwan that is considered to be the minimum export price necessary to prevent the injury, or a recurrence of the injury, caused by the dumped goods.

The Commission has assessed the NIP as equal to the normal value for each exporter, on the basis that the injury caused by dumping is due to OneSteel's matching of import prices.

1.4.9 Recommended measures (Chapter 11)

The Commissioner recommends that dumping duties be applied to all exporters from Indonesia (except those exported by Ispat) and Taiwan and be calculated on an ad valorem basis (i.e. as a proportion of export price).

Country	Exporter / Manufacturer	Effective rate of interim dumping duty
Indonesia	Gunung	10.1%
	All other exporters	10.1%
Taiwan	Quintain	2.7%
	All other exporters	2.7%

Table 2- Dumping margins – Indonesia and Taiwan

Rods in coils exported from Indonesia by Ispat and by all exporters from Turkey are exempt from the anti-dumping measures.

2 BACKGROUND

2.1 Initiation

On 24 February 2014, OneSteel lodged an application for the publication of a dumping duty notice in respect of rod in coils exported to Australia from Indonesia, Taiwan and Turkey.

Following consideration of the application, the Commissioner decided not to reject the application and initiated an investigation on 10 April 2014. Public notification of initiation of the investigation (public notice) was made in *The Australian* newspaper on that day.

Anti-Dumping Notice (ADN) No. 2014/27 provides further details of the investigation and is available on the Commission's website at <http://www.adcommission.gov.au>.

In respect of the investigation:

- the investigation period for the purpose of assessing dumping is 1 January 2013 to 31 December 2013; and
- the injury analysis period for the purpose of determining whether material injury has been caused to the Australian industry is from 1 January 2010.

2.2 SEF 240 and PAD 240

2.2.1 Extensions of time for the SEF

The public notice of the initiation advised that the SEF for the investigation would be placed on the public record by 29 July 2014.

On 28 July 2014, the then Parliamentary Secretary granted an extension of 80 days to the date for the publication of the SEF.

On 17 October 2014, the then Parliamentary Secretary approved the Commission's request to further extend the publication date of the SEF by 50 days.

On 16 December 2014, the Parliamentary Secretary approved the Commission's request to further extend the publication date of the SEF by 90 days.

On 15 January 30 January 2015, the Minister approved the Commission's request to further extend the publication date of the SEF by 45 days.

ADNs related to respective extensions, which provide reasons for the extensions, are available on the Commission's website.

On 2 March 2015, the Commission published SEF 240 and PAD 240. SEF 240 and PAD 240 are combined in one report that is available on the Commission's website at <http://www.adcommission.gov.au>.

2.2.2 Extensions of time for the final report

On 8 April 2015, the Parliamentary Secretary approved the Commission's request to extend the date for the Commissioner to provide his final report and recommendations to the Parliamentary Secretary by 20 days (to 13 May 2015).

2.2.3 PAD 240

In PAD 240, the Commissioner made a preliminary affirmative determination that there appeared to be sufficient grounds for the publication of a dumping duty notice in respect of rod in coils exported to Australia from Indonesia (except by Ispat) and Taiwan.

Accordingly, on 2 March 2015, the Commission published ADN 2015/23 and a public notice in *The Australian* newspaper. ADN 2015/23 is available on the Commission's website at <http://www.adcommission.gov.au>.

2.2.4 SEF 240

In SEF 240, the Commissioner:

- proposed to recommend to the Parliamentary Secretary that a dumping duty notice be published in respect of rod in coils exported to Australia from Indonesia (excluding Ispat) and Taiwan; and
- indicated that he proposed to terminate part of the investigation in respect of exports by all exporters from Turkey and by Ispat from Indonesia, subject to submissions received in response to SEF 240.

Interested parties were invited to make submissions to the Commission in response to the SEF within 20 days of it being placed on the public record. The Commissioner was not obliged to have regard to a submission made in response to the SEF received after 23 March 2015, if to do so, in the Commissioner's opinion, would have prevented the timely preparation of the final report.⁶

2.3 Submissions received from interested parties

After the publication of SEF 240 and PAD 240, the Commission received submissions from:

- OneSteel;
- Gunung;
- Ispat;
- Turkish Steel Exporters' Association;
- Quintain;
- Indonesian Directorate General of Foreign Trade; and
- Habaş .

These submissions were taken into account in preparing this report. The submissions received after the publication of SEF 240 and PAD 240 are listed in Non-Confidential Attachment 2.

2.4 Termination 240

On 13 May 2015, the Commissioner terminated part of the investigation in respect of rod in coils exported by Ispat from Indonesia and from Turkey. The Commissioner made this termination decision as he was satisfied that during the investigation period rod in coils exported to Australia:

⁶ Subsection 269TEA(4).

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- from Indonesia by Ispat were not dumped;
- from Turkey by Habaş were dumped, however the margin of dumping was negligible; and
- from Turkey by all exporters other than Habaş were at dumped prices and the dumping margin was not negligible, however the volume of dumped goods from Turkey was negligible.

TER 240 sets out the reasons for the termination and is available on the Commission's website at <http://www.adcommission.gov.au>.

2.5 Report 240

Within 155 days after initiation of an investigation, or such a longer period as the Parliamentary Secretary allows, the Commissioner must give the Parliamentary Secretary a final report in respect of the goods the subject of the application (this report).

In preparing this report to the Parliamentary Secretary, the Commissioner had regard to:

- the application by OneSteel;
- all submissions concerning publication of the notice to which the Commissioner had regard for the purpose of preparing SEF 240;
- the combined SEF 240 and PAD 240;
- all submissions in response to SEF 240 received by the Commission within 20 days after the day that statement was placed on the public record;
- all submissions in response to SEF 240 received by the Commission which did not affect the timely publication of REP 240;
- TER 240; and
- any other matters considered relevant.⁷

2.6 Public record

The public record contains non-confidential submissions by interested parties, the non-confidential versions of the Commission's visit reports and other publicly available documents. The public record is available on the Commission's website at <http://www.adcommission.gov.au>.

Physical copies can be also viewed by request at the Commission's Melbourne office (phone 1300 884 159 to make an appointment).

Documents on the public record should be read in conjunction with this report.

⁷ s.269TEA(3)

3 THE GOODS AND LIKE GOODS

3.1 The Commission's findings

The Commission considers that locally produced rod in coils are like goods to rod in coils exported to Australia from Indonesia, Taiwan and Turkey.

3.2 The goods

The goods the subject of the application (the goods) are:

Hot rolled rods in coils of steel, whether or not containing alloys, that have maximum cross sections that are less than 14 mm.

The goods covered by this application include all steel rods meeting the above description of the goods regardless of the particular grade or alloy content.

Goods excluded from this investigation are deformed bar in coils and stainless steel in coils.

3.3 Tariff classification

The goods are classified to the following tariff subheadings in Schedule 3 to the *Customs Tariff Act 1995*:

- 7213.91.00 (statistical code 44); and
- 7227.90.90 (statistical code 42).

For the tariff subheadings outlined above, the general rate of duty is currently five per cent, however, Indonesia and Turkey are designated DCS countries and Taiwan is designated a DCT⁸ country. Rod in coils exported to Australia from DCS and DCT designated countries is free of duty.

The Australian Customs and Border Protection Service (ACPBS) Trade Branch confirmed that rod in coils of non-alloy steel is classified to 7213.91.00 if the cross section is circular as well as less than 14 mm in diameter. Rod in coils of other alloy steel are classified to heading 7227, but the reference to subheading 7227.90.90 excludes certain alloys such as silico-manganese steel and non-circular sections.

Following discussions with the Commission, OneSteel confirmed that the goods under consideration should be entered under the nominated tariff subheadings. However, the Commission notes that the goods under consideration are defined by the description, not the tariff classification.

⁸ 'DCT' and 'DCS' are codes applied to classes of countries and places in relation to which special rates apply as specified in Parts 4 and 5 of Schedule 1 of the *Customs Tariff Act 1995*.

There are no Tariff Concession Orders in place for the goods.

3.4 Like goods

Subsection 269TC(1) provides that the Commissioner must reject an application for a dumping duty notice if, *inter alia*, the Commissioner is not satisfied that there is, or is likely to be established, an Australian industry in respect of like goods.

In making this assessment, the Commissioner must firstly determine that the goods produced by the Australian industry are 'like' to the imported goods. Subsection 269T(1) defines like goods as:

Goods that are identical in all respects to the goods under consideration or that, although not alike in all respects to the goods under consideration, have characteristics closely resembling those of the goods under consideration.

An Australian industry can apply for the publication of a dumping duty notice even if the goods it produces are not identical to those imported. The industry must however, produce goods that are 'like' to the imported goods.

Where the locally produced goods and the imported goods are not alike in all respects, the Commissioner assesses whether they have characteristics closely resembling each other against the following considerations:

- physical likeness;
- commercial likeness;
- functional likeness; and
- production likeness.

Based on the verified information, the Commission is satisfied that the Australian industry produces like goods to the goods the subject of the application, and notes the following:

- Physical likeness:
 - the primary physical characteristics of the goods and locally produced goods are similar;
- Commercial likeness:
 - the goods and locally produced goods are commercially alike as they are sold to common users, and directly compete in the same market;
- Functional likeness:
 - the goods and locally produced goods are functionally alike as they have a similar range of end-uses; and
- Production likeness:
 - the goods and locally produced goods are manufactured in a similar manner.

4 THE AUSTRALIAN INDUSTRY

4.1 The Commission's findings

The Commission has found that:

- there is an Australian industry producing like goods in Australia, consisting of OneSteel;
- the rod in coils produced by OneSteel is like to the goods; and
- the like goods are wholly manufactured in Australia.

4.2 Legislative framework

The Commission must be satisfied that like goods are produced in Australia. Subsection 269T(2) specifies that, for goods to be regarded as being produced in Australia, they must be wholly or partly manufactured in Australia. Subsection 269T(3) provides that in order for the goods to be considered as partly manufactured in Australia, at least one substantial process in the manufacture of goods must be carried out in Australia.

4.3 Australian industry

4.3.1 Corporate, organisational and ownership structure

OneSteel is a wholly owned subsidiary of Arrium Limited (Arrium), formerly OneSteel Limited. Arrium is an international mining and materials company listed on the Australian Securities Exchange. The company is structured around three key business segments:

- Arrium Mining: an exporter of hematite iron ore and also supplies iron ore feed to OneSteel's integrated steelworks at Whyalla;
- Arrium Mining Consumables: supplies resource companies with a range of key mining consumables, including grinding media, wire ropes and rail wheels; and
- Arrium Steel: comprises steel manufacturing, recycling, and processing and steel distribution businesses.

OneSteel is part of the Arrium Steel business. OneSteel produces a wide range of finished long products including reinforcing bar and rod in coils, hot rolled structural steel, merchant bar, rail and wire products.

OneSteel submitted that it manufactures in Australia like goods to the goods under consideration in this investigation.

4.3.2 Manufacturing facilities

OneSteel's manufacturing facilities related to rod in coils are:

- the fully integrated Whyalla Steelworks in South Australia;
- two electric arc furnaces (EAFs) located in Sydney, New South Wales and Laverton, Victoria; and
- rod mills at Newcastle, New South Wales, and Laverton.

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The Whyalla Steelworks produces steel billet using a Basic Oxygen Furnace (BOF), where liquid steel is cast into billets, slab or blooms.

The Laverton operation produces steel billets through its EAF using scrap steel as input. The liquid steel is cast into billets which are rolled through the Rod and Bar Mills at Laverton.

The Sydney operation produces steel through its EAF using scrap steel as input. The liquid steel is cast into billets, the majority of which are used in the Bar Mill in Sydney with the remainder used in the Newcastle Rod Mill. The Newcastle Rod Mill uses billet from Whyalla and Sydney to manufacture rod in coils.

4.3.3 Production process

OneSteel provided a description and diagram of its production process with the application. During the verification visit, OneSteel provided a tour of the EAF and Rod Mill facilities at Laverton where the Commission observed the following parts of the production process:

Steel Making

- *Scrap is loaded from the scrap yard and brought into the EAF facility;*
- *Scrap, fluxes and alloys are combined in the EAF to produce molten steel;*
- *The molten steel is poured into a ladle to separate the molten steel from slag and final adjustments to the molten steel's chemical composition and temperature are done in a Ladle Furnace;*
- *The ladle is then transported to the Continuous Casting Machine where the steel flows into a tundish which distributes the steel into a number of water-cooled copper moulds to be cast and cut into billets; and*
- *Finished billets are held in a storage yard until required.*

Rod Mill

- *Prior to rolling in the Rod Mill, the billets are heated in a reheat furnace to the required temperature;*
- *Billets are extracted from the reheat furnace and through a number of rolling stands;*
- *The stands contain a combination of horizontal and/or vertical rolls that are used to effect a step-wise size reduction to the final rod diameter required;*
- *Rolled rod is put through a laying head which transforms the straight continuous rod into rings which are laid onto a cooling conveyor;*
- *At the end of the cooling conveyor, the rings drop into a reform tub, forming a coil of loose rings;*
- *The coils are compacted and tied using tie wire to enable ease of handling, storage and transport; and*
- *The compacted coils are transferred to a storage area.*

4.3.4 Product range

OneSteel manufactures rod in coils in a range of diameters and steel grades at its Laverton and Newcastle mills. OneSteel advised in its application that rod in coils are sold in a range of grades that include low, medium and high carbon grades.

OneSteel provided in its application copies of the specification sheets for the two largest selling grades which accounted for the majority of its sales in 2013. The majority of rod in coils produced is in the form of low carbon steel in the range 0.05 per cent carbon to 0.22 per cent carbon. The carbon content is generally reflected in the naming convention irrespective of the international standard that applies (SAE 1012 or SWRM 12 applies for a carbon content of 0.12 per cent). The Whyalla Steelworks, Laverton Rod Mill and Newcastle Rod Mill all use different naming conventions when processing the steel internally.

Low carbon grades are manufactured in a range from 0.05 per cent to 0.22 per cent maximum carbon content with typical final application end uses in reinforcing mesh and general purpose wire.

Medium carbon grades are manufactured in a range from 0.25 per cent to 0.60 per cent carbon with typical final applications in auto springs, chains, barbed wire and cold finished bar used in axles.

High carbon grades are used in spring wire, such as for bed springs, stranded wire and rope.

Within the grades there are special purpose products manufactured for specific end uses. These speciality grades contain alloys to suit the final end use of the product.

OneSteel produces rod in coils in sizes from 5.5 mm to 18.5 mm and advised that sizes above 14 mm are low volume speciality grades used in applications such as spring wire.

5 AUSTRALIAN MARKET

5.1 The Commission's findings

The Commission has found that the Australian market for rod in coils is supplied by the Australian industry, OneSteel, and imports from a number of countries, including Indonesia, Taiwan and Turkey. The Commission estimates the Australian market during the 2013 calendar year to be approximately 540,000 tonnes.

5.2 Background

The key market segments for rod in coils are commercial and residential construction, wire, mining and resource construction, and, to a lesser degree, engineering fabrication and springs.

Rod in coils is a semi-finished intermediate feed material that is largely utilised by the wire manufacturing industry. Wire manufacturers subject the rod in coils product to cold drawing processes which produces wire for use in a variety of applications which include:

- Concrete reinforcing mesh manufacturing (steel in concrete)
- Wire manufacturing (wire rope, springs, nails, fencing)
- Mine mesh manufacturing
- General manufacturing
- Reinforcing ligatures

Rod in coils for the mesh market and general purpose wire is the dominant market sector. The other market sectors include bedding and auto springs, rural and manufacturers' wires, rope and strand products and special purpose wire.

A range of grades of steel is used to manufacture rod in coils for each market sectors, such as carbon content and/or alloy content, which may not necessarily determine the sector or end use for that product.

The Commission notes, for example, that low carbon content rod in coils may have alloys added or a separate process used, to produce special purpose rod in coils distinct from what would be typically used in the mesh and wire sector.

OneSteel advised that most specialist grades, including spring grades, require a steel billet with lower levels of residual elements that is best produced through a blast furnace and BOF process rather than an EAF process where higher residual element levels are likely due to the scrap input.

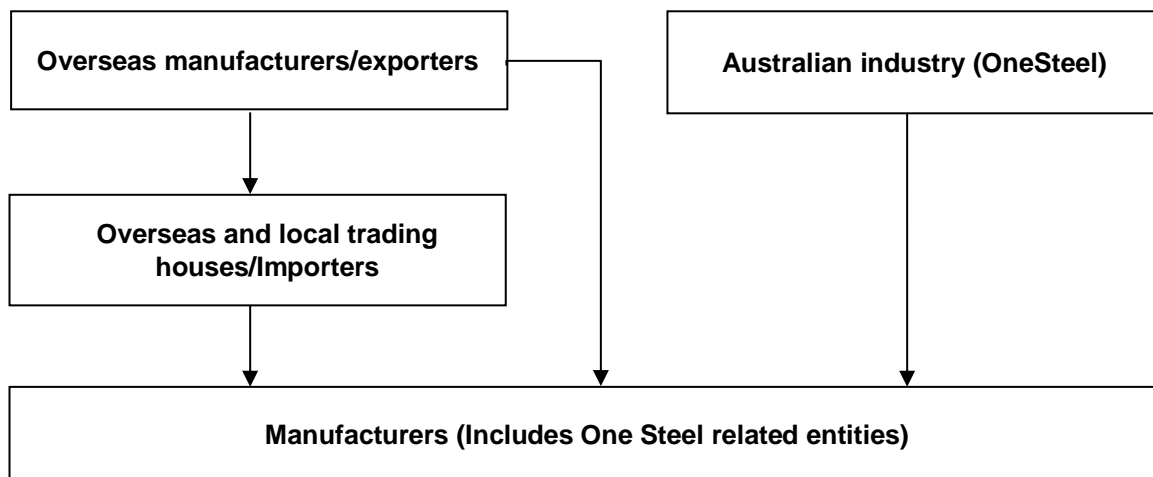
The Commission considers that whilst there are separate market sectors for rod in coils, it is not practicable due to data constraints to separate those sectors by steel grade and content for the purpose of an anti-dumping investigation.

5.3 Market distribution

The Australian rod in coils market is supplied by OneSteel and importers who sell direct to end users. End users may also import rod in coils.

The Australian supply chain for rod in coils is shown below:

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5.4 Demand variability

Demand variability is driven by the market for mesh wire which comprises four major segments:

- Residential – the housing market where the mesh is used in concrete slabs;
- Non-residential – such as warehouses, office buildings;
- Mines - used to line tunnels in the mines; and
- Engineering – bridges and roads.

The residential market is the main driver of demand for mesh wire and there is seasonal fluctuation at the end of the year as the construction industry closes for the Christmas holiday period.

5.5 Market size

The Commission has used information gathered from the Australian industry, exporters, importers and the ACBPS import database to examine the Australian market for rod in coils.

The size of the market for rod in coils from 2010 to 2013 by calendar years is shown in the following chart.

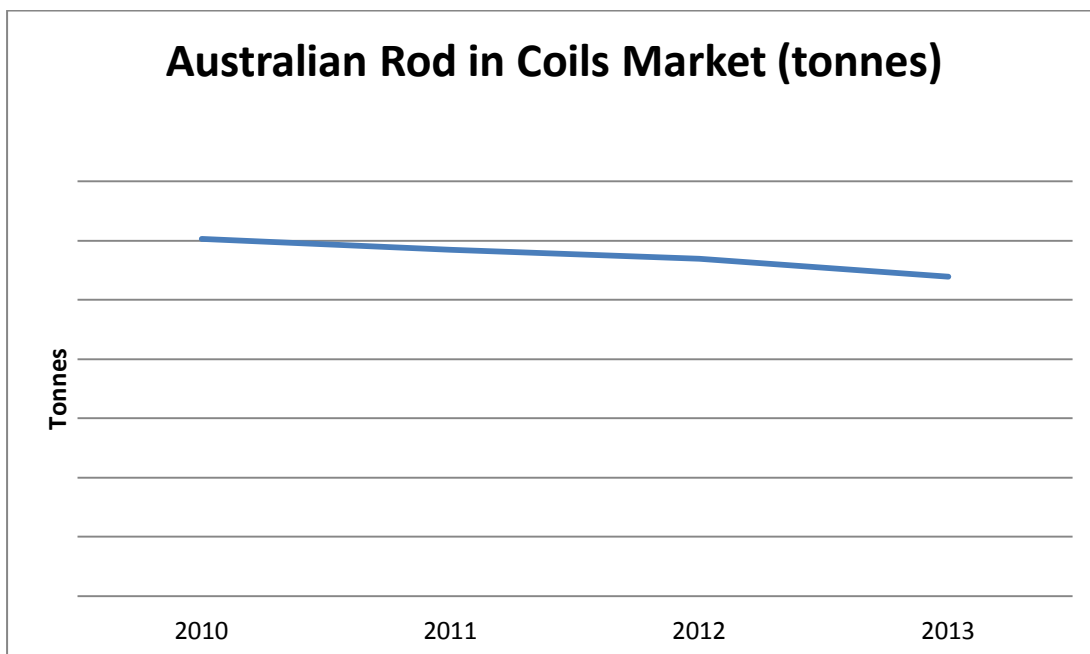


Figure 1 – Rod in coils market 2010 to 2013 (Source: OneSteel and ACBPS Data)

For calendar years 2010 to 2013 the size of the Australian market for rod in coils has declined each year. The Commission estimated the market for rod in coils was over 600,000 tonnes per year in 2010, and the available data shows the market declined to approximately 540,000 tonnes in 2013.

5.6 Importers

The Commission examined the ACBPS import database and identified five importers of rod in coils during the investigation period. The three largest importers accounted for 89 per cent of imports from the nominated countries during the investigation period.

The Commission verified the data provided by two of the importers, Sanwa Pty Ltd (Sanwa) and Stemcor Australia Pty Ltd (Stemcor), and prepared reports following on-site verification.

Visit reports for the above importers can be found on the electronic public record available on the Commission's website at <http://www.adcommission.gov.au>.

The Commission verified data and prepared a report following on-site verification with the third importer. However this importer declined to provide a non-confidential version of the report for the public record.

The two other importers of rod in coils from the nominated countries declined to provide information to the Commission.

The Commission also contacted Fletcher Steel Limited (Fletcher Steel) seeking information relating to rod in coils imported by Fletcher Steel from New Zealand. Pacific Steel New Zealand (PSNZ), the exporter of the rod in coils from New Zealand, provided the requested information. A non-confidential version of the PSNZ response was placed on the public record.

6 DUMPING INVESTIGATION

6.1 Findings

The Commission has found that during the investigation period rod in coils exported to Australia:

- from Indonesia by Ispat were not at dumped prices;
- from Indonesia by all exporters other than Ispat were at dumped prices, the dumping margin was not negligible and the volume of dumped goods was not negligible;
- from Taiwan were at dumped prices, the dumping margin was not negligible and the volume of dumped goods was not negligible;
- from Turkey by Habaş were at dumped prices, however, the dumping margin was negligible; and
- from Turkey by all exporters other than Habaş were at dumped prices and the dumping margin was not negligible, however, the overall volume of dumped goods from Turkey was negligible.

Dumping margins are summarised in the following table:

Country	Exporter / Manufacturer	Dumping margin
Indonesia	Gunung	10.1%
	Ispat	-0.7%
	<i>All other exporters</i>	10.1%
Taiwan	Quintain	2.7%
	<i>All other exporters</i>	2.7%
Turkey	Habaş	0.4%
	Diler	5.8%
	<i>All other exporters</i>	5.8%

Table 3- Dumping margins

On 13 May 2015, the Commissioner terminated part of the investigation in respect of rod in coils exported by Ispat from Indonesia and from Turkey.

6.2 Introduction

Dumping occurs when a product from one country is exported to another country at a price less than its normal value. The export price and normal value of goods are determined under section 269TAB and section 269TAC of the Act respectively.

6.3 Exporters

At the commencement of the investigation the ACBPS import database identified the following exporters of rod in coils during the investigation period from the nominated countries:

- Gunung and Ispat from Indonesia;
- Quintain, the sole exporter from Taiwan; and
- Habaş and Diler from Turkey.

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The Commission received questionnaire responses from each of these exporters. The Commission assessed all responses as being substantially complete, except for that provided by Diler.

Cooperative exporters

The Commission visited Quintain and verified information relating to costs, domestic sales and exports to Australia during the investigation period.

The Commission conducted remote verifications of the requested information with Ispat and Habaş using the Cisco Webex Meeting Centre (Webex). Webex allowed the Commission to replicate the process of an on-site verification including interacting with the verification participants in real time, the exporter's navigation of its financial information systems when substantiating requests for supporting information. The verifications were each conducted over five days, with the Commission providing an agenda to the exporter prior to each day of verification. The Commission is satisfied that this verification process is as thorough as an on-site verification.

The Commission also conducted remote verification of the requested information with Gunung.

The non-confidential verification reports for each of the exporters are available at the Commission's website <http://www.adcommission.gov.au/> and provide additional detail to what is discussed below.

Uncooperative exporters

Subsection 269T(1) of the Act provides that an exporter is considered to be an 'uncooperative exporter', where the Commissioner is satisfied that an exporter did not give the Commissioner information the Commissioner considers to be relevant to the investigation, within a period the Commissioner considers to be reasonable.

Diler was requested to provide further information in support of the responses provided in the exporter questionnaire. Diler was advised that if it did not provide the requested information by the due date the Commission may determine export prices and normal values for Diler based on all relevant information, which may include information provided in the application submitted by the Australian industry. Diler elected not to supply the additional information requested.

Based on this, the Commissioner considers Diler to be an uncooperative exporter.

6.4 Indonesia

6.4.1 Ispat

Export Prices

Export prices for sales of rod in coils to Australia by Ispat were established under subsection 269TAB(1)(a) using the invoiced price from the exporter to the importer less transport and other charges arising after exportation.

Export prices were established at free-on-board (FOB) point.

Normal Values

Normal values for exported models were determined under subsection 269TAC(1) based on domestic sales that are arms length transactions of the comparable models in the ordinary course of trade at the same level of trade as export sales.

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Normal values were established at an FOB point.

Adjustments

To ensure the comparability of normal values to export prices, the Commission considered adjustments were required pursuant to subsection 269TAC(8) of the Act as follows:

Adjustment type	Description
Domestic inland freight	Deduct the actual domestic inland freight costs
Domestic credit terms	Deduct the actual costs of domestic credit
Domestic bank fees	Deduct the actual costs of domestic bank fees
Export inland freight	Add the actual export inland freight cost
Exporter handling	Add the actual cost of export handling expenses
Export bank fees	Add the actual costs of export bank fees

Table 4 - Summary of adjustments (Ispat)

Dumping Margin

The Commission compared the weighted average of export prices (at FOB terms) over the whole of the investigation period with the weighted average of corresponding normal values (at FOB terms) over the whole of that period, in accordance with subsection 269TACB(2)(a) of the Act.

The Commission determined that exports from Ispat were not dumped. The dumping margin was **negative 0.7 per cent**.

Refer to **Confidential Attachment 1** for Ispat's dumping calculation spreadsheet.

As the Commission has found that rod in coils exported by Ispat from Indonesia were not dumped, the Commissioner terminated the dumping investigation in so far as it relates to exports by Ispat.

TER 240 sets out the reasons for the termination and is available on the Commission's website at <http://www.adcommission.gov.au>.

Submissions made in response to SEF 240

OneSteel and Ispat both provided submissions following the publication of SEF 240. Non-confidential versions of these submissions were placed on the public record. The following issues were raised in these submissions:

Indonesian Safeguard Investigation

OneSteel submission

OneSteel contended that, contrary to the Commission's conclusions at Section 6.5.4 of SEF and PAD No. 240, the available information contained in the Indonesian Safeguards Committee's (the Committee's) *Notification of a Proposal to Impose a Measure* refutes a

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finding that Ispat recorded domestic sales in the ordinary course of trade for rod in coils during 2013.

OneSteel requested the Commission to reconsider the position it had taken in SEF 240 and PAD 240, with particular reference to the following factors:

“(i) Similar to an Anti-Dumping Investigation, the “Like Goods” in a Safeguards investigation are specified. In the Indonesian Safeguards investigation, rod in coil is specified by reference to HS Codes that align with the HS codes in Investigation No.240;

(ii) Material injury to an industry and its participants for the goods as verified in respect of a safeguards investigation where it is confirmed that the “applicant” has experienced financial losses for a specified narrow range of goods (i.e. RIC of 5.5mm to 20.0mm) during 2010 to 2013 with a negative trend of 36.0 per cent, and in 2013 suffered a huge financial loss compared to 2012, is directly relevant information to the Commission’s investigations into similar goods exported to Australia;

(iii) The Committee’s comments extend beyond “the financial performance trend of the two applicants” (which include Ispat as the larger producer of RIC volume) and specifically confirm that “a huge financial loss” was evident in 2013 – the period of investigation in Investigation No. 240;

(iv) This position is further evidenced by the Committee’s findings that the Applicants’ costs in 2012 and 2013 for the goods were below domestic market selling prices in Indonesia;

(v) The annual report profit result for Ispat in 2013 is at the Group level and is not reflective of the financial performance for the narrower rod in coils business and therefore is irrelevant in supporting a finding of RIC sales in the ordinary course of trade.”

OneSteel contended that normal values for Ispat cannot be determined under subsection 269TAC(1) as the Commission cannot be satisfied that sales by the domestic industry participants are in the ordinary course of trade.

Ispat submission

Ispat reaffirmed its position that the information submitted to the Commission was complete and accurate and noted that in its view the remote verification undertaken by the Commission was as rigorous as an in-country verification. Ispat further submitted, in relation to the Indonesian Safeguards Investigation that:

“...not only was the product investigated of a different scope, in that it included bars, but Ispat was not the only applicant for the safeguards investigation. The findings made by the Indonesian Government were made in relation to the domestic industry as a whole, or in relation to the applicants as a combined unit. Those findings do not relate to Ispat in isolation. While Ispat does not have access to any information regarding the financial losses suffered by other members of the Indonesian industry, it is confident that the findings made by the Indonesian Government were accurate and factually sound for the purposes of that separate investigation. Having said that,

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these findings cannot affect the Commission's own separate and independent findings."

The Commission's assessment

In SEF 240, the Commission acknowledged the findings of the Committee, however concluded that the arguments submitted by OneSteel did not of themselves show evidence of an inconsistency between the Committee's findings and the Commission's.

The Commission requested, and received, from Ispat the information Ispat had submitted to the Committee. The Commission was able to reconcile the information supplied by Ispat to the Committee with the verified information Ispat had supplied to the Commission. Importantly, the Commission was able to verify that the information submitted to the Committee by Ispat indicated that Ispat had suffered injury in terms of deteriorating profits over the investigation period, and not that it had suffered losses, as alleged by OneSteel.

In addition to comparing the information submitted by Ispat to the Committee and the Commission, the Commission undertook an analysis of the financial performance of PT Krakatau Steel (Krakatau), the second applicant in the Indonesian Safeguards investigation. Krakatau's annual reports are available in the public domain at <http://www.krakatausteel.com>. Krakatau is an integrated steel producer with several mills, including a rolling mill capable of producing 450,000 tons of rod in coils per year. An analysis of the Krakatau company accounts for 2013 illustrates that the company had experienced a significant loss of sales and a marked deterioration in its financial performance.

Based on this additional information, the Commission is satisfied that the Commission's findings in regard Ispat are not inconsistent with the findings of the Committee. The Commission is satisfied that the Ispat data as verified is complete and reliable. The Commission performed the appropriate ordinary course of trade analysis on all of Ispat's domestic sales and has excluded any sales that were unprofitable and unrecoverable. Ispat achieved sufficient domestic sales in the ordinary course of trade to establish normal values under subsection 269TAC(1).

The impact of the depreciation of the Indonesian Rupiah against the United States Dollar

OneSteel submission

As the Commission preliminarily considered in SEF 240 that subsections 269TAF(3) and (4) of the Act may be applicable to the current investigation, OneSteel focussed primarily on the methodology the Commission had detailed in SEF 240 to characterise the movements in the IDR/USD exchange under those provisions. OneSteel's submission did however reassert the basis upon which OneSteel contended that the provisions of subsections 269TAF(3) and (4) should be applied.

OneSteel noted that the Commission's Dumping and Subsidy Manual describes the use of subsections 269TAF(3) and (4) in circumstances where an exporter may have been disadvantaged by an appreciation in currency. OneSteel contended that World Trade Organisation (WTO) jurisprudence in relation to these provisions is not confined only to such circumstances, and the provision may be invoked in the case of domestic currency (relevant to an exporting country) depreciation.

OneSteel specifically referenced Article 2.4.1 of the WTO Anti-Dumping Agreement (ADA), which it has interpreted in the context of the WTO Panel decision in *United States – Anti-*

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Dumping measures on stainless steel plate in coils and stainless steel strip from Korea (Stainless Steel).

OneSteel relies on paragraph 6.130 of the decision, which states:

Even if Article 2.4.1 were not restricted to the issue of the selection of exchange rates, we find nothing in that Article that would prohibit a Member from addressing, through multiple averaging, a situation arising from a currency depreciation. Korea contends, and the United States does not dispute, that the provision of Article 2.4.1 requiring Members to allow exporters sixty days to adjust their export prices to sustained movements in exchange rates applies only in the case of currency appreciation, and not in the case of currency depreciation. Assuming that the parties are correct in this regard, 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.¹²⁹

Footnote 129 states:

The provision relied upon by Korea is the language in Article 2.4.1 stating that, "in an investigation the authorities shall allow exporters at least 60 days to have adjusted their export prices to reflect sustained movements in exchange rates during the period of investigation". 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.

OneSteel submitted that in light of the WTO's decision in Stainless Steel, it is entirely open to the Parliamentary Secretary to exercise the discretion available under subsections 269TAF(3) and (4) 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 subsection 269TAF(1).

OneSteel contended that exercising these discretions "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 critiqued the methodologies employed by the Commission in SEF 240 in assessing the circumstances where a "short-term fluctuation" or "sustained movement" in respect of currency exist. The Commission's preliminary methodologies were based on that applied by the United States (US) International Trade Commission (USITC), and specified in Policy Bulletin 96-1 (Import Administration Exchange Rate Methodology).

OneSteel contended that the USITC approach is not applicable to Australian policy and law for the following reasons:

- the currency of the USITC practice is unclear and seldom applied;
- the underlying US legislation is narrower than Australian domestic law;
- the US Policy Bulletin cannot be applied so as to "embrace an absurd result"; and
- the methodology contained in the US Policy Bulletin is inconsistent with Australian law and policy.

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OneSteel proposed an alternative methodology for identifying a “short-term fluctuation” and “sustained movement”, detailed as follows:

Ispat submission

In relation to the Commission’s preliminary currency fluctuation findings contained in SEF 240, Ispat submitted that:

“...it is with some concern that we note the Commission did not reject OneSteel’s position out-of-hand. In essence, OneSteel has attempted to weaponize the “sustained movement” law, in an attempt to increase the chance of a dumping finding where no dumping exists. This is the exact opposite of what the law is intended to do. Section 269TAF is the implementation of Article 2.4.1 of the WTO Anti-Dumping Agreement, which provides in part:

Fluctuations in exchange rates shall be ignored and in an investigation the authorities shall allow exporters at least 60 days to have adjusted their export prices to reflect sustained movements in exchange rates during the period of investigation.

The provision is based on the idea that exporters should be allowed a period of time in which to revise their export prices in cases where a sustained movement in the exchange rate has occurred. Where this is the case, authorities are required to allow exporters a period – we would call it a “grace period” - of 60 days to adjust their prices. The framers of the ADA accepted that exporters may not be able to respond to sustained movements in the exchange rates quickly, and should not be found to have dumped purely by virtue of the fact that they could not adjust their export prices to keep pace with the movement in the currency.

OneSteel has not only made a submission that it is not entitled to make – because it is not an exporter – but has attempted to invert this purpose. On this basis, its argument should not seriously be considered by the Commission.”

The Commission’s assessment

As detailed above, SEF 240 detailed the Commission’s preliminary approach and findings in relation to subsection 269TAF(3) and subsection 269TAF(4) within the context of the specific case circumstances.

In preparing its final report, the Commission has reconsidered its preliminary approach and findings taking into account submissions received in response to SEF 240. The Commission’s final approach and findings in this report have changed from those presented in SEF 240.

The Commission notes, however, that notwithstanding this change the dumping margin calculations for Ispat are not materially impacted (i.e. there is no variation to the dumping margin for this exporter as detailed in SEF 240).

1. Legislative Background

Section 269TAF was inserted into the Act after the conclusion of the ADA, and reflects Article 2.4.1 of the ADA. Article 2.4.1 relates (directly and indirectly) to the fair comparison

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of export price and normal value when a currency conversion is required. Normally this fair comparison requirement is met by making the currency conversion on the date of sale, or using the rate in a forward exchange cover. However, there are situations involving fluctuations and sustained movements in the exchange rates where care must be exercised to ensure fair comparison for the purpose of determining a dumping margin.

In the context of the Act, subsection 269TAF(1) incorporates the fair comparison principle, and provides that where comparison of export prices and corresponding normal values requires a conversion of currency, that conversion is to be made using the rate of exchange on the date of the transaction or agreement that best establishes the material terms of the sale of the exported goods.

Where currency movements are an issue for the purposes of currency conversion (and therefore fair comparison), subsection 269TAF(3) of the 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.”

Subsection 269TAF(4) of the Act states that:

“If

(a) the comparison referred to in subsection (1) requires the conversion of currencies; and

(b) the Minister is satisfied that the rate of exchange between those currencies has undergone a sustained movement;

the Minister may, by notice published in the Gazette, declare that this subsection applies with effect from a day specified in the notice and, if the Minister does so, the Minister may use the rate of exchange in force on that day for the purposes of that comparison during the period of 60 days starting on that day.”

In the Act, as in the ADA, there is no explicit provision to define what is a fluctuation, or a sustained movement. The Commission's Dumping and Subsidy Manual outlines the Commission's policy approach in relation to these issues as follows:

A currency may show steady change, or some fluctuation, over time in the rate of exchange. The notion of a ‘sustained movement’ suggests something outside of a normal range of fluctuation. There must have been a ‘movement’, and this ‘movement’ must have been ‘sustained’ throughout subsequent periods.

2. Short-term fluctuations under subsection 269TAF(3)

The Commission has considered the submissions received in response to SEF 240 in relation to “short-term fluctuations” and considers that no information was provided which would warrant overturning these findings.

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The Commission does not agree with OneSteel's views that an analysis of the currency movements of the IDR against the USD using the USITC methodology specified in Policy Bulletin 96-1 was not applicable to an Australian legislative and policy setting.

The Commission considers that the model specified in Policy Bulletin 96-1 provides a framework for assessing both short-term fluctuations independently of the underlying legislative and policy landscape. In the absence of an established practice the Commission believes it is reasonable to employ a methodology in use in a comparable jurisdiction for the purposes of conducting its analysis.

The Commission is satisfied that the model employed was reasonable for the purposes of conducting an analysis of currency movements.

The Commission has therefore maintained, for the purposes of this investigation, the position detailed in SEF 240 in regard short term currency fluctuations. The method applied in SEF 240 for determining short-term fluctuations in respect of Ispat is as follows:

- an eight week moving average for the IDR against the USD was established for the investigation period;
- daily actual rates were compared to the 8 week moving average and a daily variance benchmark was established; and
- where the actual daily rate varied from the benchmark rate by more than two and a quarter per cent the actual daily rate was classified as fluctuating.

Where the daily rate was classified as a fluctuation the actual daily rate was set aside in favour of the benchmark rate pursuant to subsection 269TAF(3).

3. Sustained movement under subsection 269TAF(4)

The Commission has considered the submissions received in response to SEF 240 in relation to "sustained movement" and has changed its preliminary approach and findings. The Commission considers that for the purposes of currency conversion to ensure a fair comparison between export price and normal value that a sustained movement should only be considered in the circumstance of appreciation of the rate of exchange between the relevant currencies (i.e. a currency appreciation of the exporter's local currency). The Commission considers that this policy appropriate to address "technical dumping". The Commission does not consider that the sustained movement provisions under subsection 269TAF(4) should be applied in circumstances of depreciation.

US approach

The Commission understands that other comparable administrations, principally the US, also apply the sustained movement provision only in the context of a currency appreciation of the exporter's local currency. The US applies this provision in the context of appreciation to address "technical dumping". The Commission considers that this approach is reasonable and appropriate.

To demonstrate this issue the Commission has provided a hypothetical example below:

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Normal Value (units of local currency)	Rate of exchange (1USD equals)	Export price (set equal to Normal Value to ensure no dumping)	
1000	40	25USD	Exporter has been selling equal to Normal Value before currency changes
1000	50	20USD	devaluation of local currency against dollar
1000	30	33USD	appreciation of local currency against dollar

Appreciation:

When there has been a sustained appreciation of the exporter's currency, the export price, when converted to that currency, decreases and the dumping margin is increased. In the example:

- the exporter had been exporting at 25USD per unit when the exchange rate was 40 units of local currency to the USD;
- the normal value is 1000 units of local currency and at an exchange rate of 40 the exporter had been selling at 25USD and was not dumping;
- if the exchange rate appreciates to 30 units of local currency to the USD, and assuming the normal value remains unchanged at 1000 units of local currency, the exporter will have to adjust its export price *upwards* to 33USD per unit if it wishes to ensure it is not dumping; and
- if the exporter continues selling at 25USD, it enters into dumping.

Where the exporter does not adjust its prices upward in response to an appreciation in the local currency the dumping is considered to be “technical”, because it has been brought about solely by the change in the exchange rate.

This example confirms the statement that when an exporter's currency appreciates the dumping margin increases.

Depreciation:

When there has been a sustained depreciation of the exporter's currency, the export price, when converted to that currency, increases and the dumping margin is reduced. In the example:

- the exporter had been exporting at 25USD per unit when the exchange rate was 40 units of local currency to the USD;
- the normal value is 1000 units of local currency and at an exchange rate of 40 the exporter had been selling at 25USD and was not dumping;
- if the exchange rate depreciates to 50 units of local currency to the USD, and assuming the normal value remains unchanged at 1000 units of local currency, the exporter will not be found to be dumping whilst it exports above 20USD per unit; and
- if the exporter continues selling at USD25 per unit it would still have not been dumping and there is no need to adjust its price to avoid dumping.

This example suggests that an exporter benefits from a depreciation and it does not have to adjust its export price to avoid the dumping finding. The exporter could, if it wished,

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lower its price to 20USD – and still not be dumping. But if it had continued selling at its old price of 25USD it would also not be dumping.

This is unlike the appreciation situation where the exporter *must* adjust its price (upwards) if it is not to be found dumping.

This example provides context and a rationale to explain the US approach (embedded in legislation) to ensure that the sustained movement provision is only applicable where there has been an appreciation of local currency.

4. WTO Panel – US Anti Dumping Measures on Stainless Steel Plate in Coils and Stainless Steel Sheet And Strip from Korea: WT/DS/179/R December 2000

One Steel cited the WTO Panel as lending support to its view that the sustained movement provision can apply in the case of currency depreciation.

The Panel examined a number of issues, one of which was '*multiple averaging*'. The main details in regard 'multiple averaging' were:

- the USA Department of Commerce (DOC) divided the period of investigation into two sub-periods. In its preliminary determinations in both the Sheet and Plate investigations, the DOC had used a single period covering the entire POI to calculate the dumping margin. However, in its final determinations for both investigations, the DOC divided the POI into two sub-periods in order to take into account a "major devaluation" of the won, which occurred in November-December 1997; and
- to do this the DOC calculated a weighted average margin of dumping for each sub-period. Then, when combining the two sub-periods to calculate an overall dumping margin, it treated sub-periods where the average export price was higher than the average normal value as a zero in the final overall calculationⁱ (i.e., it treated such a sub-period as having a zero dumping margin). (Para. 6.105)

Korea argued that this use of "multiple averages" violated ADA Articles 2.4, 2.4.1 and 2.4.2.

As such, the issue under consideration was the division of the investigation period into two periods of time, one before the devaluation and one after, and how the DOC had then determined a dumping margin. The issue was not what constituted a sustained movement.

Claims under article 2.4.2

In evaluating the claim concerning Article 2.4.2 the Panel concluded that Article 2.4.2 did not preclude multiple averaging, however in this instance DOC did not have sufficient justification for dividing the period into two sub periods. The Panel found DOC's division of the investigation period into two sub periods inconsistent with Article 2.4.2.

Claims under article 2.4.1

In evaluating the claim concerning Article 2.4.1, Korea had argued that this article did not permit an adjustment to account for a depreciation of the exporting country's currency. That is to say, Korea argued that the entirety of article 2.4.1, whether it be fluctuations, or sustained movements, could not apply in the case of a depreciation of a currency.

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The Panel rejected the argument that article 2.4.1 was relevant to the issue before it, which was *multiple averaging*. The Panel said multiple averaging is an issue for article 2.4.2.

The Panel goes on to comment at para 6.130 reproduced in full in footnote 1: “*Even if Article 2.4.1 was not restricted..*”. Put another way, ‘*even if Article 2.4.1*’ was taken to be applicable to the situation of multiple averaging, the Panel commented that nothing in Article 2.4.1 would prohibit a Member country from addressing a currency depreciation *through multiple averaging*⁹.

OneSteel specifically references footnote 129 which is part of para 6.130:

The provision relied upon by Korea is the language in Article 2.4.1 stating that, "in an investigation the authorities shall allow exporters at least 60 days to have adjusted their export prices to reflect sustained movements in exchange rates during the period of investigation". 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 Panel is merely stating in footnote 129 that this is not a valid reason to conclude that in an investigation authorities cannot address currency depreciations under Article 2.4.1. This must however be understood in the context of the issue before the Panel being multiple averaging, which was conducted by the USA DOC in a depreciation situation, not the issue of sustained currency movement of itself.

The panel concluded that the USA’s use of multiple averaging periods was not inconsistent with Article 2.4.1.

5. The Commission’s conclusion

Taking into account all relevant factors (as discussed above), the Commission has concluded that that:

- section 269TAF was put into the Act after the conclusion of the WTO ADA, and reflects Article 2.4.1 of the ADA;
- Article 2.4.1 originated from proposals of authorities such as the USA who wished to see more discipline on exchange rates;
- USA legislation and practice has been to apply the sustained movement provision only when there has been an appreciation of the local currency;
- even though Article 2.4.1 contains neutral terminology in regards to appreciation and depreciation of currency, when interpreted against a practical example of currency movement it is clear that the provisions are geared toward the *necessity* of an exporter adjusting prices in the event of a sustained appreciation in order to

⁹ Para 6.130 reads: ‘Even if Article 2.4.1 were not restricted to the issue of the selection of exchange rates, we find nothing in that Article that would prohibit a Member from addressing, through multiple averaging, a situation arising from a currency depreciation. Korea contends, and the United States does not dispute, that the provision of Article 2.4.1 requiring Members to allow exporters sixty days to adjust their export prices to sustained movements in exchange rates applies only in the case of currency appreciation, and not in the case of currency depreciation. Assuming that the parties are correct in this regard, 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’.

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avoid “technical” dumping, rather than the *option* to adjust prices in the event of a sustained depreciation;

- the WTO Panel cited by OneSteel as supporting its argument must be understood in the context of the issue before it, being multiple averaging, not the issue of a sustained currency movement of itself; and
- as such, subsections 269TAF(4) should only be able to be invoked by exporters in the event of an **appreciation of the exporting country’s currency**.

Notwithstanding this conclusion and approach, the Commission notes that even if a sustained movement was considered to be relevant in the case of depreciation (as preliminary assessed in SEF 240) a sustained movement would not have been found in relation to Ispat. The Commission acknowledges that this assessment was based on the methodology that is utilised by the USA in assessing whether a sustained movement exists, which OneSteel disputes. However given the Commission does not consider that a sustained movement should be considered in the case of depreciation of the local currency, this report does not assess the alternative method proposed by OneSteel for assessing whether a sustained movement exists.

The Commission also notes that regardless of its final policy approach adopted in this case (i.e. that a sustained movement should only be assessed / found where an appreciation of the local currency has occurred) that this has not impacted on the dumping margin assessed for Ispat (i.e. there has been no change from SEF 240).

Targeted Dumping

OneSteel submission

OneSteel submitted that Ispat had engaged in ‘targeted dumping’ during the investigation period. OneSteel alleges that Ispat sold the goods to Australia during the investigation period at export prices that differed significantly among different periods of time, specifically from July 2013. OneSteel contends that an analysis of Ispat’s financial information would reveal significant fluctuations in the dumping margins across different parts of the investigation period calculated using the weighted average to weighted average approach. OneSteel further relied upon a statement in SEF 240 (at p. 34) that “relative to Gunung, Ispat benefitted from a difference in the timing of export sales in the context of a depreciating IDR.”

Accordingly, OneSteel requested that the Commission calculate dumping margins for Ispat by comparing the respective export transactions determined in relation to individual transactions during the investigation period with the weighted average of corresponding normal values over that period - that is, applying the weighted average to transaction method to determine dumping margins.

The Commission’s assessment

Following OneSteel’s submission the Commission undertook additional analysis of the pattern of both Ispat and Gunung’s export sales and normal values over the investigation period.

The Commission observed the following:

- the bulk of Gunung’s export sales occurred prior to the commencement of the depreciation of the IDR in July, while the bulk of Ispat’s export sales occurred after the commencement of the depreciation in the IDR;

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- export prices for both companies trended downward across each quarter of the investigation period, however Gunung's export prices trended downward at a more accelerated rate;
- normal values for both companies followed the same trend across each quarter of the investigation period;
- the finding that Gunung had exported rod in coils to Australia at dumped prices while Ispat did not is consistent with these trends;
- no evidence was found that Ispat had engaged in export pricing activities over the investigation period that was inconsistent with the pricing activities of Gunung, nor that was indicative of targeted dumping; and
- Ispat utilised the favourable movement in the IDR to reduce export prices (in USD terms) and increase export sales, without exporting at dumped prices.

The Commission finds no evidence to support OneSteel's contention that Ispat engaged in targeted dumping.

6.4.2 Gunung

Export Prices

Export prices for sales of rod in coils to Australia by Gunung were established under subsection 269TAB(1)(a) using the invoiced price from the exporter to the importer less transport and other charges arising after exportation.

Export prices were established at an FOB point.

Normal Values

Normal values for exported models were determined under subsection 269TAC(1) based on domestic sales that are arms length transactions of the comparable models in the ordinary course of trade at the same level of trade as export sales.

Normal values were established at an ex-works point.

Adjustments

To ensure the comparability of normal values to export prices, the Commission considered adjustments were required pursuant to subsection 269TAC(8) of the Act as follows:

Adjustment type	Description
Export inland freight	Add the actual export inland freight cost
Exporter handling	Add the actual cost of handling expenses

Table 5 - Summary of adjustments (Gunung)

Dumping Margin

The Commission compared the weighted average of export prices (at FOB terms) over the whole of the investigation period with the weighted average of corresponding normal values (at FOB terms) over the whole of that period, in accordance with subsection 269TACB(2)(a) of the Act.

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The weighted average dumping margin for the goods exported to Australia by Gunung is **10.1 per cent**.

Refer to **Confidential Attachment 2** for Gunung's dumping calculation spreadsheet.

Submissions made in response to SEF 240

Gunung provided submissions following the publication of SEF 240. Non-confidential versions of Gunung's submissions were placed on the public record. Gunung raised the following issues in its submissions:

Currency conversion

Gunung submitted that the Commission's conversion of the currency of the domestic sales (IDR) into the export denominated currency (USD) is both inconsistent with the relevant legislation provisions of the Act, and flawed in its reasoning.

Gunung submitted that subsection 269TAF(1) of the Act requires the Minister to establish the appropriate rate of exchange on the date that best establishes the material terms of sale of the exported goods, and that SEF 240 provided no view or interpretation as to how the Commission's use of rates of exchange on the date that best establishes the material terms of sale of the domestic like goods is consistent with subsection 269TAF(1).

Gunung also submitted that whilst Gunung's financial accounts are reported in USD, the company's domestic sales are negotiated in IDR without consideration of exchange rates used for the company's accounting purposes, whereas exchange rates are a key factor in export sales negotiations.

Gunung requested the Commission to review its preliminary position on the conversion of currency as set out in SEF 240 to ensure its approach is consistent with subsection 269TAF(1) of the Act, and accurately reflects the actual circumstances by which Gunung sets its domestic and export prices.

Overstatement of manufacturing costs

Gunung submitted that, upon review of the costing information submitted to the Commission, the costs contained under the heading "Other Costs" were unrelated to the production and sale of rod in coils. Gunung advised that these costs were related to movements in purchased finished goods, movements of finished goods through its Engineering Service Centre, which undertakes the fabrication of plate steel, and sales of fabricated componentry from the Engineering Service Centre business unit.

Gunung requested that the Commission adjust its cost to make and sell data by removing these costs and then re-apply the ordinary course of trade test to the domestic sales of like goods.

The Commission's assessment

Currency conversion

The Commission reiterates the findings contained in the Gunung verification report and SEF 240 that the audited financial statements of Gunung are presented in USD, and that sales and cost transactions undertaken in currencies other than USD were converted to USD on the date of transaction using the weekly exchange rate issued by the Department of Tax (Indonesia).

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Gunung provided the Commission the conversion rates for the domestic sales. The Commission verified individual domestic sales in IDR to the sales listing in IDR that also showed the conversion to USD which reconciled to the audited accounts.

The Commission verified individual export sales in USD to the sales listing that was shown in USD which reconciled to the audited accounts.

In accordance with subsection 269TAF(1), the Commission converted domestic sales to USD so as to compare export prices to normal values. Subsection 269TAF(1) requires the Minister (or in this case the Parliamentary Secretary) to establish the appropriate rate of exchange on the date that best establishes the material terms of sale of the exported goods. Given that Gunung reports in USD, and the Commission reconciled domestic and export sales to the audited financial accounts presented in USD, the Commission remains of the view that appropriate rate of exchange was USD on the date of sale.

The Commission does not consider that Gunung has provided additional information that would require a change in approach to establishing export prices and normal values in USD as set out in SEF 240.

Overstatement of manufacturing costs

As part of its submission, Gunung provided the purchase ledger relevant to its purchases of raw material finished goods. The Commission requested that Gunung supply all relevant documents relating to the purchase of finished goods for December 2013. The Commission was able to reconcile the documents supplied by Gunung to the purchases ledger, which in turn was reconciled to Gunung's Cost of Goods Sold (COGS) report.

The Commission was satisfied that the "Other costs" submitted by Gunung did not relate to the production or sale of rod in coils, and as such the Commission adjusted Gunung's CTMS data and reformulated the ordinary course of trade test for the domestic sale of like goods.

Having considered and accepted the further information submitted by Gunung, the Commission undertook a recalculation of Gunung's dumping margin, which has resulted in a change in the dumping margin of 10.6 per cent, as detailed in SEF 240, to **10.1 per cent**.

6.4.3 Indonesia – All Other Exporters

The Commission has established that there were two exporters of rod in coils from Indonesia during the investigation period.

After having regard to all relevant information, export prices for all other exporters were established in accordance with subsection 269TAB(3) of the Act, and normal values in accordance with subsection 269TAC(6) of the Act.

Specifically, the Commission has adopted the dumping margin for Gunung's as an 'all exporters' rate for exporters from Indonesia.

6.5 Taiwan

6.5.1 Quintain

Export Prices

Export prices for sales of rod in coils to Australia by Quintain were established under subsection 269TAB(1)(a) using the invoiced price from the exporter to the importer less transport and other charges arising after exportation.

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Export prices were established at an FOB point.

Normal Values

Normal values for exported models were determined under subsection 269TAC(1) based on domestic sales that are arms length transactions of the comparable models in the ordinary course of trade at the same level of trade as export sales.

Normal values were established at an ex-works point.

Adjustments

To ensure the comparability of normal values to export prices, the Commission considered adjustments were required pursuant to subsection 269TAC(8) of the Act as follows:

Adjustment type	Description
Domestic SG&A	Deduct the weighted average domestic SG&A expenses
Physical differences	Deduct the weighted average production cost of the surrogate billet
Export SG&A	Add the weighted average export SG&A expenses
Physical differences	Add the weighted average material cost of the 1012KJ'TG' billet
Export inland freight	Add the actual export inland freight cost
Exporter handling, loading and ancillary expenses	Add the actual cost of handling, loading and ancillary expenses

Table 6 - Summary of adjustments (Quintain)

Dumping Margin

The Commission compared the weighted average of export prices (at FOB terms) over the whole of the investigation period with the weighted average of corresponding normal values (at FOB terms) over the whole of that period, in accordance with subsection 269TACB(2)(a) of the Act.

The weighted average dumping margin for the goods exported to Australia by Quintain is **2.7 per cent.**

Refer to **Confidential Attachment 3** for Quintain's dumping calculation spreadsheet.

Submissions made in response to SEF 240

Quintain provided a submission following the publication of SEF 240 and PAD 240. A non-confidential version of Quintain's submission is available on the public record. Quintain raised the following issues in its submission:

Model matching criteria shall prevail in selecting closely resembling models

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In SEF 240 the Commission established normal values for Quintain under subsection 269TAC(1) using sales of [REDACTED] in the ordinary course of trade, and adjusted the normal value to reflect the production cost difference between models [REDACTED] and [REDACTED].

Quintain asserted that the Commission's designation of [REDACTED] as the surrogate model for [REDACTED], in the presence of other more closely resembling models failed to abide by the model matching criteria detailed in the Dumping and Subsidy Manual.

[REDACTED] was sold with a sufficient quantity of profitable sales in March 2013

Quintain asserted that the domestic price of [REDACTED] should be accepted by the Commission, in accordance with the Dumping and Subsidy Manual, as the normal value for comparison with export prices in March because there were a sufficient quantity of profitable sales in March.

Quintain asserted that for other months the Commission should follow the model matching criteria outlined in the Dumping and Subsidy Manual to select the appropriate surrogate model.

[REDACTED] and/or [REDACTED] are the preferred surrogate models to [REDACTED] due to closer resemblances in carbon content, applications and sources of billet supply

Quintain noted that both [REDACTED] and [REDACTED] had sufficient volumes of profitable sales in multiple months. In terms of resemblance, Quintain made the following arguments:

- Carbon content is the primary characteristic of rod in coils, and dictates both applications and market price;
- [REDACTED] and [REDACTED] fall within the same carbon content range for international standards, being 0.10% to 0.15% and are sold for the same applications whereas [REDACTED] has maximum carbon content of 0.06% and are sold for different applications; and
- [REDACTED], [REDACTED] and [REDACTED] are manufactured from locally sourced billet whereas [REDACTED] was manufactured from imported billet such that the lead time for the [REDACTED] resulted in a skewed comparison of sales prices.

The Commission's assessment

Subsection 269TAC(1) of the Act provides that the normal value of any goods exported to Australia is the price paid or payable for like goods sold in the ordinary course of trade for home consumption in the country of export in sales that are arm's length transactions by the exporter.

In practice, where models exist, for normal value to be ascertained under subsection 269TAC(1) the Commission matches models. The most relevant product characteristics will be examined to match the models being compared. The purpose will be to identify those exported and domestically sold models that are identical, or have the most closely matching physical and technical characteristics. Following Quintain's submission the Commission revisited the method employed to establish normal values for Quintain. The Commission accepts that the methodology employed was not consistent with the practice detailed in the Commission's Dumping and Subsidy Manual and has revised the calculation of normal values accordingly.

The Commission established that Quintain made export sales of model [REDACTED] in the months of March, April, May, June, July, October and December.

The Commission compared sales of [REDACTED], [REDACTED], [REDACTED], [REDACTED] and [REDACTED] with the fully absorbed CTMS for each grade. For each month of export sales the

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Commission determined the identical model, or the most closely resembling model, that had sufficient sales in the ordinary course of trade. For example, in March and April 2013, there were sales in the ordinary course of trade for an identical model [REDACTED]. These models were used as the surrogate model for the purposes of determining normal values. The results are presented in the following table:

Mar-13	Apr-13	May-13	Jun-13	Jul-13	Oct-13	Dec-13
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Table 7 - Summary of most closely resembling models by month (Quintain)

In accordance with the practice detailed in the Dumping and Subsidy Manual, the Commission adjusted the normal values down by the verified production cost of the selected billet for each month and adjusted the normal values up by the verified material cost of the [REDACTED] billet. The Commission grossed up the difference in production costs for selling, general and administrative (SG&A) costs and the weighted average profit of the respective model of rod in coils sold on the domestic market.

These recalculations have resulted in a change in Quintain's dumping margin from 7.5 per cent, as detailed in SEF 240, to **2.7 per cent**.

6.5.2 Taiwan – All Other Exporters

The Commission has established that there was only one exporter of rod in coils from Taiwan during the investigation period.

After having regard to all relevant information, export prices for all other exporters were established in accordance with subsection 269TAB(3) of the Act, and normal values in accordance with subsection 269TAC(6) of the Act.

Specifically, the Commission has adopted the dumping margin for Quintain as an 'all exporters' rate for exporters from Taiwan.

6.6 Turkey

6.6.1 Habaş

Export Prices

Export prices for exports by Habaş were established pursuant to subsection 269TAB(1)(a) of the Act, being the price paid by the importer less transport and other costs arising after exportation.

Export prices were established at an ex-works point.

Normal Values

Normal values for exported models were determined under subsection 269TAC(1) based on domestic sales that are arms length transactions of the comparable models in the ordinary course of trade at the same level of trade as export sales.

Normal values were established at an ex-works point.

Adjustments

Export prices and normal values were established at an ex-works point. The Commission considered that adjustments were not required pursuant to subsection 269TAC(8) of the Act to ensure the comparability of normal values to export prices.

Dumping Margin

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The Commission compared the weighted average of export prices (at ex-works terms) over the whole of the investigation period with the weighted average of corresponding normal values (at ex-works terms) over the whole of that period.

The dumping margin for Habaş is **0.4 per cent**.

Refer to **Confidential Attachment 4** for Habaş' dumping calculation spreadsheet.

As the Commission has found that rod in coils exported by Habaş from Turkey were dumped, but with a negligible dumping margin, the Commissioner terminated the dumping investigation in so far as it relates to exports by Habaş.

TER 240 sets out the reasons for the termination and is available on the Commission's website at <http://www.adcommission.gov.au>.

Submissions made in response to SEF 240

OneSteel and Habaş both provided submissions following the publication of SEF 240 and PAD 240. Non-confidential versions of these submissions were placed on the public record.

OneSteel submissions

OneSteel expressed its concerns about the validity of the Commission's remote verification of Habaş' financial information. OneSteel further noted that the Commission determined a 5.8% dumping margin for Diler, the second Turkish exporter of rod in coils, and queries whether the Commission undertook appropriate benchmarking of Habaş' data against Diler's for the purposes of testing the reasonableness of the financial information submitted by Habaş.

OneSteel further submitted that in accordance with subsection 269TAF(4), the continued sustained movements in the Turkish Lira during the investigation period warrants the substitution of the actual currency with a fixed currency at the beginning of each 60 day period of sustained movement.

Habaş submission

Habaş affirmed the Commission's findings in SEF 240, and requested the termination of the investigation so far as it relates to Habaş at the soonest possible opportunity.

The Commission's assessment

As detailed above, the Commission undertook a remote verification of the information submitted by Habaş using Webex. The Commission regards the remote verification undertaken using Webex as being as thorough as an onsite verification, and as such is satisfied that the Habaş data is complete, accurate and reliable.

The Commission did not undertake verification of the financial information submitted by Diler. The Commission requested that Diler provide further information in support of its REQ, however Diler did not provide this additional information. As such the Commission considered Diler to be an uncooperative exporter.

As detailed below, the Commission calculated a dumping margin for Diler using export prices verified with Diler's Australian customer, and a normal value based upon the highest quarterly normal value for Habaş. As such the differential in dumping margins between Habaş and Diler is not indicative of an unreliability of data in relation to Habaş, but rather the manner of calculating the dumping margin for the uncooperative exporter.

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The Commission is satisfied that it has undertaken the appropriate ordinary course of trade analysis on all of Habaş' domestic sales and that it has done so in accordance with the procedures set out in the dumping manual. Habaş achieved sufficient domestic sales in the ordinary course of trade to establish normal values under subsection 269TAC(1).

The Commission's position in regard currency movements is detailed in section 6.4 above.

On the basis of the reasoning detailed there, Commission has not applied subsection 269TAF(4) as requested by OneSteel, however has applied subsection 269TAF(3) as follows:

- an eight week moving average for the Turkish Lira against the USD was established for the investigation period;
- daily actual rates were compared to the 8 week moving average and a daily variance benchmark was established; and
- where the actual daily rate varied from the benchmark rate by more than two and a quarter per cent the actual daily rate was classified as fluctuating.

Where the daily rate was classified as a fluctuation the actual daily rate was set aside in favour of the benchmark rate pursuant to subsection 269TAF(3).

6.6.2 Diler

The Commission requested that Diler provide further information in support of its REQ. Diler was advised that if it did not provide the requested information by the due date the Commission may determine its export prices under subsection 269TAB(3) of the Act, and normal values under subsection 269TAC(6) of the Act. These sections provide for export prices and normal values to be determined using all relevant information where the Commission has not had sufficient information made available to it. Diler did not submit the requested information and as such the Commission considers Diler to be an uncooperative exporter, as detailed in section 6.3 above.

Export Prices

The Commission established export prices pursuant to subsection 269TAB(3) of the Act, having regard to all relevant information.

The Commission compared the export prices submitted by Diler in its REQ against the verified purchase prices paid by its Australian importer. The export prices submitted by Diler reconciled, and as such the Commission was satisfied that export prices could be established based on the price paid by the importer less transport and other costs arising after exportation.

Export prices were established at an ex-works point.

Normal Values

Normal values were established pursuant to subsection 269TAC(6) of the Act, having regard to all relevant information.

The Commission established normal values for Diler using the highest quarterly normal value determined for Habaş.

Normal values were established at an ex-works point.

Adjustments

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Export prices and normal values were established at an ex-works point. The Commission considered that adjustments were not required pursuant to subsection 269TAC(8) of the Act to ensure the comparability of normal values to export prices.

Dumping Margin

The Commission compared the weighted average of export prices (at ex-works terms) over the whole of the investigation period with the weighted average of corresponding normal values (at ex-works terms) over the whole of that period.

The dumping margin for Diler is **5.8 per cent**.

Refer to **Confidential Attachment 5** for Diler's dumping calculation spreadsheet.

6.6.3 Turkey – All Other Exporters

The Commission has established that there were two exporters of rod in coils from Turkey during the investigation period.

After having regard to all relevant information, export prices for all other exporters were established in accordance with subsection 269TAB(3) of the Act, and normal values in accordance with subsection 269TAC(6) of the Act.

Specifically, the Commission has adopted the dumping margin for Diler as an 'all exporters' rate for exporters from Indonesia.

The Commission has, however, determined that, when expressed as a percentage of the total imported volume of the goods, the volume of dumped goods from Turkey was less than 3 per cent of the total import volume and is therefore negligible.

6.7 Volume of dumped exports

Pursuant to subsection 269TDA(3) of the Act, the Commissioner must terminate the investigation, in so far as it relates to a country, if satisfied that the total volume of goods that are dumped is a negligible volume. Subsection 269TDA(4) defines a negligible volume as less than three per cent of the total volume of goods imported into Australia over the investigation period.

As outlined in section 5.5 of this report, the Commission estimated the size of the Australian market.

Based on this information, the Commission is satisfied that, when expressed as a percentage of the total imported volume of the goods, the volume of dumped goods from Indonesia and Taiwan was greater than three per cent of the total import volume and is therefore not negligible.

The Commission is further satisfied that, when expressed as a percentage of the total imported volume of the goods, the volume of dumped goods from Turkey was less than three per cent of the total import volume and is therefore negligible. As such the Commissioner terminated the investigation as it relates to Turkey.

TER 240 sets out the reasons for the termination and is available on the Commission's website at <http://www.adcommission.gov.au>.

7 ECONOMIC CONDITION OF THE INDUSTRY

7.1 The Commission's findings

Based on an analysis of the information contained in the application and information obtained and verified during this investigation, the Commission considers that OneSteel has experienced injury in the form of:

- reduced sales volumes;
- reduced market share;
- price depression;
- price suppression;
- reduced profits and profitability;
- reduced revenues;
- reduced employment; and
- reduced attractiveness for reinvestment.

7.2 Approach to injury analysis

The injury analysis detailed in this section is based on financial information submitted by OneSteel and import data from the ACBPS import database.

This analysis relates to the sale of rod in coils of less than 14mm in diameter in the Australian market and does not include any effects of other products manufactured by OneSteel and sold in Australian or export markets.

OneSteel provided production, cost and sales data for rod in coils. The data was provided on a quarterly basis for the period from 1 January 2010 to 31 December 2013 for the rod in coils domestic market and the export market.

The OneSteel data for its production and sales of rod in coils in the Australian rod in coils market has been used as the primary basis for the purpose of assessing the overall economic condition of the Australian industry as discussed below.

OneSteel claimed that injury commenced in 2011 with the significant increase in exports from Indonesia, and was exacerbated by significantly increased exports from Taiwan and Turkey in 2012.

The injury analysis period for the purpose of determining whether the Australian industry has experienced injury is from 1 January 2010.

7.3 Volume effects

The Commission found that by the end of the injury analysis period:

- Indonesia had become the largest source of rod in coils imported;
- New Zealand was the second largest source of rod in coils imported, however imports from New Zealand had declined significantly since 2010;
- Turkey was the third largest source of rod in coils imported;
- Taiwan was the fourth largest source of rod in coils imported; and
- There was a nominal volume of rod in coils imported from other countries.

7.3.1 Sales volume

Figure 2 below illustrates that the size of the Australian rod in coils market has decreased steadily since 2010. Over that time:

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- annual sales in the market decreased from approximately 600,000 tonnes to approximately 540,000 tonnes;
- annual sales by OneSteel decreased by approximately 16 per cent;
- annual sales from New Zealand decreased by approximately 40 per cent;
- annual sales from Indonesia increased by over 500 per cent;
- rod in coils imports from Turkey and Taiwan entered the market and grew to approximately 12,000 tonnes and 5,000 tonnes respectively; and
- annual sales from other countries had decreased to less than one per cent of total imports.

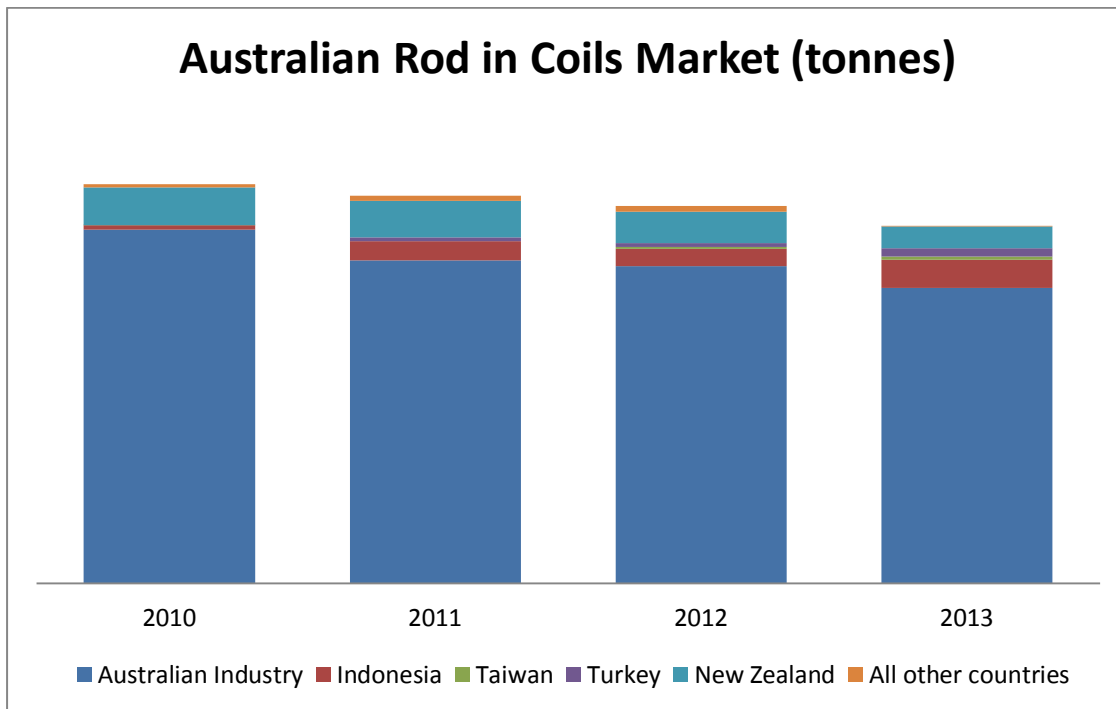


Figure 2 – Rod in coils market size (Source: OneSteel and ACBPS Data)

7.3.2 Market share

Figure 3 below illustrates the following trends in the share of the Australian rod in coils market since 2010:

- market share achieved by OneSteel declined significantly throughout 2010 after which time it has remained steady;
- market share of imports from each of the countries under investigation has increased steadily; and
- market share of imports from other countries has decreased steadily.

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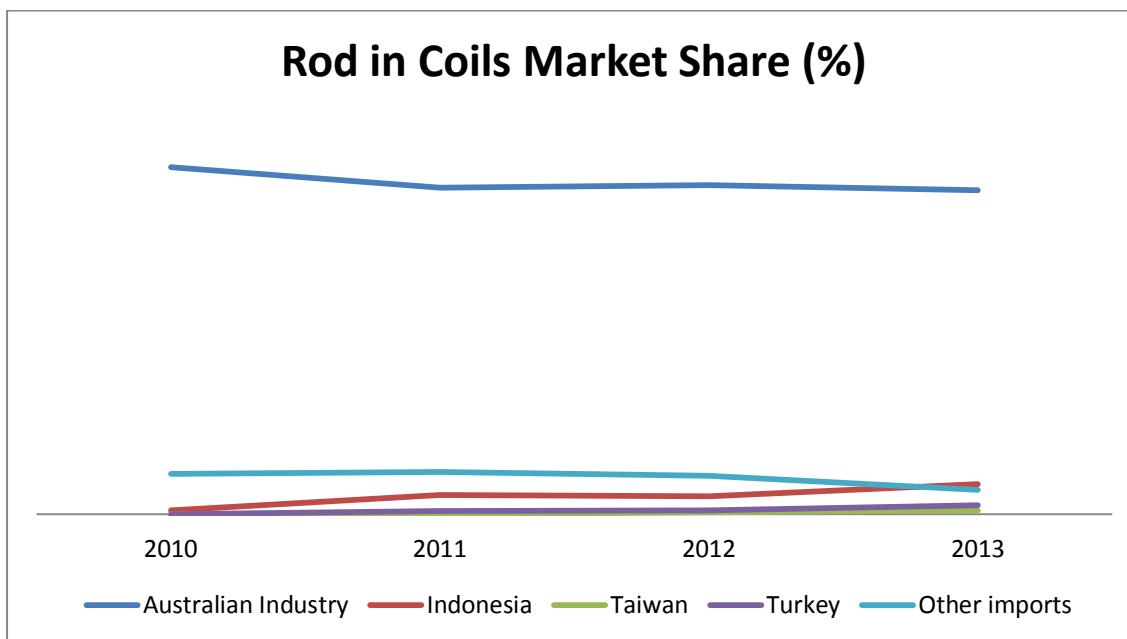


Figure 3 – Rod in coils market share (Source: OneSteel and ACBPS Data)

7.3.3 Volume effects – the Commission’s conclusion

The evidence outlined above in section 7.3.1 and 7.3.2 supports OneSteel’s claim that it has experienced injury in the form of reduced sales volume and reduced market share for rod in coils in the Australian market.

7.4 Price and profit effects

7.4.1 Price depression and price suppression

Price depression occurs when a company, for some reason, lowers its prices. Price suppression occurs when price increases, which otherwise would have occurred, have been prevented. An indicator of price suppression may be the margin between revenues and costs.

OneSteel claimed in its application that the market for rod in coils is highly price sensitive and in response to the increase in the volume of dumped goods in the market it has had to lower prices in an attempt to maintain sales volume and market share. OneSteel further claimed that following the dramatic increase in dumped goods in 2011 it implemented operational and cost saving initiatives during 2012 and 2013 in an attempt to better compete with the dumped imports, however the need to reduce prices eroded the benefits those initiatives would otherwise have delivered.

Figure 4 below illustrates the relationship between OneSteel’s selling price per tonne and its Cost to Make and Sell (CTMS) per tonne for the injury analysis period.

It is evident from figure 4 that OneSteel has steadily reduced its selling price since 2011, which is consistent with the claims made in its application, and indicative of price depression.

It is also evident that CTMS per tonne has decreased since 2011, however by 2013 the sales price per tonne was reducing at a faster rate than the reduction in CTMS per tonne. This is consistent with OneSteel’s claim that the cost saving initiatives implemented to

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improve competitiveness in the face of an increase in allegedly dumped imports were undermined by the continued need to reduce prices. The widening margin between sales price per tonne and CTMS per tonne is indicative of price suppression.

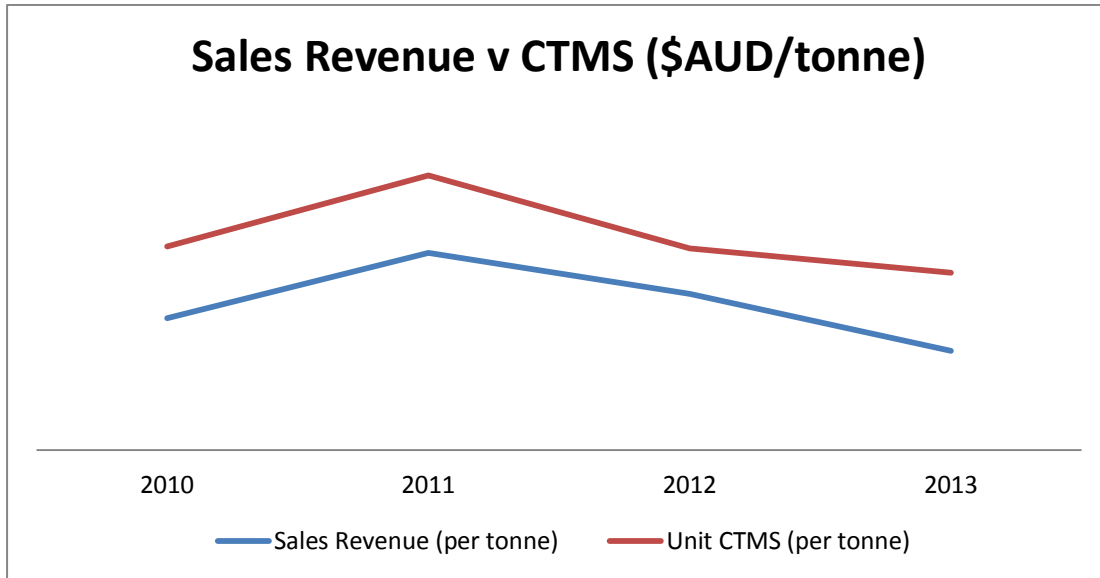


Figure 4 – Sales revenue per tonne vs CTMS per tonne

7.4.2 Price effects – the Commission’s conclusion

Based on the analysis outlined above, the Commission has found that the Australian industry has experienced injury in the form of price depression, price suppression, and reduced sales revenue.

7.4.3 Profits and profitability

OneSteel claimed in its application that selling costs have declined at a much faster rate than it was able to reduce production costs, and this tightening margin has contributed to a reduction in profit and profitability.

Figure 5 below illustrates movements in OneSteel’s annualised profits and profitability.

The graph demonstrates that on an annualised basis profit and profitability have been negative across the injury analysis period. The graph shows an improvement in profit and profitability in 2012, followed by a marked deterioration in 2013. This is consistent with OneSteel’s claim that the cost saving and operational improvement initiatives implemented in response to the growth in allegedly dumped imports in 2011 were surrendered in 2013 due to the continuing price pressures imposed by a further acceleration in allegedly dumped imports.

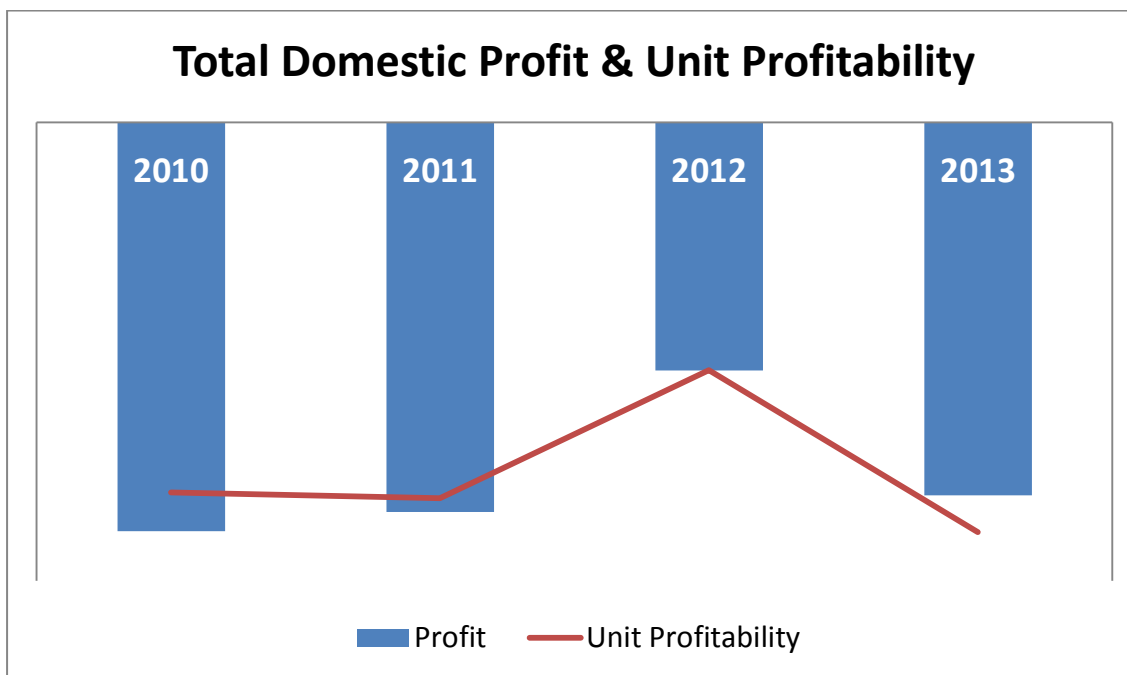


Figure 5 – Total Profit & Unit Profitability

7.4.4 Profit and profitability effects – Commission conclusion

Based on the analysis outlined above, the Commission has found that the Australian industry has experienced injury in the form of reduced profits and reduced profitability.

7.5 Other relevant economic factors

In support of its claim of injury, OneSteel provided information in Appendix A7 of its application in relation to reduced employment and attractiveness for reinvestment.

7.5.1 Employment

The Commission noted OneSteel has steadily reduced employment levels for rod in coils production over the injury analysis period.

7.5.2 Attractiveness for reinvestment

The Commission noted that over the injury analysis period return on investment improved until 2012 before suffering a significant deterioration.

7.5.3 Other relevant economic factors – Commission conclusion

Based on the analysis outlined above, the Commission has found that the Australian industry has experienced injury in the form of reduced:

- employment; and
- attractiveness for reinvestment.

8 HAS DUMPING CAUSED MATERIAL INJURY?

8.1 The Commission's findings

The Commission has found that rod in coils exported to Australia from Indonesia (except by Ispat) and Taiwan at dumped prices has caused material injury to the Australian industry producing like goods.

The Commission has analysed and assessed causation factors and submissions by interested parties, and has determined that OneSteel has suffered injury caused by dumped imports from Indonesia and Taiwan in the form of:

- reduced sales volume;
- reduced market share;
- price depression;
- price suppression;
- reduced profits and reduced profitability;
- reduced revenues;
- reduced employment; and
- reduced attractiveness for reinvestment.

8.2 Introduction

The Commission has established that during the investigation period exports to Australia of rod in coils from Indonesia (except those exported by Ispat) and Taiwan were dumped and that the Australian industry has suffered injury.

Section 269TAE outlines the factors that the Parliamentary Secretary may take into account in determining whether, for the purposes of section 269TG, material injury to an Australian industry has been, or is being caused or threatened.

This chapter examines whether the exports of rod in coils to Australia from Indonesia (except by Ispat) and Taiwan have caused material injury to the Australian industry producing like goods.

8.3 Dumping

The Commission has found that rod in coils exported to Australia:

- from Indonesia by Gunung during the investigation period were dumped with a dumping margin of 10.1 per cent and the volume of dumped goods from Indonesia was not negligible; and
- from Taiwan by Quintain during the investigation period were dumped with a dumping margin of 2.7 per cent and the volume of dumped goods from Taiwan was not negligible.

8.4 Cumulative effects of exportations

Subsection 269TAE(2C) sets out the requirements for assessing the cumulative effects of exports of goods to Australia from different countries. Where exports from more than one country are simultaneously the subject of anti-dumping investigations, the Parliamentary Secretary may cumulatively assess the effects of such imports if:

- the margin of dumping established for exporters in each country is not negligible; and

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- the volume of imports from each country is not negligible; and
- cumulative assessment is appropriate in light of the conditions of competition between the imported goods and the like domestic goods.

As outlined in section 6 the Commission has established that the margin of dumping for each exporter, other than Ispat, is not negligible and the volume of imports from both Indonesia and Taiwan is not negligible.

The conditions of competition between imported and domestically produced rod in coils are similar. The Commission has established that importers and OneSteel are both selling the product predominantly into the same market segment.

Furthermore, domestically produced rod in coils can be directly substituted with the exported rod in coils and evidence indicates that the importers' customers are directly competing with OneSteel's distribution network.

The goods are alike, have similar specifications and end-uses, and compete in the same markets. This has been verified during importer, exporter and Australian industry visits or verifications completed remotely.

The Commission considers the conditions of competition are such that it is appropriate to consider the cumulative effect of the dumped imports from Indonesia and Taiwan.

The Commission has established that during the investigation period exports of rod in coils from Indonesia (except those exported by Ispat) and Taiwan were dumped and that the Australian industry has suffered injury.

Section 269TAE outlines the factors that the Parliamentary Secretary may take into account in determining whether, for the purposes of section 269TG, material injury to an Australian industry has been, or is being caused or threatened.

In this Chapter, the Commission examines whether the exports of rod in coils to Australia, at dumped prices, have caused material injury to the Australian industry producing like goods.

8.5 Volume effects

As discussed in Chapter 7 of this report, the Australian industry has experienced both diminished sales volume and diminished market share over the injury analysis period.

8.5.1 Sales volumes

The Commission has estimated that the size of the Australian rod in coils market contracted by approximately 10 per cent over the injury analysis period, including a five per cent contraction during the investigation period. Over those same time frames the Commission established that OneSteel's sales volumes contracted by 16 per cent over the injury analysis period and seven per cent over the investigation period.

The Commission has established that rod in coils exported by Gunung and Quintain were at dumped prices. The Commission analysed the end purchaser data in relation to rod in coils exported by Gunung and Quintain. The Commission established that the majority of the goods exported by Gunung were ultimately purchased by OneSteel customers, whereas the entirety of goods exported by Quintain were not purchased by an existing OneSteel customer. The Commission understands that following the initiation of the investigation that customer now purchases from OneSteel. The Commission considers that OneSteel would have been in a stronger position to achieve sales to both its existing

customers and prospective customers had the price offerings of the dumped goods been less competitive.

The Commission has assessed that the value of sales, relating to the goods imported by Gunung and Quintain and based on the prices paid by the end user, to be approximately \$8.55 million, and considers that OneSteel has suffered material injury in the form of reduced sales volume and domestic revenue due to dumped imports of rod in coils from Indonesia and Taiwan.

8.5.2 Market share

The Commission has determined that OneSteel's market share diminished from 89 per cent to 83 per cent over the injury analysis period, while the market share of each of the countries under investigation increased. The Commission noted that OneSteel has the production capacity to supply the entire Australian market.

The Commission accepts that undumped imports from Indonesia and Turkey captured a portion of OneSteel's market share, however considers that OneSteel also suffered material injury in the form of reduced market share due to dumped imports of rod in coils from Indonesia and Taiwan.

8.6 Price effects

8.6.1 Pricing in the Australian rod in coils market

The Commission considers that rod in coils are a commodity product, which means that the grades and sizes used in the market are commonly available and when produced to similar grade and dimension are interchangeable regardless of origin. As a result, price is one of the primary factors affecting purchasing decisions.

OneSteel stated that it negotiates monthly prices for rod in coils with customers, based on the delivered price of the imported products in the month that the imports are due to arrive at the customer's facility. The Commission accepts that as customers can purchase either from OneSteel or from an import supply source, import offers and movement in the price of import offers are used by customers to negotiate prices with OneSteel, and as such, in order to remain competitive OneSteel is obliged to respond to the price of imported products.

Accordingly, the price of imports is the key determinant of OneSteel's selling price and falling import prices can directly cause price injury resulting in lost revenue and profits.

8.6.2 Undercutting

Price undercutting occurs when imported product is sold at a price below that of the Australian manufactured product. For the purposes of this report, the Commission has undertaken a preliminary analysis of price undercutting based on verified sales data sourced from cooperative importers and OneSteel as part of the investigation. OneSteel supported the verified sales data with market intelligence regarding the competitive price offers for the imported product it alleges is undercutting its pricing offers.

In comparing the sales data of the cooperating importers with OneSteel's sales data, the Commission found that the weighted average quarterly selling price per tonne for imported goods was between four per cent and 10 per cent below the OneSteel weighted average quarterly selling price.

Given the presence of both dumped and undumped imports in the market, the Commission further refined this analysis to compare contemporaneous sales of imported goods by distributors. The Commission determined that the level of undercutting was highest in relation to the dumped imports.

8.6.3 Price depression and suppression

In its application, OneSteel claimed that it had to reduce prices in response to price pressures from dumped imports of rod in coils from Indonesia, Taiwan and Turkey.

The analysis undertaken by the Commission, as detailed in section 7.5.1 of this report, demonstrated that OneSteel has experienced price depression since 2011 and price suppression since 2013.

As previously stated, the market for rod in coils is highly price sensitive, and the Commission is satisfied that during the investigation period dumped imports had a competitive price advantage. The Commission is of the view that in the absence of dumping, prices achieved in the market, including OneSteel's, would have been higher by at least the margin of dumping.

8.7 Profit effects

As discussed in Chapter 7 of this report, the Australian industry has experienced deterioration in its revenues, profit and profitability.

8.7.1 Reduced profit and profitability

The Commission has established that dumped imports have caused injury in the form of adverse price effects for OneSteel, particularly in terms of price depression and price suppression. The Commission has also established that OneSteel has experienced reduced sales volume as a result of dumped imports.

The price depression caused by dumping, combined with reduced sales volume has resulted in reduced domestic revenues for OneSteel.

The price suppression caused by dumping, which has been demonstrated by the lower margin between unit prices and unit costs, has resulted in lower profitability for OneSteel. The lower profitability combined with reduced sales volume has resulted in reduced profits for OneSteel.

The Commission considers that Onesteel has suffered injury in the form of reduced profit and profitability due to dumped imports.

8.8 Other injury factors

The Commission considers that it is inconclusive whether the other injury factors claimed by OneSteel in its Appendix A7 were caused by dumping, or caused by other factors.

8.9 Injury caused by factors other than dumping

8.9.1 Introduction

Subsection 269TAE(2A) requires consideration of whether injury to an industry is being caused or threatened by a factor other than dumped imports.

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During the investigation the Commission either determined or was informed by interested parties of the following possible causes of injury:

- Un-dumped goods;
- Imports from other countries not subject to the investigation;
- Factors specific to the Australian economy;
- Initiation of the carbon tax; and
- Efficiency of operations.

8.9.2 Un-dumped goods

Under subsection 269TAE(2A)(a), consideration may be given to whether un-dumped goods were also a cause of injury to the Australian industry.

The Commission has found that imports from Ispat in Indonesia, and from Habaş in Turkey were not at dumped prices.

As detailed above, the Commission considers that rod in coils are a commodity product and therefore price is one of the primary factors affecting purchasing decisions. The Commission considers that the volume of undumped imports, and the prices achieved in the market, are such that they have had an impact on the Australian market. As detailed in section 7.4.2 above, the increase in the volume of sales by these exporters over the injury analysis period has taken market share from other suppliers, including OneSteel.

The Commission considers, however, that the price sensitivity of the market is such that the presence of dumped imports in the market would be impacting the pricing behaviour of all market participants, including Australian industry and those exporters found to have not sold dumped goods into the market.

The Commission considers that in the absence of dumping, all other participants in the market would achieve higher selling prices.

8.9.3 Effect of imports from other countries not subject to the investigation

Information from the ACBPS database showed that for 2013 approximately 63 per cent of rod in coils imported into Australia came from the countries under investigation, 36 per cent was imported from New Zealand, and one per cent from other countries.

As noted in section 7.4.1 and 7.4.2 imports from other countries not subject to the investigation have been declining in terms of both volume and market share as imports have increased from the countries under investigation.

The Commission received a submission from PSNZ, the sole exporter of rod in coils from New Zealand to Australia. PSNZ noted in its submission that the market for rod in coils is very price sensitive, and that pricing offers from other importers into the Australian market are used by customers to negotiate lower pricing. PSNZ claimed that it has lost both margin and market share over the injury analysis period. PSNZ provided Australian sales data to support its claim of falling volumes and market share.

The Commission was able to reconcile PSNZ's sales data to the ACBPS database, and was able to determine that PSNZ has suffered an approximate 40 per cent reduction in its volume of sales to Australia over the injury analysis period. Imports from other countries fell by approximately 85 per cent over the same period of time.

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The Commission is of the view that rather than contributing to the injury experienced by OneSteel, PSNZ and exporters from other countries not under investigation have themselves been injured by the presence of dumped imports in the Australian market.

8.9.4 Factors specific to the Australian economy

The Commission received submissions asserting that issues specific to the Australian economy, such as deteriorating competitiveness of industry, an appreciating currency and weakening domestic demand contributed to any injury OneSteel claims to have suffered.

Competitiveness of industry

Turkey's Ministry of Economy, Directorate General of Exports submission took the following quote from the Prime Minister's Task Force on Manufacturing report "Smarter Manufacturing for a Smarter Australia" to evidence its claims:

"While the biggest factor has been the high Australian dollar, a compounding set of factors – rising living costs and weak economy wide productivity growth – have made Australia a 'high cost economy' by international standards. This is occurring at the very time that low cost competitors are emerging, and that established manufacturing centres in Europe and the USA are growing stronger with favourable exchange rate movements and new competitive advantages. The result is a serious erosion of our international competitiveness."

and

"The extent of the appreciation of the currency has meant that: Some exports have become entirely unprofitable and some domestic markets are facing import competition for the first time. In other markets there is a much more intense level of import competition than was previously the case."

The submission also quoted from the Segment Overview section of the 2013 Annual Report of Arrium. As noted in section 4.3.1, OneSteel is a wholly owned subsidiary of Arrium:

"The Steel business continued to be challenged during the year by the difficult external environment, including the high Australian dollar and generally weak construction and manufacturing markets... In the non residential and residential construction sectors, activity levels remained generally weak due to credit availability issues and soft business and consumer sentiment."

Weakening demand

The Commission's investigation confirms that the domestic market for rod in coils has suffered a gradual decline over the course of the injury analysis period. Section 5.5 of this report shows the domestic market for rod in coils contracting by approximately 10 per cent over the injury analysis period. Weakening demand for steel has however been a global issue post global financial crisis and as such OneSteel has had to compete with imports whose pricing has been affected by depressed global demand. In this context the Commission further notes that the statement by Arrium refers to the entire steel market, rather than specifically to rod in coils.

Strengthening Australian dollar

In addition to this weakening of demand, the AUD remained at historically high levels over the duration of the injury analysis period. While the AUD actually fell by two per cent over

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the course of the injury analysis period, it had appreciated by approximately 21 per cent at its peak in July 2011. Figure 6 below shows this trend:

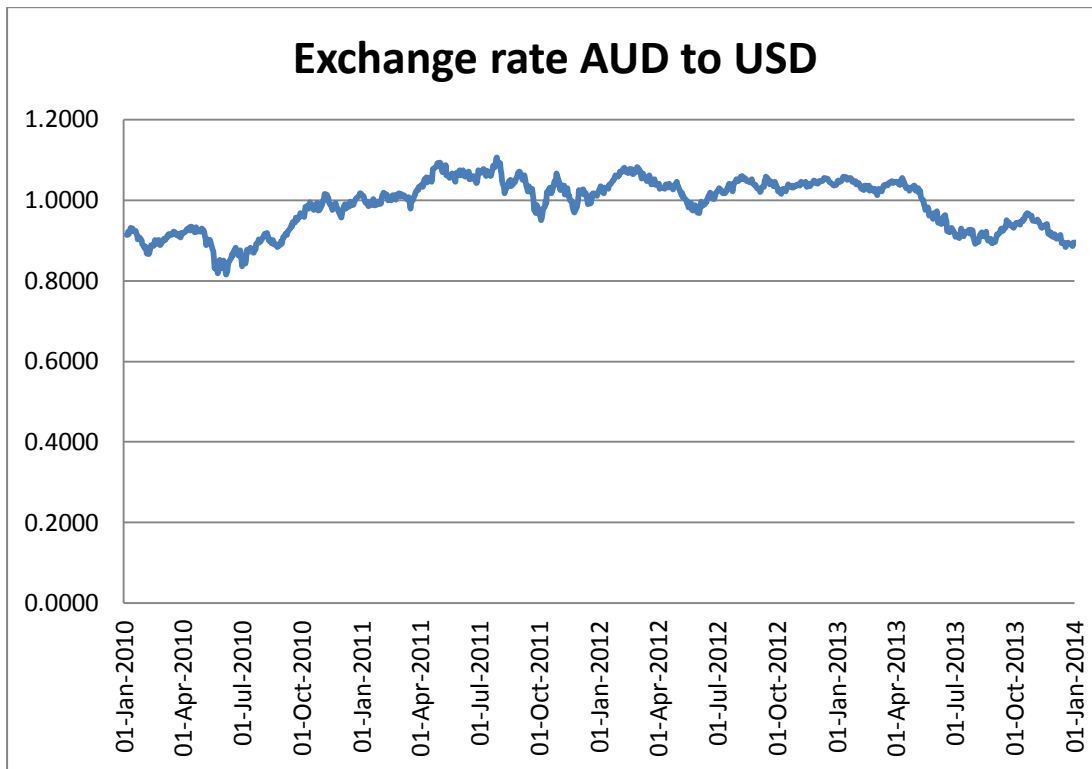


Figure 6 – Exchange rate movements during the injury analysis period

The Commission is of the view that the continued strength of the AUD throughout the injury analysis period has made it more attractive for purchasers to source rod in coils from overseas suppliers. Given the primacy of import prices in the negotiation of OneSteel's price offers, the impact of the historically high AUD has impacted OneSteel's economic performance.

The Commission has given consideration to the factors specific to the Australian economy that may have caused injury to OneSteel and has concluded that the price sensitive nature of the market for rod in coils is such that the presence of factors such as weakened domestic demand and a high AUD in the market has contributed to, but is not the primary cause, of the injury experienced by OneSteel.

8.9.5 Initiation of the carbon tax

The Commission received a submission contending that the initiation of the carbon tax in July 2012 has negatively affected OneSteel.

The submission relies on statements made by OneSteel management prior to the implementation of the tax relating to the possible implications on business competitiveness, but does not provide any evidence as to the actual impact the tax has had since its implementation.

In the absence of evidence the Commission is not able to have regard to this contention.

8.9.6 Efficiency of operations

The Commission received a submission from the Turkish Steel Exporters Association contending that the negative margin between OneSteel's costs and sales revenue in 2013 was comparable to 2010, prior to the commencement of alleged dumping, which indicated that the negative margin could not be a result of dumping. The submission stated:

"These figures rather make it evident that the applicant's production costs and selling expenses, despite the applicant's assertions to the contrary, are still much too high to be competitive. Indeed these figures suggest that the applicant's business is highly inefficient, which would not surprise anybody given that the applicant is the sole Australian producer not having been exposed to any external competition for way too long."

The Commission was not provided any evidence to support assertions that OneSteel is operating an inefficient business. The Commission therefore cannot place any weight on the argument that inefficiency of operations within OneSteel's rod in coils business has caused injury rather than dumped imports.

8.10 The Commission's assessment

In order to differentiate the effects of dumping from the effects of other factors that may have caused material injury, the Commission has examined what effect dumping has specifically had on price.

As discussed above, the Commission is satisfied that rod in coils are a commodity product and the market is highly price sensitive. In this environment OneSteel must negotiate its pricing offers within the context of import price offers. As such the Commission considers that the minimum amount of injury suffered by OneSteel that can directly be attributed to dumped exports is reflective of the individual dumping margins.

Given that OneSteel establishes its selling prices into the market on the basis of the price of imports, the weakening of domestic demand and the strength of the Australian dollar does not detract from the Commission's assessment that prices are lower than they otherwise may have been had rod in coils not been exported to Australia at dumped prices. This assessment leads the Commission to conclude that dumping, in and of itself, has caused material injury to OneSteel.

The Commission has taken into consideration other possible injury factors raised during the investigation and is of the view that these other possible causes of injury do not detract from the assessment that dumping has caused material injury to the Australian industry.

8.11 Submissions received from interested parties

After the publication of SEF 240, the Commission received submissions from OneSteel and Gunung in relation to whether OneSteel has suffered injury caused by dumped imports. These submissions, as well as submissions received prior to the publication of SEF 240 were taken into account in preparing this report.

Gunung submissions

Reasonableness of applicant's costs

Gunung expressed its concern that the Commission had not addressed the issue of whether OneSteel's integrated costs are reasonable and whether they are suitable for the purposes of assessing injury in the context of subsection 269TAE of the Act.

Causation – volume effects

Gunung submitted that the Commission's causality analysis into volume effects represents a "but-for" analysis, and the Commission's Dumping and Subsidy Manual requires a compelling explanation if such an analysis is relied upon.

Gunung further submitted that the volume of dumped exports from Indonesia has decreased significantly and followed a similar trend to that experienced by OneSteel, and as a result, it is improbable that dumped exports from Indonesia have contributed or caused any of the volume related injury experienced by OneSteel.

Causation – price effects

Gunung submitted that, in its view, the Commission had relied solely on its undercutting analysis for the purposes of assessing causality between the dumped exports and injury to OneSteel. Gunung made the following observations in regard the undercutting analysis in SEF 240:

- Reliability of undercutting assessment

Gunung submitted that dumped goods identified in SEF 240 account for approximately 2.1 per cent of the Australian market, and as such it is inconceivable that in a commodity product market these suppliers could set prices for the market.

Gunung submitted that, based on a pricing analysis conducted using sales information of the sole importer of rod in coils from Gunung, export prices from Turkey were lower than those from Indonesia, a conclusion which contradicts the findings detailed in SEF 240.

- Period of price comparison

Gunung submitted that a meaningful assessment of prices can only be achieved by ensuring prices are compared on a monthly basis to remove the distortion of weighted sales occurring in mismatched months.

- Price comparison at common delivery terms

Gunung submitted that a price comparison needs to be undertaken at ex-works and ex-local port equivalent points of delivery to remove the distorting effect of OneSteel's higher transportation expenses.

- Price comparison at common credit terms

Gunung requested that the Commission provide a meaningful explanation of the way rod in coils sales into the Australian market were adjusted for credit terms to ensure proper comparison of prices.

Cumulation

Gunung submitted that the Commission has not fulfilled its obligations to establish whether the margin of dumping in relation to imports from each country is more than de minimis, and that in order to properly establish the margin of dumping for Indonesia as a country, the Commission is required to calculate a weighted average dumping margin

taking into account the negative margin of dumping for Ispat and the positive margin of dumping for Gunung.

Gunung submitted that it is questionable whether the margin of dumping for imports from Indonesia is not negligible and therefore whether the conditions for cumulation are fulfilled.

Minister's discretion to not impose measures

Gunung submitted that the circumstances in this investigation warrant a recommendation to the Minister that measures not be imposed on the grounds that they will be ineffective at removing injury suffered by the applicant.

Gunung noted three specific circumstances highlighted by the Productivity Commission in its Inquiry Report No. 48¹⁰:

where measures would not be effective in removing injury being experienced by the applicant industry, and hence where the ensuing costs for others in the community would be needlessly incurred:

- *The imposition of measures equivalent to the assessed dumping margin (or the benefit from a countervailable subsidy) would result in an import price still well below local suppliers' costs to make and sell.*
- *'Like goods' could be readily obtained from an un-dumped source at a comparable price, meaning that the imposition of measures would simply lead to substitution into un-dumped imports with little or no benefit for competing local suppliers.*
- *Dumped or subsidised imports may be a contributing factor to the material injury being experienced by a local industry, but are not the major cause.*

Gunung considered that all three of the circumstances highlighted by the Productivity Commission are applicable in the case of rod in coils exported from Indonesia.

OneSteel submissions

Causation

OneSteel disputed Gunung's allegation that the volume injury is a "but-for" analysis as it is recognised that OneSteel experienced lost sales volumes to Gunung.

OneSteel submitted that the impact of dumped imports on Australian industry is far greater than as suggested by Gunung as the impact falls on the smaller trade exposed market, noting that approximately two-thirds of OneSteel's rod in coils sales are transferred internally.

OneSteel submitted that Gunung's criticism that the Commission had not undertaken its undercutting analysis at the correct level or that prices were not correctly compared were unfounded. OneSteel further submitted that the price undercutting analysis undertaken by Gunung was based upon selective sales to the smaller Western Australian market rather than reflecting the whole of the Australian market.

¹⁰ Productivity Commission Inquiry Report No. 48 – 18 December 2009; pages 72-73

Cumulation

OneSteel submitted that the Commission had correctly cumulated the effects of the dumped exports for injury analysis purposes, and that it was unclear from Gunung's representations how the Commission had not fulfilled its obligations in this regard as subsection 269TAE(2C)(c) requires the assessment to be undertaken for each exporter, and not by country.

Ministerial discretion

OneSteel acknowledged that the Parliamentary Secretary maintained discretion to apply measures, however noted that the Productivity Commission recommendations were not implemented by the then government and reaffirmed the importance of imposing measures to limit further material injury.

The Commission's assessment

Reasonableness of applicant's costs

The Commission undertook a verification of the cost to make data submitted by OneSteel at Appendix A6 of its application. The Commission's OneSteel industry verification report is available on the public record.

The cost to make data in Appendix A6 comprises variable manufacturing costs and fixed manufacturing costs. Variable manufacturing costs consist of raw material costs, direct labour and variable overhead. Fixed manufacturing costs are depreciation and overheads.

Raw material costs relate solely to the cost of billet whilst the remaining costs relate to the conversion costs of producing rod in coils from billet.

The Commission concentrated the verification on the cost to make at the Laverton facility for the quarter ending March 2013. The Laverton facility was chosen as it shows the complete rod in coil manufacturing process comprising steelmaking through the EAF and rolling through the Rod Mill. The verification report noted, however, that that billet at Whyalla is produced in the billet caster from liquid steel which accounts for over 90% of the cost to make billet, and that the Commission had verified costs relating to the production of liquid steel in the hot rolled structural steel sections investigation that was current at the time of the industry visit. That verification had concluded that the cost to make data in Appendix A6 represented a reasonably complete and relevant account of the fully absorbed costs to manufacture, and the Commission was similarly satisfied that Appendix A6 represented a reasonably complete and relevant account of the fully absorbed costs to manufacture rod in coils.

The Commission is satisfied that OneSteel's costs are reasonable and appropriate for assessing injury.

Causation – Volume effects

Interested parties have not challenged the Commission's assessment that the rod in coils market is a price sensitive one. In a price sensitive market relatively low volumes of imports can influence pricing and purchasing decisions. The Commission is satisfied that this influence has manifested as both lost sales volumes, where lower prices were successful in attracting customers, and also in driving market pricing lower during the negotiation phase of the rod in coils sales process. Notwithstanding the Commission's view that low volumes can have price effect, in Gunung's case, its monthly volumes were highest in the first half of the investigation period. During the first half of the investigation period, Gunung exports on a monthly basis accounted for up to 30% of all rod in coils imports into the

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Australian market. This volume is considered by the Commission to be sufficient to impact market pricing, and in turn to have caused material volume injury to OneSteel.

Causation – price effects

As detailed in section 8.6 above, the Commission undertook a price undercutting analysis using verified sales data from two major importers and from OneSteel. These importers were responsible for 51 per cent of rod in coils imported during the investigation period.

The undercutting analysis was conducted at an aggregate, grade and customer level, as outlined below.

In conducting the price undercutting analysis, the Commission compared weighted average free into store (FIS) prices in Australian dollars (AUD) (per tonne) of imported rod in coil sold by importers, to OneSteel's weighted average FIS prices in AUD (per tonne). Where possible, the Commission analysed sales at a comparable level of trade.

The Commission was unable to make adjustments in relation to credit terms as each importer's credit terms were substantially different and in some cases varied by customer. However, the Commission does not consider that the impact of credit terms would significantly alter its conclusions in respect to price undercutting.

Price undercutting at an aggregate level

The Commission assessed price undercutting at an aggregate level by comparing OneSteel's monthly aggregate weighted average selling price against a monthly aggregate weighted average selling price of each verified importer.

The analysis showed that undercutting by verified importers ranged from 4.07 per cent to 7.02 per cent over the entire investigation period.

The Commission compared the price per unit of all individual sales over the investigation period with the weighted average OneSteel sales price and found the importers sales price to be lower than the OneSteel price on 117 of 119 sales analysed with undercutting of up to 17.85%.

The analysis showed undercutting by both importers throughout the investigation period.

Price undercutting by customer

Price undercutting was also considered in the context of customers purchasing from both OneSteel and importers. The Commission compared the weighted average sales price of OneSteel to the two largest importers on a month by month basis, for sales to three customers that had purchased from all three suppliers over the investigation period.

The Commission found that in all comparisons of the weighted average selling prices by customer and by month, the OneSteel price was undercut by importers for 21 of 22 months where a comparison was possible, with results ranging from negative 2 per cent (not undercut) to 15.5 per cent.

Monthly price undercutting by customer is summarised in table 8 below:

WA Price Variance by Customer	Customer 1	Customer 2	Customer 3
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Jan-13	3%	N/A ¹¹	N/A
Feb-13	N/A	N/A	6%
Mar-13	N/A	N/A	N/A
Apr-13	7%	15%	10%
May-13	10%	N/A	9%
Jun-13	9%	11.4% - 15.1%	N/A
Jul-13	N/A	10%	6%
Aug-13	2%	9%	N/A
Sep-13	-2%	N/A	5%
Oct-13	5%	N/A	5%
Nov-13	8%	N/A	6%
Dec-13	6%	N/A	15%

Table 8 – Price undercutting by customer and month

A review of the price variance for the selected customers over the investigation period, we have the following results:

WA Price Variance by Importer and by Customer	Customer 1	Customer 2	Customer 3
Importer 1	3.7%	7.2%	5.7%
Importer 2	7.0%	8.9%	11.9%

Table 9 – Price undercutting by customer and importer

The Commission further compared the monthly weighted average value of all imports from exporters reviewed in this investigation and found that in aggregate, those exporters found to be dumping, consistently had lower price valuations than exporters that were found not to be dumping. The price variance between the two groups was as high as -7.7 per cent for July 2013.

The Commission notes that price undercutting was consistently demonstrated for all customers and for all months over the investigation period as per the analysis above.

The Commission considers there is sufficient evidence from the price undercutting analysis to conclude that the dumping at the levels outlined in Chapter 6 (in the range of 2.7 per

¹¹ N/A indicates no comparable sales for that month

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cent to 10 per cent) created a competitive benefit to importers of dumped goods and influenced pricing decisions for both non-dumping importers and the Australian industry.

The Commission also took into account evidence provided by OneSteel from its monthly import price parity reports reviewed during the verification process.

Whilst the information provided by OneSteel was not used in the price undercutting analysis conducted by the Commission above (in preference to verified data), the information did provide examples substantiating OneSteel's claims that it faced pressure to lower its prices in order to compete with dumped goods.

Cumulation

As detailed in section 8.4, subsection 269TAE(2C) sets out the requirements for assessing the cumulative effects of exports of goods to Australia from different countries. The Commission is of the view that it has, under subsection 269TAE(2C), correctly cumulated the effects of the dumped exports for injury analysis purposes. The Commission notes that subsection 269TAE(2C)(c) requires the assessment to be undertaken for each exporter, and not by country.

The Commission has established that the margin of dumping for each exporter, other than Ispat, is not negligible and the volume of imports from both Indonesia and Taiwan is not negligible.

Ministerial discretion

The Commission acknowledges that the Parliamentary Secretary retains discretion in regard the application of anti-dumping measures.

The Commission has, however, determined that dumped imports have caused material injury to Australian industry and that, as detailed in section 9 below, rod in coils from Indonesia and Taiwan in the future may be at dumped prices, and that continued dumping may cause further material injury to the Australian industry.

9 WILL DUMPING AND MATERIAL INJURY CONTINUE?

9.1 Introduction

Under subsection 269TG(2), where the Minister is satisfied that material injury to an Australian industry has been caused by dumping, anti-dumping measures may be imposed on future exports of like goods if the Minister is satisfied that the dumping and material injury may continue.

9.2 The Commission's findings

The Commission has found that exports of rod in coils from Indonesia (except by Ispat) and Taiwan in the future may be at dumped prices, and that continued dumping may cause further material injury to the Australian industry.

9.3 The Commission's assessment

The Commission's dumping analysis found that rod in coils exported from Indonesia (except those exported by Ispat) and Taiwan were at dumped prices.

The Commission notes that forward orders exist from the countries found to be dumping, and that those countries hold a significant share of the market for imported rod in coils.

The Commission has analysed data from the ACBPS import system for the nominated countries during the investigation period and post this period. The analysis indicated that on a monthly basis imports from the countries under investigation had fallen by 67 per cent after the initiation of the investigation.

Based on the data, the Commission considers that the initiation of the rod in coils investigation may have temporarily caused some exporters and importers to change their behaviour in response to the investigation.

The Commission does not consider the behaviour observed in the rod in coils market since the initiation of the investigation to be reflective of typical market conditions, such that it would render the imposition of measures unnecessary.

The Commission finds that exports of rod in coils from Indonesia (except by Ispat) and Taiwan in the future may be at dumped prices, and that continued dumping may cause further material injury to the Australian industry.

10 NON-INJURIOUS PRICE

10.1 Introduction

Dumping duties may be applied where it is established that dumped imports have caused or threatened to cause material injury to the Australian industry producing like goods. The level of dumping duty imposed by the Parliamentary Secretary cannot exceed the dumping margins, but the Parliamentary Secretary must have regard to the desirability of fixing a lesser amount of duty if it is sufficient to remove injury.¹² This is referred to as the lesser duty rule.¹³

The lesser duty rule is given effect through the calculation of a non-injurious price (NIP). The NIP is the price that would be sufficient to remove the injury caused to the Australian industry by dumping.

The Commission generally derives the NIP by first establishing a price at which the applicant might reasonably sell its product in a market unaffected by dumping. This price is referred to as the unsuppressed selling price (USP).

The Commission's preferred approach to establishing a USP observes the following hierarchy:

- industry selling prices at a time unaffected by dumping;
- constructed industry prices – industry cost to make and sell plus profit; or
- selling prices of undumped imports.

Having calculated the USP, the Commission then calculates a NIP by deducting the costs incurred in getting the goods from the export FOB point (or another point if appropriate) to the relevant level of trade in Australia. The deductions normally include overseas freight, insurance, into-store costs and amounts for importer expenses and profit.

The Commission has preliminarily assessed that the NIP can be determined by setting the unsuppressed selling price (USP) equal to the exporters' normal values, on the basis that the injury caused by dumping is due to OneSteel's matching of import prices.

10.2 Submissions received prior to SEF 240

OneSteel submission

OneSteel submitted that it is not possible for the Commission to determine a USP based on a selling price in a market unaffected by dumping as Indonesian exports have been prevalent in the Australian market for the duration of the injury analysis period. OneSteel further noted that prior to 2010 selling prices were impacted by the global financial crisis.

Given these circumstances, OneSteel submitted that the most suitable method for determining the USP is to construct industry prices on the basis of its CTMS during the investigation period, plus an appropriate amount of profit applied. OneSteel noted that its rod in coils business has performed just below breakeven point over the last four years, and as such argued that a level of profit be derived from an internally-related

¹² Sections 8(5B), 8(5BA), 9(5AA), 10(3C), 10(3D), 11(5) of the *Dumping Duty Act*

¹³ The requirement for the Minister to have regard to the desirability of fixing a lesser amount of duty has changed for applications lodged with the Commission after 1 January 2014. The Minister is no longer required to have mandatory consideration of the lesser duty rule where the Minister is satisfied that certain circumstances exist.

manufacturing business with similar cost structures. OneSteel contended that its rail manufacturing business is an appropriate substitute as it sources the same raw materials as the rod in coils business, and the Australian rail market is supplied from both local and imported products.

Stemcor submission

Stemcor submitted that a USP should be established based on OneSteel's monthly net price offers less additional costs incurred by OneSteel that are specific to OneSteel's manufacturing and distribution practices. Stemcor listed these costs as:

- transporting billet from production point to processing point, for example Whyalla to Laverton;
- stockholding as OneSteel produce to stock whereas importers hold no stock;
- delivery to clients;
- volume and loyalty rebates; and
- a consideration for currency fluctuations, as Stemcor assert that OneSteel would incorporate an amount for currency variations into its pricing model.

10.3 Submissions received in response to SEF 240

After the publication of SEF 240, the Commission received a submission from Gunung in relation to the determination of the NIP. This submissions, as well as submissions received prior to the publication of SEF 240 were taken into account in preparing this report. The submissions received after the publication of SEF 240 are listed in **Non-Confidential Attachment 2**.

Gunung submission

Guning submitted that as 85 per cent of rod in coils imported into the Australian market were found to have not been dumped, the Commission must properly identify and explain the price relativities in the market that underlay the Commission's determination of the NIP.

10.4 The Commission's assessment

The Commission has detailed its findings in regard to the price relativities in the Australian market in section 8.6 above. These findings support the Commission's determination of the NIP presented in SEF 240.

The Commission considered whether any of the preferred options for estimating the USP are appropriate in this case.

The Commission has noted OneSteel's claims that historical sales data provided in the investigation has been affected by dumping. While claims made about the existence of dumping preceding the investigation cannot be substantiated, the Commission is not satisfied that using historical sales data is a suitable method for calculating the USP.

The Commission has also considered OneSteel's argument that a USP should be calculated using industry's costs plus an appropriate uplift for profit. The Commission is not satisfied that the profit uplift proposed by OneSteel can be reasonably linked to its rod in coils business.

The Commission has considered the argument submitted by Stemcor and is of the view that the methodology proposed does not of itself address the issue of establishing the price at which OneSteel might reasonably be expected to sell rod in coils in a market unaffected by dumping. Stemcor's arguments are, in the Commission's view, focused on

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the cost implications of OneSteel's business structure. While these issues may have an impact on OneSteel's pricing of rod in coils, they do not address the issue of the price at which OneSteel might reasonably be expected to sell rod in coils in a market unaffected by dumping.

The Commission does not consider that the price of rod in coils imported from other countries in the Australian market are a suitable basis for a USP as it cannot determine whether the prices from those countries have also been impacted by dumped imports from the countries under consideration.

In the absence of a suitable method of determining the USP, the Commission has considered an alternative approach to establishing the NIP. As highlighted earlier in this report, OneSteel's prices are set based on benchmarked import prices plus a local premium to account for the benefits of local supply.

The Commission is of the view that in a market unaffected by dumping, it is reasonable to expect that OneSteel would continue to set its prices with regard to benchmarked import prices. In this case, as the price of imports would be higher at least by the dumping margins found, it would be expected that OneSteel's prices would also be higher by at least the percentage of the dumping margins found.

Accordingly, the Commission considers that the NIP for each exporter is a price equal to the respective normal value. This redresses the effects of dumping without redressing the effects of any other factors influencing price.

As the NIP is set at the same price as the normal value, the lesser duty rule does not come into effect.

11 ANTI-DUMPING MEASURES

11.1 Introduction

The forms of interim dumping duty the Minister may apply are prescribed in the *Customs Tariff (Anti- Dumping) Regulation 2013* and include:

- Combination of fixed and variable duty method;
- Floor price duty method;
- Fixed duty method (\$X per tonne); and
- Ad valorem duty method (i.e. a percentage of the export price).¹⁴

11.2 Submissions in response to SEF 240

The Commission did not receive any submissions relating to the proposed measures in response to SEF 240.

11.3 Recommended measures

The Commission recommends that interim dumping duties be calculated using an ad valorem method.

In determining the form of measures, the Commission has given consideration to the Guidelines on the Application of Forms of Dumping Duty – November 2013 (available on the Commission's website) and relevant factors influencing the rod in coils market. The Commission notes that the rod in coils market displayed considerable price volatility over the investigation period. As an example the export prices of a verified, non-dumping exporter varied by 18 per cent over the investigation period. The Commission anticipates that the rod in coils market will continue to demonstrate price volatility, and is satisfied that an ad valorem duty is the most appropriate form of duty in this environment.

The Commission is of the view that a combination method is not appropriate in this environment as it become less effective when a market experiences rising prices and punitive when the market experiences falling prices. The ad valorem method avoids these 'effective rate' impacts.

The lesser duty rule can only reduce the amount of interim dumping duty where the NIP is lower than the ascertained normal value. As the NIP has been set at the same price as the normal value, the lesser duty rule does not come into effect.

11.4 Retrospective measures

When considering the publication of a dumping duty notice, the Minister may, pursuant to subsection 269TN(3), issue a retrospective notice if:

- within 90 days after the entry of the goods for home consumption security has been taken under section 42; or
- within these 90 days the ACBPS had the right to require and take securities.

In this case, the Minister must consider that material injury, arising from dumping, has been caused to Australian industry by the importation during a short period of large quantities of goods of the same kind, and that publication of a retrospective notice is

¹⁴ Section 5 of the *Customs Tariff (Anti- Dumping) Regulation 2013*

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necessary to prevent the serious undermining of the remedial effect of the dumping duty that will become payable upon publication of the dumping duty notice.

In applying subsection 269TN(3) to the goods, the Commission has considered whether:

- the importer knew, or ought to have known, that the amount of the export price of the goods was less than the normal value of the goods and that by reason thereof material injury would be caused to an Australian industry; or
- the goods are of a kind the exportation of which to Australia on a number of occasions has caused, or, but for the publication of a notice under section 269TG in respect of goods of that kind, would have caused, material injury to an Australian industry by reason of the amount of the export price of the goods exported being less than the normal value of the goods exported.

The Commission has not found any evidence to indicate that either of these grounds existed in relation to rod in coils exported to Australia from Indonesia and Taiwan. The Commissioner does not recommend that a retrospective notice be applied in respect of rod in coils.

11.5 RECOMMENDATIONS

The Commissioner is satisfied that the dumping of rod in coils exported to Australia from Indonesia (except by Ispat) and Taiwan has caused material injury to the Australian industry producing like goods.

The Commissioner recommends that the Parliamentary Secretary impose:

- anti-dumping measures in the form of an ad valorem duty on rod in coils exported to Australia from Indonesia (except for Ispat) and Taiwan. The effective rate of duties is shown below:

Country	Exporter / Manufacturer	Dumping margin and effective rate of dumping duty
Indonesia	Gunung	10.1%
	All other exporters (except for Ispat)	10.1%
Taiwan	Quintain	2.7%
	All other exporters	2.7%

Table 10 - Recommended measures

The Commissioner recommends that the Parliamentary Secretary be satisfied:

- in accordance with subsection 269TAE(2C), that the effects of the exportation of goods to Australia can be assessed cumulatively from Indonesia and Taiwan, having had regard to:
 - the conditions of competition between those goods; and
 - the conditions of competition between those goods and like goods that are domestically produced;
- in accordance with subsection 269TG(1) the amount of the export price of the goods exported to Australia from Indonesia (except for Ispat) and Taiwan is less than the amount of the normal value of like goods and because of that, material injury to the Australian industry producing like goods has been, or is being caused;

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- in accordance with subsection 269TG(2) the amount of the export price of like goods exported to Australia from Indonesia (except for Ispat) and Taiwan is less than the amount of the normal value of those goods and the export price of like goods that may be exported to Australia from Indonesia (except for Ispat) and Taiwan in the future may be less than the normal value of the goods and because of that, material injury to the Australian industry producing like goods has been, or is being caused or is threatened.

The Commissioner recommends that the Parliamentary Secretary determine:

- in accordance with subsection 269TAB(3), the export prices for the categories of “uncooperative exporters” of rod in coils exported to Australia from Turkey be determined having regard to all relevant information;
- in accordance with subsection 269TAC(6), the normal values for the categories of “uncooperative exporters” of rod in coils exported to Australia from Turkey be determined having regard to all relevant information;
- in accordance with subsection 269TACB(1) by comparison of the weighted average of export prices of the goods during the investigation period and the weighted average of normal values of like goods during that period, that exports of the goods from Indonesia (except for Ispat) and Taiwan were dumped

The Commissioner recommends that the Parliamentary Secretary direct:

- in accordance with subsection 269TAC(8), the price paid or payable for like goods sold in Indonesia and Taiwan be taken to be such a price adjusted for differences between domestic and export sales to ensure a fair comparison.

The Commissioner recommends that the Parliamentary Secretary compare:

- in accordance with subsection 269TACB(2)(a), the weighted average of export prices of the goods over the whole of the investigation period with the weighted average of corresponding normal values of like goods over the whole of that period.

The Commissioner recommends that the Parliamentary Secretary declare:

- in accordance with subsection 269TG(1), by public notice, that section 8 of the *Dumping Duty Act* applies to:
 - the goods exported by all exporters from Indonesia (except for Ispat) and Taiwan to the extent permitted by section 269TN; and
 - like goods that were exported to Australia by all exporters from Indonesia (except for Ispat) and Taiwan after the Commissioner made a PAD under section 269TD on 2 March 2015 but before publication of the notice, to the extent permitted by section 269TN; and
- in accordance with subsection 269TG(2), by public notice, that section 8 of the *Dumping Duty Act* applies to like goods that are exported to Australia by all exporters from Indonesia (except for Ispat) and Taiwan after the date of publication of the notice.

12 APPENDICES AND ATTACHMENTS

Confidential Attachment 1	Calculations of export price, normal value and dumping margins - Ispat
Confidential Attachment 2	Calculations of export price, normal value and dumping margins - Gunung
Confidential Attachment 3	Calculations of export price, normal value and dumping margins - Quintain
Confidential Attachment 4	Calculations of export price, normal value and dumping margins - Habas
Confidential Attachment 5	Calculations of export price, normal value and dumping margins - Diler
Non-Confidential Appendix 1	List of submissions received prior to SEF 240
Non-Confidential Appendix 2	List of submissions received after SEF 240

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**ATTACHMENT 1 – INTERESTED PARTY SUBMISSIONS AND
RELEVANT DOCUMENTS RECEIVED PRIOR TO PUBLICATION
OF SEF 240 and PAD 240**

Date Received	Submission from	Submission Title	EPR No.
29 May 2014	OneSteel	Investigation into Rod In Coil exported from Indonesia, Taiwan and Turkey – Exporter Questionnaire Deadline and Preliminary Affirmative	15
4 June 2014	OneSteel	Rod-In-Coil exported from Indonesia, Taiwan and Turkey – Proposed Unsuppressed Selling Price	16
3 June 2014	Van Bael & Bellis on behalf of the Turkish Steel Exporters' Association	Injury Submission	21
4 June 2014	Pacific Steel	Re: Anti-dumping Notice 2014/27	24
17 June 2014	OneSteel	Investigation into Rod In Coil exported from Indonesia, Taiwan and Turkey – Exporter Questionnaire Redactions	25
8 July 2014	OneSteel	Investigation into Rod In Coil exported from Indonesia, Taiwan and Turkey – Submission on behalf of Turkish Steel Exporters' Association of 3 June 2014	31
12 September 2014	OneSteel	Exporter Briefings	34
17 November 2014	Stemcor	Investigation into Wire Rod exported from Indonesia	39
10 December 2014	Quintain	Comments on Visit Report	40
23 December 2014	Gunung	Dumping Investigation – Rod in coils exported from Indonesia	42
2 June 2014	Republic of Turkey Ministry of Economy Directorate General of Exports	Views of Turkey regarding the Anti-Dumping Investigation initiated by Australia against rod in coils imports from Indonesia, Taiwan and Turkey	45
6 Feb 2015	OneSteel	Investigation into Rod in Coil exported from Indonesia, Taiwan and Turkey – Exports from Indonesia	46
16 Feb 2015	OneSteel	Investigation into Rod In Coil exported from Indonesia, Taiwan and Turkey – Exporter Verification Report on Habaş	48

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Date Received	Submission from	Submission Title	EPR No.
		Sinai Ve Tibbi Gazlar Istihsal Endustrisi A.S	
24 Feb 2015	OneSteel	Dumping Investigation ADC 240 – Rod in Coils exported from Indonesia, Taiwan and Turkey – PT ISPAT INDO	51
24 Feb 2015	OneSteel	Dumping Investigation ADC 240 – Rod in Coils exported from Indonesia Re: Australian industry response to remote exporter verification report of Pt Gunung Rajapaksi	52

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**ATTACHMENT 2 – INTERESTED PARTY SUBMISSIONS AND
RELEVANT DOCUMENTS RECEIVED AFTER PUBLICATION OF
SEF 240 and PAD 240**

Date Received	Submission from	Submission Title	EPR No.
6 Mar 2015	Gunung	Dumping Investigation– Rod in Coils exported from Indonesia	55
12 Mar 2015	Gunung	Dumping Investigation– Rod in Coils exported from Indonesia	56
23 Mar 2015	Ispat	Statement of Essential Facts 240 - Alleged dumping of rod in coils exported from Indonesia	57
23 Mar 2015	Van Bael & Bellis on behalf of the Turkish Steel Exporters' Association	Submission in response to Statement of Essential Facts 240	58
23 Mar 2015	OneSteel	Hot rolled rod in coils exported from Indonesia, Taiwan and Turkey: Submission in response to SEF and PAD	59
23 Mar 2015	Quintain	Comments on Statement of Essential Facts	60
23 Mar 2015	Gunung	Dumping Investigation– Rod in Coils exported from Indonesia	61
23 Mar 2015	Government of Indonesia Directorate General of Foreign Trade	Report on Statement of Essential Facts 240	62
23 Mar 2015	Habaş	Statement of Essential Facts 240 - Alleged dumping of rod in coils exported from Turkey	63
16 Apr 2015	OneSteel	Dumping Investigation ADC 240 – Rod in Coils exported from Indonesia, Taiwan and Turkey – Submission by PT Gunung Rajapaksi	65
16 Apr 2015	OneSteel	Dumping Investigation ADC 240 – Rod in Coils exported from Indonesia, Taiwan and Turkey – Depreciation of Turkish Lira	66
14 Apr 2015	Letter to Ispat	Request for additional information	67