PUBLIC RECORD

Australian Government
Department of Industry, Science and Resources

Anti-Dumping Commission

File Note

Variable factors and case details

Preliminary assessment

Company Name	Daehan Steel Co., Ltd
Case number	660
Initiation Anti-Dumping Notice (ADN)	2024/099
The goods under consideration	Steel reinforcing bar
Case type	Continuation Inquiry
Inquiry period	1 October 2023 to 30 September 2024

CONTENTS

1 About this report

The Anti-Dumping Commission (the commission) issued a questionnaire that sought exporter data and information for Continuation 660 (case 660) into Steel reinforcing bar exported from the Republic of Korea (Korea) and the Kingdom of Spain (Spain) during the inquiry period.

Daehan Steel Co., Ltd, (Daehan) exporter of the goods from Korea, submitted a questionnaire response.

The commission compared Daehan's variable factors against verified information from another Korean exporter of the goods cooperating in this inquiry 'Dongkuk Steel Mill Co., Ltd', (Dongkuk). The exporter verification report is published on the commission's website[1].

A preliminary assessment report and recommendations contained in this file note may be referred to and relied on in the Statement of Essential Facts and Final Report for case 660.

In this report, unless otherwise stated:

- all **sections** cited are from the ***Customs Act 1901*** **(Cth)**
- all **regulations** cited are from the ***Customs (International Obligations) Regulation 2015*** **(Cth)**
- the term **ADN** refers to **Anti-Dumping Notice**.

The commission details its process and findings in the verification work program at **Confidential attachment 1**.

[1] EPR 660 - Document no. 10

2 KEY OUTCOMES

The commission determined that Daehan is an exporter of the goods from Korea and calculated a preliminary dumping margin as summarised below.

Dumping margin	2.3%
Export price method	269TAB(1)(a)
Normal value method	269TAC(6)
Adjustment method	269TAC(8)
Sales data complete, relevant and accurate?	Yes
Cost data complete, relevant and accurate?	Yes

3 VARIABLE FACTORS

3.1 About this chapter

This section details the commission's approach and recommendations about how to set the variable factors used to calculate the rate of dumping for goods that Daehan produced and sold.

Australian customs law sets out different ways to calculate variable factors based on the facts available. This chapter summarises the commission's recommendations about how to set:

- an **export price**
- a **normal value**
- a **dumping margin**

3.1.1 Daehan's response to the exporter questionnaire

The commission received a response to the exporter questionnaire (REQ) from Daehan. The REQ was received within the legislated period[2] and contained relevant information regarding Daehan's:

- export of the like goods to Australia
- sales of like goods in the domestic market
- the cost of production of like goods, including selling, general and administrative expenses (SG&A).

The public version of Daehan's REQ is available on the electronic public record (EPR) on the commission's website at www.adcommission.gov.au.[3]

3.1.2 The commission's approach to calculating the preliminary variable factors

The commission has assessed Daehan's REQ by comparing the variable factors information with Dongkuk information. As noted in section 1 of this report, Dongkuk's information provided in the REQ was verified by the Commission. The commission followed the verification principles explained in *Anti-Dumping Notice 2016/30* (ADN 2016/30),[4] noting that the Minister may disregard any information that the Minister considers unreliable.[5]

The following comparative activities were performed:

- Daehan's exports to Australia data was compared to the Australian Border Force (ABF) import database;
- Daehan's sales and cost data submitted in REQ were compared to Dongkuk's verified sales and costs data.

The commission has prepared a comparative work program at **Confidential Attachment 1**.

[2] Daehan's complete REQ was received on 24 February 2025.

[3] EPR 660 – document 4.

[4] ADN 2016/30.

[5] Under sections 269TAB(4) and 269TAC(7) of the *Customs Act 1901* (Cth)(the Act), the Minister has the discretion to disregard any information he or she considers to be unreliable, in relation to export price and normal value respectively.

3.2 Export price

The commission recommends using more than one section 269TAB method to set an export price.

Exports by Daehan during the inquiry period involved varying circumstances. As a result, the export price for Daehan has been established under section 269TAB(1)(a) where sales by Daehan made directly to the Australian importer and under section 269TAB(1)(c) for sales involving an intermediary.

For exports sold directly to the Australian importer, the commission recommends setting an export price for Daehan under section 269TAB(1)(a). Under this section, an export price is the price paid by the importer to the exporter less transport and other costs arising after exportation.

For goods exported through Daehan's intermediary the commission recommends setting an export price for Daehan under section 269TAB(1)(c). Under this section, the export price is set having regard to all the circumstances of the exportation.

Specifically, the commission recommends calculating an export price using the price paid by the intermediary inclusive of charges incurred for inland transport to the port of export and port of origin handling expenses.

Confidential **Appendix 1** contains the commission's export price calculations.

3.2.1 Were the Australian export sales sold at arm's length?

3.2.1.1 Unrelated customers

For all unrelated customer transactions, the commission finds that Daehan sold the Australian export goods **at arm's length** as defined under section 269TAA.

For these transactions, the commission does not find that:

- there was consideration for the goods other than price
- a relationship between a buyer, a seller or their associates appeared to influence the price
- a buyer or buyer's associate directly or indirectly received compensation, reimbursement or another benefit for, or relating to, any part of the price.

For these transactions, the commission notes that Daehan:

- sold goods at similar prices to all unrelated customers
- sold goods at similar prices to other sellers in the Australian market
- appeared to genuinely negotiate the price with unrelated customers

3.3 Normal value

Following its REQ, Daehan submitted revised cost data.[6] The commission has preliminarily considered the revised cost data submitted by Daehan and noted that the revised cost data seems to be significantly different from the initial data submitted in response to the exporter questionnaire. As such, the commission has ascertained normal value in respect of Daehan under section 269TAC (6) of the Act, having regard to all relevant information. Further details are at section 4.4 of this file note.

The case recommends adjusting the normal value to properly compare this value to the export price when measuring the level of dumping, under section 269TAC(8).

[6] EPR 660 – Document 8

The case team recommends the following adjustments:

Adjustment Type	Deduction/addition
Domestic credit terms	Deduct an amount for domestic credit
Domestic inland transport	Deduct an amount for domestic inland transport
Domestic warehousing	Deduct an amount for domestic warehousing
Domestic inventory carrying	Deduct an amount for domestic inventory carrying
Domestic insurance support expense	Deduct an amount for domestic insurance support expense
Export port handling and other charges	Add an amount for port handling and other charges
Export inland transport	Add an amount for export inland transport
Export bank charge	Add an amount for bank charges
Export customs clearance charges	Add an amount for customs clearance charges

Table 1 Summary of adjustments

The commission calculated and applied adjustments in the normal value calculations at **Confidential appendix 3.**

3.3.1 Did the Daehan produce and sell like goods for the domestic market?

The commission finds that, during the inquiry period, Daehan produced and sold like goods for domestic home consumption.

The commission finds that these goods were 'like goods' because these domestics goods are identical to, or closely resemble, the Australian export goods. The commission has described its reasons below.

3.3.1.1 Physical likeness

Daehan not distinguish between domestic like goods and the Australian export goods.

3.3.1.2 Production likeness

Daehan produced all goods at the same facilities, using the same raw material inputs and production processes.

3.3.1.3 Commercial likeness

Daehan compete in the same market sector, are interchangeable and use similar distribution channels.

3.3.1.4 Functional likeness

All goods are functionally alike, as they have similar end uses.

3.3.2 Were the domestic sales sold at arm's length?

3.3.2.1 Unrelated customers

For all unrelated customer transactions, the commission finds that Daehan sold the domestic goods **at arm's length** as defined under section 269TAA.

For these transactions, the commission does not find that:

- there was consideration for the goods other than price
- a relationship between a buyer, a seller or their associates appeared to influence the price
- a buyer or buyer's associate directly or indirectly received compensation, reimbursement or another benefit for, or relating to, any part of the price.

For these transactions, the commission notes that Daehan

- sold goods at similar prices to all unrelated customers
- sold goods at similar prices to other sellers in the domestic market
- appeared to genuinely negotiate the price with unrelated customers

3.3.3 Did the production records reasonably reflect competitive market costs?

As discussed in section 4.4 of this file note, the commission has preliminarily considered the revised cost data submitted by Daehan. The commission noted that the revised cost data seems to be significantly different from the initial data submitted in response to the exporter questionnaire. The commission therefore considers that the revised costs data needs further verification/analysis.

3.3.4 Do the accounting records comply with generally accepted accounting principles?

The commission finds that Daehan's accounting records for the inquiry period comply with the generally accepted accounting principles of Korea.

Hanmi Accounting Firm audited Daehan's financial statement and included a statement that Daehan's financial statements and internal accounting control systems comply with the Korean International Financial Reporting Standards ("K-IFRS").

3.3.4.1 Domestic sales volumes for each model

Table 3 below details the commission's findings about domestic sales volumes for each corresponding Australian export sales model.

Export MCC	Treatment of normal value	Is MCC's domestic sales volume 5% or greater the export sales volume?
P-C-C-A-C-N	Sufficient volume. No need for surrogate MCC.	Yes
P-C-C-B-C-N	Sufficient volume. No need for surrogate MCC.	Yes
P-C-C-C-C-N	No domestic sales. The surrogate model is P-C-C-C-B-N with a TAC(8) specification adjustment.	No

Table 3: Export models compared to domestic model by volume

No domestic sales of MCC P-C-C-C-C-N. Surrogate model P-C-C-B-C-N was used, with specification adjustment under section TAC(8) for this MCC.

The commission's volume analysis and Normal value assessment is at **Confidential Attachment 3.**

4 COMPARATIVE ANALYSIS

4.1 Method used to compare Daehan's data

This chapter summarises the commission's comparative assessment methodology used for Daehan. The commission compared Daehan's sales and costs data with Dongkuk's verified sales and costs data by:

- comparing of export sales prices for all MCC and the largest MCC
- comparing of domestic sales prices for both average and largest MCC
- comparing of raw materials costs for major MCCs
- comparing of total CTMS for major MCCs
- identified outliers that may indicate issues with Daehan's data

The commission finds that Daehan's sales and costs data had variances when compared to Dongkuk's verified data. The general trends for costs and sales prices were similar.

The commission's comparative analysis is at **Confidential attachment 1**.

4.2 Types of goods produced or sold in the submitted information

The sales and costs data Daehan submitted complies with the model control code (MCC) structure detailed in ADN 2025/099. After comparing prices of different models of the goods, the commission does not recommend amending the MCC structure.

Table 4 below summarises MCC sub-categories, models of the goods, Daehan both produced and sold during the inquiry period:

Sales MCC	Australian sales	Domestic sales	Cost MCC
P-A-S-B-2-N	No	Yes	P-A-S-B-2-N
P-A-S-C-2-N	No	Yes	P-A-S-C-2-N
P-B-C-A-C-N	No	Yes	P-B-C-A-C-N
P-B-C-B-C-N	No	Yes	P-B-C-B-C-N
P-B-S-A-1-N	No	Yes	P-B-S-A-1-N
P-B-S-A-2-N	No	Yes	P-B-S-A-2-N
P-B-S-B-1-N	No	Yes	P-B-S-B-1-N
P-B-S-B-2-N	No	Yes	P-B-S-B-2-N
P-B-S-C-1-N	No	Yes	P-B-S-C-1-N
P-B-S-C-2-N	No	Yes	P-B-S-C-2-N
P-C-C-A-C-N	Yes	Yes	P-C-C-A-C-N
P-C-C-B-C-N	Yes	Yes	P-C-C-B-C-N
P-C-C-C-C-N	Yes	No	P-C-C-C-C-N
P-C-S-A-1-N	No	Yes	P-C-S-A-1-N
P-C-S-A-2-N	No	Yes	P-C-S-A-2-N
P-C-S-B-1-N	No	Yes	P-C-S-B-1-N
P-C-S-B-2-N	No	Yes	P-C-S-B-2-N
P-C-S-C-1-N	No	Yes	P-C-S-C-1-N
P-C-S-C-2-N	No	Yes	P-C-S-C-2-N
P-C-S-D-2-N	No	Yes	P-C-S-D-2-N
P-D-S-B-1-N	No	Yes	P-D-S-B-1-N
P-D-S-B-2-N	No	Yes	P-D-S-B-2-N

P-D-S-C-1-N	No	Yes	P-D-S-C-1-N
P-D-S-C-2-N	No	Yes	P-D-S-C-2-N
P-D-S-D-2-N	No	Yes	P-D-S-D-2-N

Table 4: List of MCCs produced or sold

4.3 Sales

4.3.1.1 Domestic barter sales

Daehan identified and declared in its domestic sales listing, that during the inquiry period, some like goods sold in the domestic market were made under a 'barter' arrangement where Daehan sold to certain customers in exchange for other rebar.

The commission compared the barter sales and non-barter "commercial" sales and noted prices for barter sales were generally higher than its commercial sales.

Consistent with the commission's previous approach with barter sales for rebar sold in the Korean domestic market[7] and generally higher invoice price for barter sales, the case team is satisfied that the barter sales are not in the ordinary course of trade and will exclude these sales from the dumping margin calculation.

More information on how the commission verifies information is in **Non-Confidential Appendix 1**.

4.3.1.2 Australian sales

The commission compared Daehan's quarterly weighted average export sales prices with Dongkuk's export prices during the inquiry period. The commission also compared quarterly weighted average sales export prices for largest MCC's for both entities.

4.4 Cost to make and sell

4.4.1.1 Cost allocation

Following its REQ, Daehan made a submission[8] to the commission claiming that Daehan's cost during the inquiry period was distorted due to the incorrect SAP allocation and due to incorrect scrap cost deduction allocations. Daehan resubmitted its cost data and explanation how the error occurred.

Description: Daehan submitted revised cost data almost 3.5 months after its initial response in REQ. The commission considered the revised costs data and noted that the revised cost data was significantly different from the data submitted by Daehan in its REQ .

Resolution: The commission considers that the revised costs data needs further verification/analysis. As such for the purpose of this report, the commission has not used the revised cost data in calculating Daehan's normal value.[9]The commission has calculated normal value for Daehan under TAC(6) - using information submitted in REQ.

[7] REP 566 refers

[8] ibid

[9] Under subsection 269TDAA(3) of the Customs Act 1901, the Commissioner is not obliged to have regard to a submission received by the Commissioner 37 days after the date of initiation of the investigation if to do so would, in the Commissioner's opinion, prevent the timely placement of the statement of essential facts on the public record.

5 DUMPING MARGIN

The commission has calculated a preliminary dumping margin of **2.3%**.

The commission calculated Daehan's dumping margin according to section 269TACB(2)(a), comparing weighted average Australian export prices to the corresponding weighted average normal values for the investigation period.

The commission's preliminary dumping margin calculation is at **Confidential Appendix 4.**

6 APPENDICES AND ATTACHMENTS

Attachment	Title
Confidential attachment 1	Comparative analysis work program

Appendices	Title
Confidential appendix 1	Export price calculation
Confidential appendix 2	CTMS calculation
Confidential appendix 3	Normal value calculation
Confidential appendix 4	Dumping margin calculation