DaehanSteel

13 May 2025

The Director – Investigations
Anti-Dumping Commission
GPO Box 2013
Canberra ACT 2601

Continuation inquiry into steel reinforcing bar exported from Korea

In 2022, Daehan Steel launched an upgrade of its SAP system, with the new system operating from January 2023.

The cost data included in Daehan's questionnaire response submitted on 13 February 2025, was prepared using the upgraded SAP system. However, subsequent to the provision of the questionnaire response, Daehan has identified a minor error in the [redacted]. The error occurred as a result of the [redacted].

In March 2025, following identification of the incorrect [redacted], Daehan has rectified the errors by correcting the SAP [redacted]. Accordingly, Daehan submits its revised cost to make in exhibit G-3 and G-5 which reconciles to the corrected SAP allocations.

A detailed description of the system error is provided as follows.

1. **Error from** [redacted]
    - Daehan Steel allocates conversion cost based on [redacted]. And this standard is defined and set in SAP routing module by each item code.
    - As explained above, following provision of the questionnaire response, it was found that the [redacted] was set incorrectly in [redacted]. Generally, the smaller the normal diameter, the longer the operating time per kilogram. However, [redacted]

[redacted]. For this reason, minor distortion occurred in the cost of each product.

- Daehan Steel corrected the [redacted] in the SAP system and applied new standards to the cost calculation of each product from March 2025.
- In conclusion, the cost during the investigation period were impacted by the incorrect [redacted], and have been recalculated with the correct setting value applied after March 2025.
- To prove that the [redacted] during the investigation period was an error, Daehan Steel provides the comparison table showing the [redacted] for below periods with supporting documents (system routing screen capture) in Exhibit S-1.
  (1) Period 1: Until December 2022 (Old system)
  (2) Period 2: From January 2023 to February 2025 (Before revision of [redacted])
  (3) Period 3: From March 2025 (After revision of [redacted])
- For example, regarding of the item code [redacted], until 2022, the working time was [redacted] was used as [redacted]. However, in the new system, the working time was incorrectly set to [redacted]. The product with nominal diameter of [redacted]. Therefore, the working time was modified to the time used in the old system. In addition, since [redacted], it is common to apply equally to all products. In the company's past experience, [redacted], which was multiplied by the production weight of each product to allocate the actual cost. However, [redacted], so they were modified to the same standard as other products.
- For a better understanding, Daehan Steel provides Exhibit S-2 with a table comparing before and after the correction of errors. The company selected one

each of the same nominal diameter, the Straight Bar and Bar in Coil, and compared monthly how the cost changed before and after the correction. As described above, [redacted]. Eventually, the two products would have been calculated at a similar unit cost in the same month as the cost after revision.

2. Error from Scrap offset

- As is normal in the steel industry, Daehan steel produces steel scrap in the production process and deducts [redacted] from raw material cost.
- However, Daehan steel found that scrap was deducted [redacted].
- Therefore, Daehan steel modified the system to deduct scrap from all products “Straight Bar” and “Bar in Coil”.
- In conclusion, the cost during the investigation period was distorted slightly according to the incorrect scrap deduction, so it should be recalculated with the setting value applied after March 2025.
- To prove that the scrap was deducted [redacted] during the investigation period, Daehan Steel provides the comparison table showing the monthly scrap deduction result with supporting documents for the comparison between before and after in Exhibit S-3.
- As can be seen from the sample calculation worksheet in March 2024, before the system modification, the amount of scrap generated was allocated only by [redacted]. However, as described above, since scrap is also produced in the process of manufacturing [redacted], it is a reasonable

calculation method to allocate it at a [redacted] of all products.

3. Submission of re-calculated cost

- As described above, Daehan Steel submitted cost data (Attachment G-3 and G-5) prior to the identification of the above errors. Attachment G-3 and G-5 were submitted based on the cost data extracted from the system.
- However, if these errors are not corrected, the cost of each product is distorted slightly. So in order to submit the correct cost, Daehan Steel recalculated the cost of manufacturing, applying revised [redacted] and revised scrap deduction method.
- Daehan Steel provides revised Attachment G-3 and G-5 based on the cost data recalculated in excel program in Exhibit S-4.