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J.BRACIC & ASSOCIATES
TRADE REMEDY ADVISORS

PO Box 3026
Manuka, ACT 2603
Mobile: +61 499 056 729
Email: john@jbracic.com.au
Web: www.jbracic.com.au

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

Steel reinforcing bar exported from Korea – Review 660

Dear Director,

Dongkuk Steel Mill Co., Ltd ("Dongkuk") makes this submission to present its view that the ad valorem duty method, as prescribed under Regulation 5(7) of the *Customs Tariff (Anti-Dumping) Regulation 2013*, is the correct and preferable form of interim dumping duty to be applied to Dongkuk's exports of steel reinforcing bar, in the context of the recommendations from the current continuation inquiry (Case 660). This submission sets out the grounds and reasons supporting this position, contending that the straightforward nature of Dongkuk's export sales, and the prevailing market circumstances, render the ad valorem method the most appropriate mechanism to remove the injurious effects of dumping, consistent with the Anti-Dumping Commission's *Guidelines on the Application of Forms of Dumping Duty* (November 2013) ("Guidelines")

Grounds for application of the ad valorem duty method

1. Dongkuk's straightforward export sales structure

The Commission has been provided with verified evidence in the form of commercial invoices, purchase orders and other commercial source documents, demonstrating that Dongkuk undertakes its export operations to Australia in a transparent and uncomplicated sales structure. There is no indication of complex company arrangements, related party transactions, or circumvention risks flagged in the Guidelines[1], which might justify application of fixed or combination duties.

The Guidelines[2] confirm that the inclusion of the floor price "acts to prevent price manipulation by the exporter". There is no risk of price manipulation given Dongkuk's consistent export pricing practices, whereby the [redacted] price negotiated by Dongkuk, is the price invoiced to, and paid by its unrelated customers. Dongkuk submits that the simplicity in its export sales structure mitigates concern of price manipulation and justifies the application of the ad valorem method over the fixed and combination method alternatives, which involve greater administrative complexity or assumptions about exporter behaviour, unwarranted by the facts of Dongkuk's export sales.

[1] Guidelines on the Application of Forms of Dumping Duty (November 2013), pages 7, 10.
[2] Ibid, page 8.

The Guidelines[3] also note that the ad valorem method is "the simplest and easiest form of duty to administer," aligning with Dongkuk's consistent pricing practices. Dongkuk submits that this simplicity renders the ad valorem method the most fitting choice, avoiding the unnecessary complexity of the inclusion of the floor price, which the Guidelines[4] note may "quickly become out-of-date" and require frequent reviews.

2. Stability across price variations

Market price data for rebar indicates significant volatility since 2021 that undermines the inclusion of the floor price. Table 1 below shows annual fluctuations ranging from [redacted]% - [redacted] % over the previous four years, with a strong downtrend in average prices over that period as show in Chart 1. As highlighted by the Guidelines[5], in the case of a falling market as observed in the table and chart below, the inclusion of a floor price results in a form of duty that "can become punitive."

[TABLE REMOVED]

[CHART REMOVED]

During the Commission's verification, Dongkuk provided a trend of domestic prices from January 2023 to March 2025. The data clearly demonstrated a decline in prices following the investigation period. In this situation, the application of a floor price may lead to an overly restrictive measure going forward.

In contrast, the Guidelines[6] highlight the advantages of an ad valorem duty as it "does not show the same variability in the 'effective rate' of the duty… that arises under the other methods" as export prices fluctuate. Dongkuk contends that applying a percentage-based duty ensures consistent protection for the Australian industry, unlike the floor price method, which risks becoming "ineffective" in a rising market or "punitive" in a falling one, whilst at the same time providing stability to cooperative exporters such as Dongkuk, whose export sales information data is reliable and verifiable.

3. Ad valorem duty is suitable for uniform goods without model complexity

Dongkuk's exports of rebar coils ("DBIC") comprise a single grade of steel with uniform specifications, exhibiting minimal variation in type or price. The Guidelines[7] note that the ad valorem method excels "where there are many models or types," but its effectiveness extends to uniform goods by eliminating the need for an "ascertained export price or ascertained floor which may not be meaningful" in complex cases. Dongkuk contends that, unlike the floor price method's vulnerability to "broad brush" averaging[8], the ad valorem method applies a consistent rate to the actual FOB export price, ensuring precision and fairness without the averaging risks of alternative approaches.

4. Unfair barrier to entry for lower-priced models

Dongkuk is interested in expanding its export rebar offering to the Australian market by including lower-priced rebar in straight lengths ("DBIL"), which have not yet been exported to Australia but are commercially viable in other markets, and known to account for approximately half of the Australian rebar market. The floor price method, by setting a fixed benchmark price calculated using the average

[3] Ibid, page 11.
[4] Ibid, page 8.
[5] Ibid, pages 6, 8.
[6] Ibid, page 11.
[7] Ibid,
[8] Ibid, page 6, 9.

export price of the higher priced DBIC sales, effectively precludes Dongkuk from offering DBIL products to the Australian market given that they sell at a discount of approximately US$[redacted] /mt to the DBIC products.

In that circumstance, if Dongkuk was to offer DBIL to its Australian customers at export prices equivalent to the corresponding DBIL normal values, the floor price method results in dumping duty being payable that would increase the effective FOB export price for DBIL to that equivalent DBIC export price. Dongkuk submits that unlike the ad valorem methods proportional application, the rigidity of the floor price method unfairly restricts Dongkuk's legitimate trading opportunities, effectively acting as a market entry barrier.

5. Preservation of fair competitive dynamics against duty-free imports

Imports of reinforcing bar are sourced from other countries including Indonesia, Malaysia, Poland, Thailand, Turkey and Vietnam, and enter the Australian market free of dumping duties, as no measures apply to those countries. A floor price method imposed on Dongkuk prevents it from competing on equal terms with these lower priced, duty free imports.

Dongkuk submits that the ad valorem method's proportional duty, unlike the absolute barrier imposed by the floor price, maintains fair market dynamics by allowing Dongkuk to price competitively while addressing dumping. Distortion stemming from the floor price method therefore unfairly prejudices Dongkuk against unregulated competitors.

6. Proportionality and public interest considerations

The ad valorem method adjusts the duty to the actual export price, avoiding the excessive price effects of fixed or floor price duties in rising markets. This is critical for downstream industries such as reinforcing steel and mesh processors, and construction companies that are reliant on reinforcing bar, and facing rising input costs. The proportionality offered by the ad valorem method mitigates the adverse impacts, a factor that the Commission's Guidelines[9] urge the Minister to consider. Dongkuk submits that a proportional dumping duty rate, derived from its verified data, balances protection for domestic producers with the public interest, contrasting with the floor price method's potential to "limit price increases" at the expense of adaptability[10].

Reasons supporting the recommendation

Reduced need for frequent reviews

The Guidelines[11] affirm that "an ad valorem duty method may require less frequent reviews than these other duty methods" in volatile markets. Dongkuk submits that its pricing consistency, paired with the ad valorem method's adaptability, ensures its effectiveness without the burden of regular reviews. This aligns with the Commission's duty under Article 9.3 of the WTO Anti-Dumping Agreement to impose duties not exceeding the dumping margin, avoiding the administrative inefficiencies of a static structure built into the floor price method.

Preventing duty avoidance more simply and effectively

While the Guidelines[12] note a "potential disadvantage" of exporters lowering prices to reduce ad valorem duties, they ultimately conclude that "price manipulation under ad valorem duties is not a widespread problem". Dongkuk contends that its straightforward export sales, which lack the

[9] Ibid, page 4.
[10] Ibid, page 15.
[11] Ibid, page 11.
[12] Ibid, page 11.

complex structures justifying fixed duties, pose no credible circumvention risk, as verified by the Commission.

Administrative simplicity and compliance with WTO standards

The ad valorem method's reliance on a single rate applied to the actual export price minimises administrative complexity compared to the floor price method's need for ongoing normal value comparisons within regular reviews. The Guidelines[13] observe that "the most common form of duty in other main jurisdictions… is the ad valorem duty," reflecting its widespread acceptance.

For a cooperative exporter such as Dongkuk, whose data was verified as complete and accurate on several occasions, Dongkuk submits that applying this method to its rebar exports aligns with Australia's obligations under Article 9.3 of the WTO Anti-Dumping Agreement that "the amount of the anti-dumping duty shall not exceed the margin of dumping as established under Article 2."

Equity in market access for prospective exports

The floor price method's fixed threshold disproportionately penalises lower-priced models not yet exported, such as Dongkuk's DBIL products, by barring their entry if below the floor price, even absent evidence of dumping or material injury. The ad valorem method, by contrast, applies a uniform rate to all export prices for all models, permitting market access while countering dumping proportionally[14] (Guidelines, Table 4, p. 12). Dongkuk contends that this equity aligns with the Commission's obligation to ensure that anti-dumping measures are not greater than that necessary to address the causal effects of dumping.

Conclusion

Dongkuk contends that the ad valorem duty method is the correct and preferable decision for its future exports of reinforcing bar, supported by its straightforward sales, the need for stable protection in a volatile market, its alignment with administrative and public interest imperatives, its fairness to prospective lower-priced exports, and its preservation of competitive equity against duty-free imports. The Commission's adoption of a combination duty method would disregard the best available evidence, and contravene the Guidelines' directive to tailor duties to case-specific circumstances[15], while imposing unjust barriers to market entry and competition.

Dongkuk requests that the Commission recommend, and the Minister impose, an ad valorem duty rate under Regulation 5(7), ensuring an ad valorem dumping duty rate that effectively counters dumping without undue burden or inequity.

If the ad valorem method is not considered appropriate, Dongkuk requests that the applicable floor price be calculated by adjusting Dongkuk's weighted average export price over the review period, by the [redacted]% decline in domestic prices following the end of the investigation period.

Yours sincerely

John Bracic

[13] Ibid.

[14] Ibid, Table 4, page 12.

[15] Ibid, page 2.