

23 May 2017

Director Operations 2
Anti-Dumping Commission

BY EMAIL: operations2@adcommission.gov.au

**Applicant's response to request for technical reports
Case: Dumping Investigation No. 384 – Alloy Round Steel Bar exported from China**

Dear Director,

This submission responds further to the submission of Donhad Pty Ltd (“Donhad”) dated 3 February 2017 (“the Submission”)¹ with specific reference to their claims of **“Other factor – [redaction]”**. Our submission dated the 10 April 2017² has previously responded to the other elements in the Donhad Submission.

“Other factor – [redaction]”

Donhad on pages 7-8 of the Submission claim that

“..there are a number of product specific issues unrelated to imports which would explain and demonstrate that factors other than the subject imports have contributed to the injury being claimed by OneSteel.

.....the sole cause of potential lost sales and potential lost profits by OneSteel is its inability to comply with Donhad's technical specifications and quality and testing requirements”.

OneSteel rejects these assertions as an attempt to divert the Commission from assessing the facts and evidence before them.

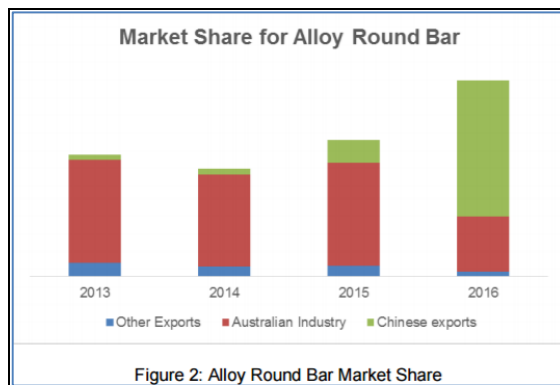
OneSteel has been a supplier of grinding bar to Donhad for over 20 years. Donhad have continued to purchase the GUC from OneSteel throughout the injury analysis and investigation periods (albeit at reducing levels coinciding with increasing levels of undercutting by dumped products). Donhad have also continued to purchase from OneSteel in the period following the investigation period. If Donhad's assertions that the *“sole cause of the lost sales and potential profits”* were as a result of a claimed inability to comply with Donhad's technical specifications and testing requirements, then it would logically be expected that Donhad would cease all purchases of the GUC from OneSteel. Clearly this is not the case.

[Discussion of OneSteel's treatment of Donhad's other factors-]

¹ EPR Folio No 384/006

² EPR Folio No 384/012

OneSteel contends that rather than [other factors], price is the over whelming determining factor for negotiations with Donhad. In its application OneSteel provided *prima facie* evidence that demonstrated that as Chinese exports significantly undercut³ OneSteel’s prices by up to █%, and that as the price undercutting increased, so did the volume of the dumped goods. At this stage in the investigation the Commission should now have had the opportunity to verify the actual levels of undercutting and the volume of imports purchased by Donhad. OneSteel asserts that the Commission will find a strong correlation between the level of undercutting and the volume of imports providing evidence of causal link to injury. This is highlighted when assessing figures 2 & 6 from the *Industry Verification Report*⁴.



Dumping need not be the sole cause of injury.

As stated above, OneSteel’s view is that Donhad’s claim of other factors being the sole cause of injury are designed to divert the Commission from the evidence before them. However without conceding the validity of the Donhad claim to any degree, even if the Commission were to determine there were other factors apart from dumping that caused injury, this does not preclude the Commission from finding material injury still occurred as a result of dumping. As the Ministerial Direction on Material Injury of April 2012 states:

“Dumping or subsidisation need not be the sole cause of injury”⁵

³ Confidential Application – Alloy Round Bar p █
⁴ Industry Verification report EPR Folio 384/20
⁵ Dumping and Subsidy Manual p15

The Commission will observe

[Refers to information contained in confidential report attachments]

The Commission has verified that in the investigation period OneSteel made a net unit loss of █████⁶ per tonne for all alloy round bar. The loss for the grinding bar goods sold to Donhad *[-confidential comments in relation to pricing-]* It is reasonable for the Commission to consider that OneSteel seek to make a profit from sales of all alloy round bar including bar for grinding balls, and for that profit to be sufficient to allow for reinvestment. *[-confidential comments in relation to profit-]*

The CTMS for grinding bar during the Investigation Period (“IP”) *[-confidential costs-]*. Due to the fact that OneSteel lost █████ during the investigation period instead of making at least █████ it is suffering injury of at least █████ due to price suppression and price depression.

On the basis that the Commission verifies that Chinese export prices of the goods to Donhad were dumped and that they undercut OneSteel prices (or there was evidence to show that it was reasonable that OneSteel understood that the Chinese prices were undercutting them), the injury caused by dumped price suppression and price depression can be calculated by multiplying the OneSteel volume sold to Donhad █████ by the amount of dumping per tonne. *[-confidential volumes and injury calculation-]*.

In assessing what percent of dumping margin is material, ADRP panelist Jaclyn Fisher established a relevant benchmark in November 2016 when she recommended to the Minister that 0.2% be regarded as material when considering whether or not to reduce Jiangsu Yonggang’s dumping margin as part an ADRP finding. This recommendation of 0.2% being material was accepted by the Assistant Minister and Yonggang’s dumping margin altered.

In a review of a decision under section 269TG, the Review Panel may only recommend that the reviewable decision be revoked and substituted with a new specified decision if the new decision is materially different to the reviewable decision.

While it could be argued that 0.2% difference in a dumping margin is not material, it can become material in terms of dumping duty imposed when it relates to large volumes of imports. For this reason, I consider it preferable for this difference to be considered material and the reviewable decision re-determined by the Minister as a result of this Review.⁷

It should be noted that the volumes of product exported during the rebar investigation period were less than the volume of *[-confidential volume comparison-]*.

In addition to the material injury caused to profits and profitability by undercutting, the Commission also needs to determine the injury caused by lost volumes to dumped Chinese imports. Again irrespective of whether *[-factors other than dumping -]*. The quantification of this amount of injury can be assessed by multiplying the lost volume by the margin that OneSteel would have attained if its prices were not depressed or suppressed by dumped goods from China *[-confidential calculations-]*

⁶ Confidential Appendix A6.1

⁷ ADRP REPORT No. 39 Steel Reinforcing Bar exported from the People’s Republic of China p 41 – Nov 2016

Conclusion

Donhad's claim that the sole cause of injury relates to quality and technical specifications is clearly incorrect and intended to distract the Commission from reviewing the facts and evidence of the case. *[-confidential details in relation to alleged factors other than dumping-]*. Even if the Commission were inclined to find some merit in the Donhad claims that "injury was caused by other factors" they are still required to determine whether there was material injury from the dumped products.

Donhad have continued to order products throughout the injury period with the main focus of purchasing negotiations being price. OneSteel is confident that with the information gained during the investigation the Commission will find a strong correlation between the level of undercutting and the volume of dumped goods. As such it will be evident that OneSteel has suffered material injury as a result of both price undercutting leading to lost volumes and depressed and suppressed prices leading to negative profits.

FOR AND ON BEHALF OF THE APPLICANT

ONESTEEL MANUFACTURING PTY LTD

Attachments - confidential