



**Australian Government**  
**Anti-Dumping Commission**

Application for the publication of  
dumping and/or  
countervailing duty notices

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APPLICATION UNDER SECTION 269TB OF THE *CUSTOMS ACT*  
1901 FOR THE PUBLICATION OF DUMPING AND/OR  
COUNTERVAILING DUTY NOTICES

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**DECLARATION**

I request, in accordance with Section 269TB of the *Customs Act 1901* (the Act), that the Minister publish in respect of goods the subject of this application:

- ☐ a dumping duty notice, or
- ☐ a countervailing duty notice, or
- ☐ a dumping and a countervailing duty notice

This application is made on behalf of the Australian industry producing like goods to the imported goods the subject of this application. The application is supported by Australian producers whose collective output comprises:

- 25% or more of the total Australian production of the like goods; and
- more than 50% of the total production of like goods by those Australian producers that have expressed either support for, or opposition to, this application.

I believe that the information contained in this application:

- provides reasonable grounds for the publication of the notice(s) requested; and
- is complete and correct.

Signature:

Name: Manfred Reis

Position: Managing Director

Company: Milltech Pty Ltd

ABN: 44 002 299 158

Date: 23 June 2017

# IMPORTANT INFORMATION

## Signature requirements

Where the application is made:

*By a company* - the application must be signed by a director, servant or agent acting with the authority of the body corporate.

*By a joint venture* - a director, employee, agent of each joint venturer must sign the application. Where a joint venturer is not a company, the principal of that joint venturer must sign the application form.

*On behalf of a trust* - a trustee of the trust must sign the application.

*By a sole trader* - the sole trader must sign the application.

*In any other case* - contact the Commission's Client support section for advice.

## Assistance with the application

The Anti-Dumping Commission has published guidelines to assist applicants with the completion of this application. Please refer to the following guidelines for additional information on completing this application:

- *Instructions and Guidelines for applicants: Application for the publication of dumping and or countervailing duty notices*
- *Instructions and Guidelines for applicants: Examination of a formally lodged application*

The Commission's client support section can provide information about dumping and countervailing procedures and the information required by the application form. Contact the team on:

**Phone:** 13 28 46

**Fax:** (03) 8539 2499

**Email:** [clientsupport@adcommission.gov.au](mailto:clientsupport@adcommission.gov.au)

Other information is available from the Commission's website at [www.adcommission.gov.au](http://www.adcommission.gov.au).

Small and medium enterprises (i.e., those with up to 200 full-time staff, which are independently operated and which are not a related body corporate for the purposes of the *Corporations Act 2001*), may obtain assistance, at no charge, from the Department of Industry, Innovation and Science's International Trade Remedies Advisory (ITRA) Service. For more information on the ITRA Service, visit [www.business.gov.au](http://www.business.gov.au) or telephone the ITRA Service Hotline on +61 2 6213 7267.

## Important information

To initiate an investigation into dumping and/or subsidisation, the Commission must comply with Australia's international obligations and statutory standards. This form provides an applicant industry with a framework to present its case and will be used by the Commission to establish whether there are reasonable grounds to initiate an investigation. To assist consideration of the application it is therefore important that:

- all relevant questions (particularly in Parts A and B) are answered; and
- information that is reasonably available be supplied.

The Commission does not require conclusive evidence to initiate an investigation, but any claims made should be reasonably based. An application will be improved by including supporting evidence and where the sources of evidence are identified. Simple assertion is inadequate to substantiate an application.

To facilitate compilation and analysis, the application form is structured in 3 parts:

1. **Part A** seeks information about the Australian industry. This data is used to assess claims of material injury due to dumping/subsidisation. Where an Australian industry comprises more than one company, each should separately prepare a response to Part A to protect commercial confidentiality.
2. **Part B** relates to evidence of dumping.
3. **Part C** is for supplementary information that may not be appropriate to all applications. However some questions in Part C may be essential for an application, for example, if action is sought against subsidisation.

All questions in Parts A and B must be answered, even if the answer is 'Not applicable' or 'None'. Where appropriate, applicants should provide a short explanation about why the requested data is not applicable. This will avoid the need for follow up questions by the Commission.

The application form requests data over several periods ( $P^1, P^2, \dots, P^n$ ) to evaluate industry trends and to correlate injury with dumped imports. The labels  $P^1 \dots P^n$  are used for convenience in this application form. Lodged applications should identify the period relevant to the data. This form does not specify a minimum period for data provision. However, sufficient data must be provided to substantiate the claims made. If yearly data is provided, this would typically comprise a period of at least four years (for example the current financial year in addition to three prior years). Where information is supplied for a shorter period, applicants may consider the use of quarterly data. Data must also be sufficiently recent to demonstrate that the claims made are current.

When an investigation is initiated, the Commission will verify the claims made in the application. A verification visit to the Australian industry usually takes several days.

Applicant companies should be prepared to substantiate all Australian industry financial and commercial information submitted in the application. Any worksheets used in preparing the application should therefore be retained to facilitate verification.

During the verification visit, the Commission will examine company records and obtain copies of documents relating to the manufacture and sale of the goods.

## Appendices

Some questions require attachments to be provided. The attachment numbering sequence should refer to the question answered. For example, question A2.2 requests a copy of an organisation chart. To facilitate reference, the chart should be labelled Attachment A2.2. If a second organisation chart is provided in

	<p>response to the same question, it should be labelled <u>Attachment A2.2.2</u> (the first would be labelled <u>Attachment A2.2.1</u>).</p>
<b>Provision of data</b>	<p>Industry financial data must, wherever possible, be submitted in an electronic format.</p> <ul style="list-style-type: none"> <li>• The data should be submitted on a media format compatible with Microsoft Windows.</li> <li>• Microsoft Excel, or an Excel compatible format, is required.</li> <li>• If the data cannot be presented electronically please contact the Commission's client support section for advice.</li> </ul>
<b>Lodgement of the application</b>	<p>This application, together with the supporting evidence, must be lodged in the manner approved by the Commissioner under subsection 269SMS(2) of the Act. The Commissioner has approved lodgement of this application by either:</p> <ul style="list-style-type: none"> <li>• preferably, email, using the email address <a href="mailto:clientsupport@adcommission.gov.au">clientsupport@adcommission.gov.au</a>, or</li> <li>• pre-paid post to: <p>The Commissioner of the Anti-Dumping Commission GPO Box 1632 Melbourne VIC 3001, or</p> </li> <li>• facsimile, using the number (03) 8539 2499.</li> </ul>
<b>Public Record</b>	<p>During an investigation all interested parties are given the opportunity to defend their interests, by making a submission. The Commission maintains a public record of these submissions. The public record is available on the Commission's website at <a href="http://www.adcommission.gov.au">www.adcommission.gov.au</a>.</p> <p>At the time of making the application both a confidential version (for official use only) and non-confidential version (public record) of the application <u>must</u> be submitted. Please ensure each page of the application is clearly marked "FOR OFFICIAL USE ONLY" or "PUBLIC RECORD". The non-confidential application should enable a reasonable understanding of the substance of the information submitted in confidence, clearly showing the reasons for seeking the conduct of a dumping and/or subsidy investigation, or, if those reasons cannot be summarised, a statement of reasons why summarisation is not possible. If you cannot provide a non-confidential version, contact the Commission's client support section for advice.</p>

# PART A

## INJURY

### TO AN AUSTRALIAN INDUSTRY

#### **IMPORTANT**

All questions in Part A should be answered even if the answer is 'Not applicable' or 'None'. If an Australian industry comprises more than one company/entity, each should separately complete Part A.

For advice about completing this part please contact the Commission's client support section on:

**Phone:** 13 28 46  
**Fax:** (03) 8539 2499  
**Email:** [clientsupport@adcommission.gov.au](mailto:clientsupport@adcommission.gov.au)

**A-1 Identity and communication.**

Please nominate a person in your company for contact about the application:

Contact Name: [REDACTED]  
Company and position: [REDACTED]  
Address: [REDACTED]  
Telephone: [REDACTED]  
Facsimile: [REDACTED]  
E-mail address: [REDACTED]

Alternative contact

Name: [REDACTED]  
Position in company: [REDACTED]  
Address: [REDACTED]  
Telephone: [REDACTED]  
Facsimile: [REDACTED]  
E-mail address: [REDACTED]

If you have appointed a representative to assist with your application, provide the following details and complete Appendix A8 (Representation).

Name:  
Business name:  
Address:  
Telephone:  
Facsimile:  
E-mail address:  
ABN:

[REDACTED]

## A-2 Company information.

1. **State the legal name of your business and its type (eg. company, partnership, sole trader, joint venture). Please provide details of any other business names you use to manufacture/produce/sell the goods that are the subject of your application.**

The company seeking the imposition of anti-dumping measures is Milltech Pty Ltd (ABN 44 002 299 158).

The trading business name Milltech Martin Bright Pty Ltd is also used in relation to the manufacture, and sale of the goods.

2. **Provide your company's internal organisation chart. Describe the functions performed by each group within the organisation.**

The Organisational Chart for Milltech Pty Ltd (Milltech) is provided as a confidential attachment.

3. **List the major shareholders of your company. Provide the shareholding percentages for joint owners and/or major shareholders.**

Milltech Pty Ltd is a proprietary company.

The shareholders for each class of share are shown in Figure A-2-2 (below).

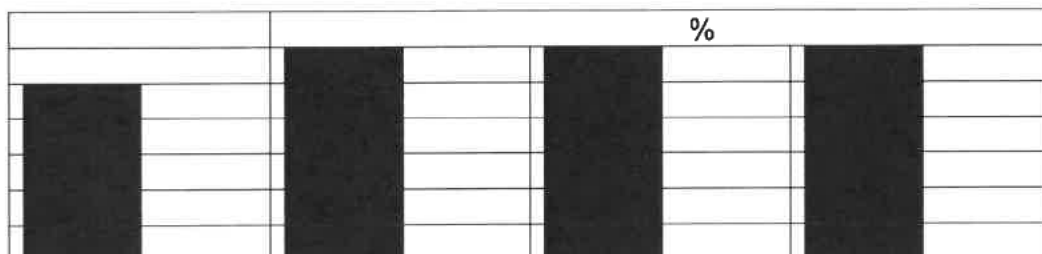


Figure A-2-2 Company Shareholdings

4. **If your company is a subsidiary of another company list the major shareholders of that company.**

Not applicable.

5. **If your parent company is a subsidiary of another company, list the major shareholders of that company.**

Not applicable.



6. **Provide an outline diagram showing major associated or affiliated companies and your company's place within that structure (include the ABNs of each company).**

Not applicable.

7. **Are any management fees/corporate allocations charged to your company by your parent or related company?**

Not applicable.

8. **Identify and provide details of any relationship you have with an exporter to Australia or Australian importer of the goods.**

Milltech has no relationship with any exporter of the like goods into Australia.

Milltech is a supplier to engineering bar distributors who also directly import the like goods.

9. **Provide a copy of all annual reports applicable to the data supplied in appendix A3 (Sales Turnover). Any relevant brochures or pamphlets on your business activities should also be supplied.**

Company brochures and Financial Statements for the period 2013-2016 are attached to this application.

10. **Provide details of any relevant industry association.**

Milltech is a member of the Australian Steel Institute.

### **A-3 The imported and locally produced goods.**

1. **Fully describe the imported product(s) the subject of your application:**
- **Include physical, technical or other properties.**
  - **Where the application covers a range of products, list this information for each make and model in the range.**
  - **Supply technical documentation where appropriate.**

*Hot-rolled solid sections of 'alloy steel', having round or near-round cross-sectional dimensions of not less than 9.5 millimetres (mm) and not greater than 98.5 mm, not in coil.*

*For the purpose of the description of the goods the subject of this application, 'alloy steel' here means steel containing a chemical composition that at least meets or exceeds the minimum chemical element proportions specified in Note (f) "Other alloy steel" to Chapter*

72 under Schedule 3 of the Customs Tariff Act 1995 ("the Tariff") as appearing on the date of this application.

Commonly identified as 'rod', 'round bar', 'engineering bar', 'spring steel', 'alloy bar', 'high alloy bar', 'silico-manganese bar', 'grinding rod' or 'bar used for the production of grinding media', the goods covered by this application include all round or near-round hot-rolled solid sections of alloy steel bar meeting the above description of the goods regardless of the particular grade, coating, or minor modification of bar-end finish (including but not limited to, painting or chamfering).

Goods excluded from this application are:

- Round or near-round hot rolled solid steel sections composed of:
  - 'stainless steel' as defined under Note (e) "Stainless steel" to Chapter 72 under Schedule 3 of the Tariff, or
  - 'high-speed steel' as defined under Note (d) "High speed steel" to Chapter 72 under Schedule 3 of the Tariff.
- Steel reinforcing bar containing indentations, ribs, grooves or other deformations produced during the rolling process.
- Steel rod in coil.
- Chromium plated steel.
- Solid sections of steel which may be square, rectangular or hexagonal in cross-section.

**2. What is the tariff classification and statistical code of the imported goods.**

Imports of the goods described above are typically, but not exclusively classified under the following tariff classifications and statistical codes:

Product	HS Code	Rate	DCS	DCT
Alloy bars, silico-manganese steel, flattened circles	7228201044	5%	4%	5%
Other alloy bars, silico-manganese steel	7228209047	5%	4%	5%
Alloy bars, high alloy steel, flattened circles	7228301070	5%	4%	5%
Other alloy bars	7228309041*	5%	4%	Free
Other alloy bars, high alloy, flattened circles	7228601072	5%	4%	5%
Other alloy bar	7228609055	5%	Free	Free

\* Since July 2015

**3. Fully describe your product(s) that are 'like' to the imported product:**

- Include physical, technical or other properties.
- Where the application covers a range of products, list this information for each make and model in the range.
- Supply technical documentation where appropriate.
- Indicate which of your product types or models are comparable to each of the imported product types or models. If appropriate, the comparison can be done in a table.

Milltech produces the Goods at factories located at [location] and [location] in [location].

Heat Treated alloy bars are supplied with a 'black' surface finish and usually require further work by customers before use. The surface finish is free of scale but may retain small surface defects that existed following the manufacture of the raw steel. The heat treatment can be varied to produce a range of mechanical strength properties to meet specific customer requirements.

Peeled alloy bars are manufactured from raw steel that may have been heat treated or could be in the original 'as rolled' condition. The peeling process produces a bar that has a surface finish free of defects and is more dimensionally accurate than an unpeeled bar. Peeled alloy bars are sold to end use customers who further work the material to produce engineering products.

The Heat Treated and Peeled alloy bar Goods that are manufactured by Milltech are shown in Figure A-3-1 (following).

Product	Standard	Typical Grades	Typical End Uses
Heat Treated Alloy Bar	AS 1444 - 2007	4140,4150,4340,8620,EN25,EN26	Manufacture of bolts, shafts and pins
Peeled and Polished Alloy Bar	AS 1444 - 2007	4140,4150,4340,8620,EN25,EN26	Production of shafts, axles, bars, pins

Figure A-3-1 Goods Produced

The imported Goods are able to be supplied in the same surface finishes and to the same heat treatment specifications as the domestically produced Goods. The grades of alloy bar are offered to the same or internationally accepted equivalent standards with chemical properties as shown in the table Figure A-3-2 (below).

Grade AS 1444	A Grade Equivalent	Carbon		Silicon		Manganese		Chromium		Molybdenum		Nickel	
		min	max	min	max	min	max	min	max	min	max	min	max
4140	DIN 1.7225 42CrMo4	0.38	0.43	0.10	0.35	0.75	1.00	0.80	1.10	0.15	0.25	NA	NA
4340	DIN 1.6565 34CrNiMo6	0.38	0.43	0.10	0.35	0.60	0.80	0.70	0.90	0.20	0.30	1.65	2.00
8620	BS EN362	0.18	0.23	0.10	0.35	0.70	0.90	0.40	0.60	0.15	0.25	0.40	0.70
X9931	BS EN25	0.27	0.35	0.10	0.35	0.45	0.70	0.50	0.80	0.45	0.65	2.30	2.80
X9940	BS EN26	0.36	0.44	0.10	0.35	0.45	0.70	0.50	0.80	0.45	0.65	2.30	2.80

Figure A-3-2 Chemical composition by grade

#### 4. Describe the ways in which the essential characteristics of the imported goods are alike to the goods produced by the Australian industry.

##### a. Physical Likeness

The imported goods are similar in appearance to those manufactured in Australia. The imported goods are manufactured to grades and strengths that are comparable to the Australian equivalents. The imported goods are sold in the same lengths and diameter

ranges as the Australian product.

The imported goods have essentially the same technical and physical properties as the Australian produced goods. They are produced to standards that are comparable to those used in Australia and the goods can be considered to be direct substitutes for each other.

**b. Commercial Likeness**

The imported goods are comparable in the market and are a direct substitute for the Australian product.

Distributors and end use customers are sensitive to price and readily substitute the imported goods for the Australian product based on price considerations.

The distribution channels are the same as for the Australian product with distributors and large end use customers able to import the goods directly from overseas suppliers. The goods are packaged for protection in a comparable that is effectively the same as the Australian equivalent.

**c. Functional Likeness**

The goods are essentially the same product and are used in the same manner and applications as the Australian product with no modification.

**d. Product Likeness**

The imported goods may be produced using heat treatment processes for the Goods that differ from those used by Milltech for the production of the Goods. Imports are likely to be produced using heat treatment furnace processes that will require bar straightening to be carried out as part of the manufacturing process.

**5. What is the Australian and New Zealand Standard Industrial Classification Code (ANZSIC) applicable to your product.**

The ANZSIC code applicable to round bar is category 2110 for Iron Smelting and Steel Manufacturing.

**6. Provide a summary and a diagram of your production process.**

Raw steel bars undergo a number of processes to convert them to heat treated or peeled bars.

Heat Treated alloy bars are produced at the [REDACTED] [location] factory from raw steel bars that undergo a series of steps where the bars are precisely heated and cooled before they are trimmed and prepared for dispatch.

Bars that are required to be heat treated are heated to the necessary temperature before being rapidly cooled to change the crystalline structure of the steel. This increases the strength and hardness but leaves the bars too brittle for use in most applications.

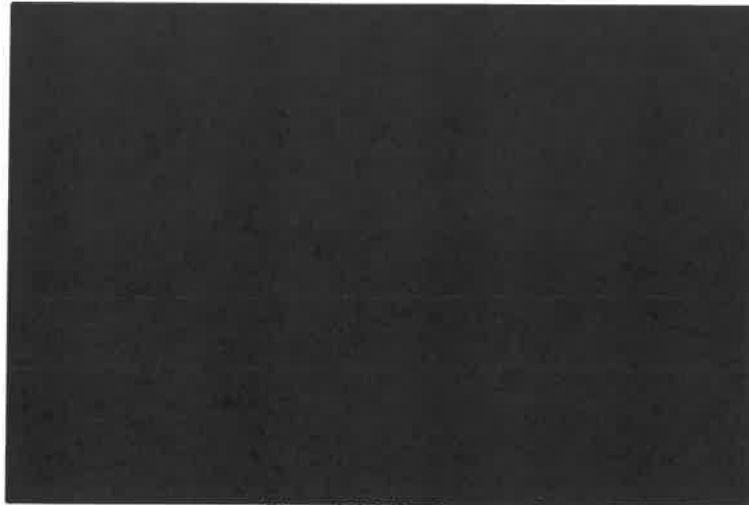


Figure A-3-3 Heat Treatment Process

To reduce the brittleness and increase the toughness of the steel, the quenched bars are tempered by re-heating them to a specified temperature before they are air cooled.

These steps are shown in diagram A-3-4 (below).

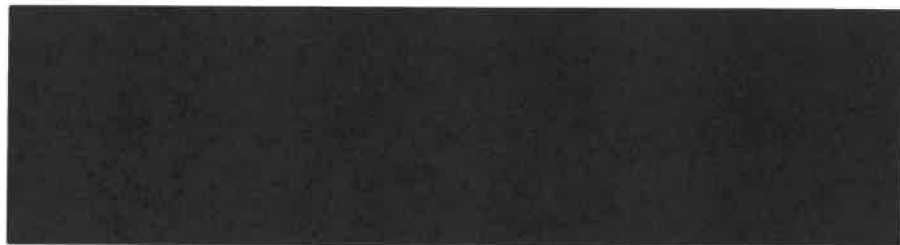


Figure A-3-4 Heat Treatment Production Process

Peeled bars are produced at the [redacted] [location] factory from a variety of steel bars including alloy bars. Bar peeling is a process carried out to enhance the dimensional accuracy of bars and to remove any surface defects from the rolling process.

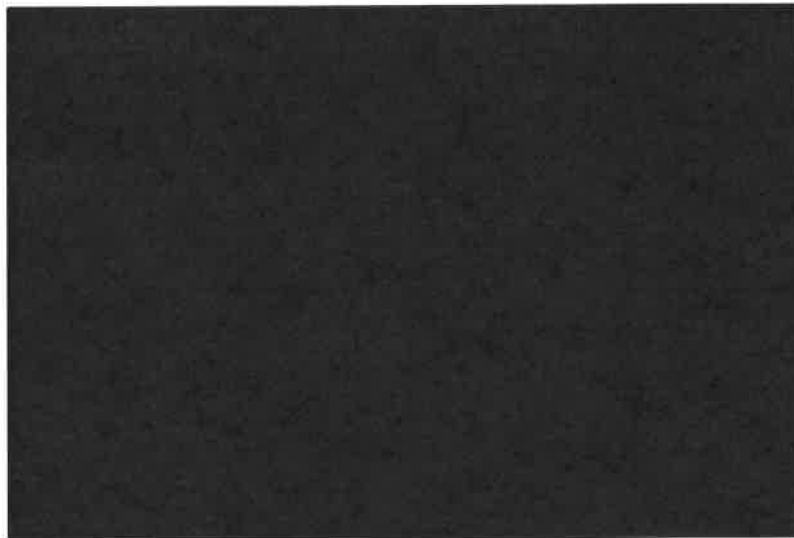


Figure A-3-5 Bar Peeling

Bars are peeled, straightened and packaged for dispatch as shown in the diagram A-3-6 (following).

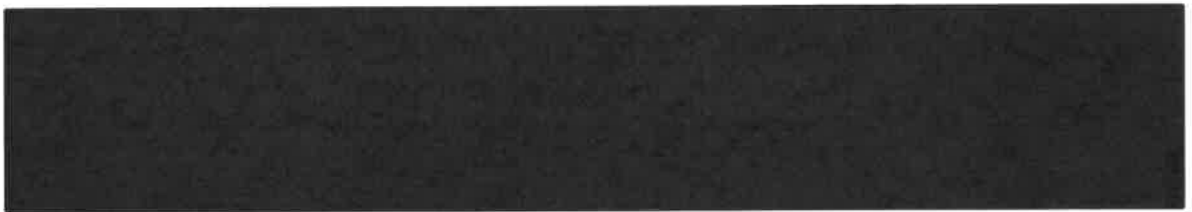


Figure A-3-6 Heat Treatment Production Process

7. If your product is manufactured from both Australian and imported inputs:
- describe the use of the imported inputs;

Milltech uses imported raw steel for [redacted] [grade], [redacted] [grade] and [redacted] [grade] grade heat treated and peeled bars. These grades of steel are imported from [redacted] [location] and [redacted] [location] as they are not made in Australia.

Milltech uses raw steel manufactured in Australia for all other grades of the Goods.

- identify that at least one substantial process of manufacture occurs in Australia (for example by reference to the value added, complexity of process, or investment in capital).

Heat treatment and/or bar peeling are substantial processes that are carried out on the raw steel imports. These processes are carried out in Australia by Milltech.

8. If your product is a processed agricultural good, you may need to complete Part C-3 (close processed agricultural goods).

Not applicable.

**9. Supply a list of the names and contact details of all other Australian producers of the product.**

Milltech understands that there are only two other producers of the Goods in Australia. They are Onesteel and Molycop.

Martensite were the only other producers of Heat Treated and Peeled alloy bar but ceased operation in February 2015.

**A-4 The Australian market.**

**1. Describe the end uses of both your product and the imported goods.**

The Heat Treated and Peeled alloy bars are used for similar purposes by end use customers. The bars are usually machined to produce a range of engineering products such as pins, shafts, bolts, axles, threaded bars and gears. The choice between Heat Treated and Peeled bar is made by customers and is determined by their manufacturing process.

The local and imported product are direct substitutes and can be used by customers for the same purpose.

**2. Generally describe the Australian market for the Australian and imported product and the conditions of competition within the overall market. Your description could include information about:**

- **sources of product demand;**

The main demand for Heat Treated and Peeled alloy bar is from industries such as manufacturing, mining, agriculture, earth moving, construction and oil and gas. These industries use alloy bar for the manufacture and maintenance of equipment and components.

- **marketing and distribution arrangements;**

Milltech usually supplies end use customers via major steel distributors. A small number of end use customers are supplied directly.

Exporters use similar distribution channels and also deal through smaller steel traders who service distributors and end use customers.

These arrangements are shown in diagram A-3-7 (following).

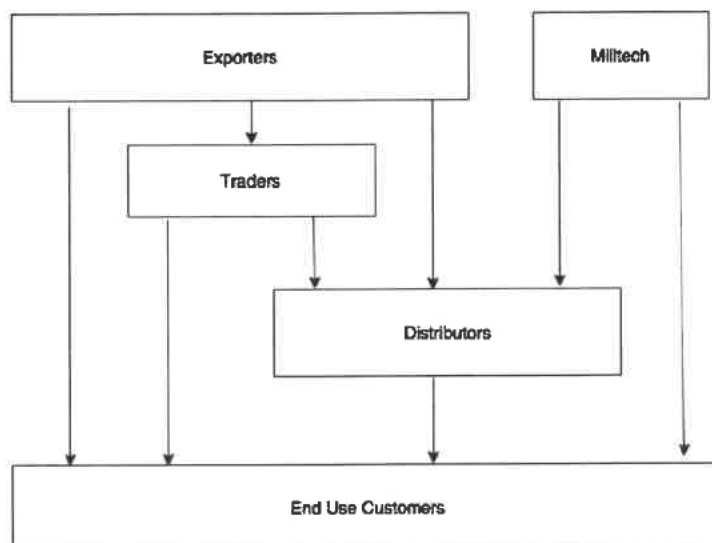


Figure A-3-7 Goods Distribution Channels

- **typical customers/users/consumers of the product;**

Typical customers and end users include equipment OEM's, fabricators and maintainers.

- **the presence of market segmentation, such as geographic or product segmentation;**

Milltech does not have visibility of market segments as sales to end use customers are made via the distributors.

- **causes of demand variability, such as seasonal fluctuations, factors contributing to overall market growth or decline, government regulation, and developments in technology affecting either demand or production;**

Demand generally fluctuates with the general cycle of manufacturing and industrial activity.

- **the way in which the imported and Australian product compete;**

Imported and Australian product compete directly on price as the technical specifications are usually determined to be equivalent.

- **any other factors influencing the market.**

### 3. **Identify if there are any commercially significant market substitutes for the Australian and imported product.**

There are no significant market substitutes for the Goods.



4. Complete appendix A1 (Australian production). This data is used to support your declaration at the beginning of this application.

Completed appendices are attached.

5. Complete appendix A2 (Australian market).

Completed appendices are attached.

6. Use the data from appendix A2 (Australian market) to complete this table:

Period	Your Sales	Other Aust Sales	Total Aust Sales	Dumped Imports	Other Imports	Total Imports	Total Market
Oct 12 - Sep 13	100	100	100	100	100	100	100
Oct 13 - Sep 14	108						
Oct 14 - Sep 15	88						
Oct 16 - Sep 16	107						

#### A-5 Applicant's sales.

1. Complete appendix A3 (sales turnover).
2. Use the data from appendix A3 (sales turnover) to complete these tables.

Quantity	Oct 12 - Sep 13	Oct 13 - Sep 14	Oct 14 - Sep 15	Oct 16 - Sep 16
All products	100	122	102	104
Australian Market	100	122	101	103
Export Market	100	121	115	137

Quantity	Oct 12 - Sep 13	Oct 13 - Sep 14	Oct 14 - Sep 15	Oct 16 - Sep 16
Like Goods	100	119	97	109
Australian Market	100	120	98	108
Export Market	100	88	92	120

Value	Oct 12 - Sep 13	Oct 13 - Sep 14	Oct 14 - Sep 15	Oct 16 - Sep 16
All products	100	115	101	100
Australian Market	100	115	100	99
Export Market	100	110	115	130

Value	Oct 12 - Sep 13	Oct 13 - Sep 14	Oct 14 - Sep 15	Oct 16 - Sep 16
<b>Like Goods</b>	100	116	98	101
Australian Market	100	118	98	100
Export Market	100	86	95	113

3. Complete appendix A5 (sales of other production) if you have made any:

- internal transfers; or
- domestic sales of like goods that you have not produced, for example if you have imported the product or on-sold purchases from another Australian manufacturer.

Not applicable.

4. Complete appendix A4 (domestic sales).

5. If any of the customers listed at appendix A4 (domestic sales) are associated with your business, provide details of the association. Describe the price effect of the association.

Not applicable.

6. Attach a copy of distributor or agency agreements/contracts.

Not applicable.

7. Provide copies of any price lists.

A copy of the current price list is attached.

8. If any price reductions (for example commissions, discounts, rebates, allowances and credit notes) have been made on your Australian sales of like goods provide a description and explain the terms and conditions that must be met by the customer to qualify.

- Where the reduction is not identified on the sales invoice, explain how you calculated the amounts shown in appendix A4 (domestic sales).
- If you have issued credit notes (directly or indirectly) provide details if the credited amount has **not** been reported appendix A4 (domestic sales) as a discount or rebate.

Milltech offered rebates from [REDACTED] [date] to [REDACTED] [date]. The rebate amount was specific to individual customers based on their overall purchase level and increases for large individual orders. Where applicable, volume rebates were processed as [REDACTED] [process]. The rebates were processed [REDACTED] [process] based on [REDACTED] [process] for the preceding [REDACTED] [process] and are [REDACTED] [process].

Rebates are not shown in Appendix A.4 which shows only the line [REDACTED] [process]. The total value of rebates is shown in Appendix A6.1 and has been allocated on [REDACTED] [process] for all

domestic sales. There were no rebates paid for export sales as they have [redacted] [process].

- 9. Select two domestic sales in each quarter of the data supplied in appendix A4 (domestic sales). Provide a complete set of commercial documentation for these sales. Include, for example, purchase order, order acceptance, commercial invoice, discounts or rebates applicable, credit/debit notes, long or short term contract of sale, inland freight contract, and bank documentation showing proof of payment.**

Documentation of domestic sales is attached.

**A-6 General accounting/administration information.**

- 1. Specify your accounting period.**

The accounting period is 1 July to 30 June.

- 2. Provide details of the address(es) where your financial records are held.**

Financial records are held at [redacted] [location].

- 3. To the extent relevant to the application, please provide the following financial documents for the two most recently completed financial years plus any subsequent statements:**

- chart of accounts;

A copy of the chart of accounts is attached.

- audited consolidated and unconsolidated financial statements (including all footnotes and the auditor's opinion);

Milltech has no requirement to produce audited consolidated and unconsolidated financial statements.

- internal financial statements, income statements (profit and loss reports), or management accounts, that are prepared and maintained in the normal course of business for the goods.

*These documents should relate to:*

1. the division or section/s of your business responsible for the production and sale of the goods covered by the application, and
2. the company overall.

Separate internal financial statements, income statements and management accounts are not prepared and maintained in the normal course of business for the goods.

Monthly income statements for the overall business are prepared.

4. **If your accounts are not audited, provide the unaudited financial statements for the two most recently completed financial years, together with your taxation returns. Any subsequent monthly, quarterly or half yearly statements should also be provided.**

Special Purpose Financial Reports are externally prepared for the use of the company owners.

The two most recent reports and taxation returns are attached.

5. **If your accounting practices, or aspects of your practices, differ from Australian generally accepted accounting principles, provide details.**

Financial statements have been prepared in accordance with Australian generally accepted accounting principles.

6. **Describe your accounting methodology, where applicable, for:**

- **The recognition/timing of income, and the impact of discounts, rebates, sales returns warranty claims and intercompany transfers;**

Income is recognised at the time of product dispatch to the customer and associated risks have passed to the carrier or customer. The invoice date is therefore the date of sale and date of dispatch except for some minor timing variations in the production of documents for some sales.

- **provisions for bad or doubtful debts;**

There is no provision for bad or doubtful debts. Bad debts are written off when they have been determined to be uncollectable.

- **the accounting treatment of general expenses and/or interest and the extent to which these are allocated to the cost of goods;**

The Cost of Goods Sold is determined by the allocation of directly attributable fixed and variable costs to each product line.

Interest associated with the installation of capital equipment that is solely used for a specific product is allocated only to that product.

- **costing methods (eg by tonnes, units, revenue, activity, direct costs etc) and allocation of costs shared with other goods or processes;**

Products are costed on a per tonne basis.

- **the method of valuation for inventories of raw material, work-in-process, and finished goods (eg FIFO, weighted average cost);**

Inventories of raw material, WIP and finished goods are valued at the lower of cost or net

realisable value.

- **valuation methods for scrap, by-products, or joint products;**

Scrap material from the production is sold for recycling at a rate dependant on the scrap type. General steel waste, steel shavings and solid steel scrap are separately sorted and sold at a contract rate of between [amount] and [amount] per tonne depending on the type of material.

The revenue from the sale of scrap is recorded as part of 'Steel Sales'.

- **valuation methods for damaged or sub-standard goods generated at the various stages of production;**

Damaged and sub-standard goods are valued at the lower of cost or net realisable value.

- **valuation and revaluation of fixed assets;**

Fixed assets are stated at historical cost or revaluation less depreciation as appropriate.

Depreciation is calculated on straight line or diminishing value with lives based on rates approved by the Commissioner of Taxation or the director's assessment of useful lives.

- **average useful life for each class of production equipment, the depreciation method and depreciation rate used for each;**

Production assets are typically depreciated using the diminishing value method over the expected useful life of the asset.

Buildings have an effective life of up to 40 years.

Production assets including plant and machinery typically have an effective life of 10 to 20 years.

- **treatment of foreign exchange gains and losses arising from transactions and from the translation of balance sheet items; and**

Foreign currency transactions are translated into Australian Dollars using the exchange rate prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets denominated in foreign currencies are recognised in the profit and loss.

- **restructuring costs, costs of plant closure, expenses for idle equipment and/or plant shut-downs.**

Not applicable.

7. If the accounting methods used by your company have changed over the period covered by your application please provide an explanation of the changes, the date of change, and the reasons.

Milltech complies with Australian Accounting Standards and International Financial Reporting Standards as amended from time to time.

#### A-7 Cost information

1. Complete appendices A6.1 and A6.2 (cost to make and sell) for domestic and export sales.

Completed appendices are attached.

Milltech combines the cost of selling and administration in "Selling, Distribution and Administration" as the tasks are carried out by a combined team.

Distribution costs include delivery to customers as well as overseas shipping for export customers only.

#### A-8 Injury

The principal indicators of injury are prices, volumes and profit effects – although not all of these must be evident. For this application, profit refers to amounts earned. Profitability is the ratio of profit to sales revenue. Where injury is threatened, but has not yet occurred, refer to question C.2.

1. Estimate the date when the material injury from dumped imports commenced.

Material injury commenced in late 2015. Milltech has evidence of a declining unit selling price and documented customer feedback regarding the

2. Using the data from appendix A6 (cost to make and sell), complete the following tables for each model and grade of your production. P<sup>n</sup> is the most recent period.

##### Index of production variations

Heat Treated	Oct 12 - Sep 13	Oct 13 - Sep 14	Oct 14 - Sep 15	Oct 15 - Sep 16
Production	100	130	102	127

Peeled	Oct 12 - Sep 13	Oct 13 - Sep 14	Oct 14 - Sep 15	Oct 15 - Sep 16
Production	100	128	106	117

### Index of cost variations

<b>Heat Treated</b>	Oct 12 - Sep 13	Oct 13 - Sep 14	Oct 14 - Sep 15	Oct 15 - Sep 16
<b>Cost</b>	100	99	102	90

<b>Peeled</b>	Oct 12 - Sep 13	Oct 13 - Sep 14	Oct 14 - Sep 15	Oct 16 - Sep 16
<b>Cost</b>	100	94	101	89

### Index of price variations

<b>Heat Treated</b>	Oct 12 - Sep 13	Oct 13 - Sep 14	Oct 14 - Sep 15	Oct 15 - Sep 16
<b>Price</b>	100	97	101	93

<b>Peeled</b>	Oct 12 - Sep 13	Oct 13 - Sep 14	Oct 14 - Sep 15	Oct 15 - Sep 16
<b>Price</b>	100	97	100	92

### Index of profit variations

<b>Heat Treated</b>	Oct 12 - Sep 13	Oct 13 - Sep 14	Oct 14 - Sep 15	Oct 15 - Sep 16
<b>Profit (unit)</b>	100	84	91	120

<b>Peeled</b>	Oct 12 - Sep 13	Oct 13 - Sep 14	Oct 14 - Sep 15	Oct 15 - Sep 16
<b>Profit (Unit)</b>	100	93	97	106

### Index of profitability variations

<b>Heat Treated</b>	Oct 12 - Sep 13	Oct 13 - Sep 14	Oct 14 - Sep 15	Oct 15 - Sep 16
<b>Profitability</b>	100	92	92	133

<b>Peeled</b>	Oct 12 - Sep 13	Oct 13 - Sep 14	Oct 14 - Sep 15	Oct 15 - Sep 16
<b>Profitability</b>	100	100	100	119

3. Complete appendix A7 (other injury factors).

Where applicable to injury claims, prepare an indexed table for other injury factor(s) in the format above.

*Index of [factor]*

Period#	1	2	3	4	n
Index*	100				

#Identify the relevant period eg 200X or Q1/0X

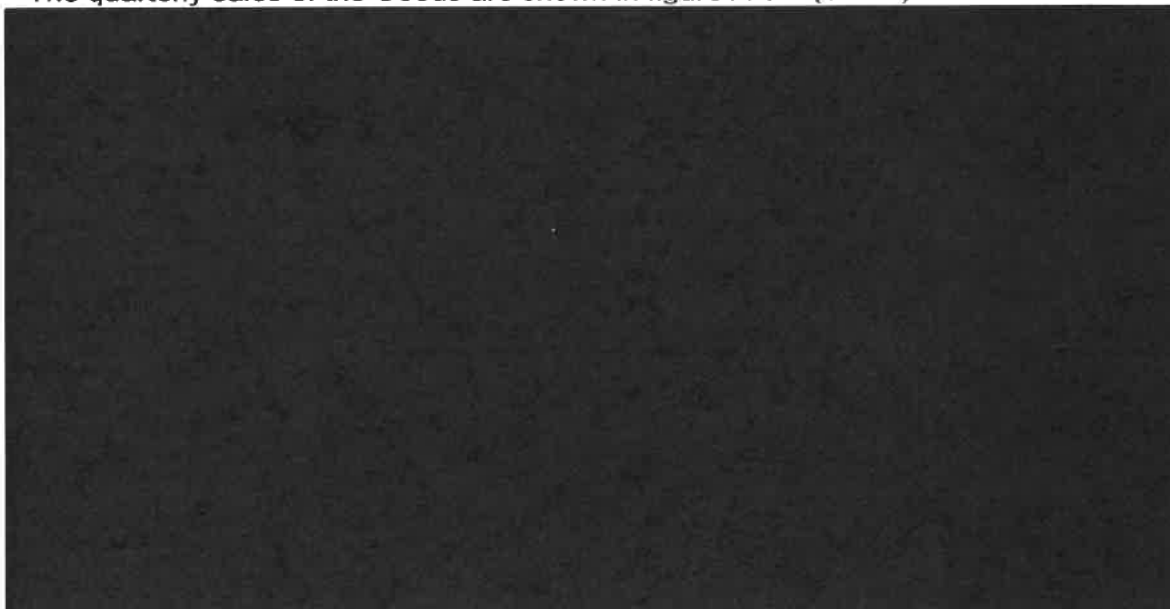
\*use data from appendix A7

**A-9 Link between injury and dumped imports.**

To establish grounds to initiate an investigation there must be evidence of a relationship between the injury and the alleged dumping. This section provides for an applicant to analyse the data provided in the application to establish this link. It is not necessary that injury be shown for each economic indicator.

**1. Identify from the data at appendix A2 (Australian market) the influence of the volume of dumped imports on your quarterly sales volume and market share.**

The quarterly sales of the Goods are shown in figure A-9-1 (below).



This data shows that Milltech's overall trend in sales volumes over the period [redacted] [trend] with almost no discernible trend [redacted] [trend] even with the long term [redacted] [trend] in sale price.



The long term trend [redacted] [trend] in selling price due to the presence of dumped imports in the Australian market is discussed in the next section.

Milltech has been unable to access import data due the multitude of tariff codes used for the Goods and the confidentiality restrictions placed on the data. As a consequence, Milltech's market share cannot be determined from publically available data.

2. Use the data at appendix A2 (Australian market) to show the influence of the price of dumped imports on your quarterly prices, profits and profitability provided at appendix A6.1 (costs to make and sell). If appropriate, refer to any price undercutting and price depression evident in the market.

The following graph (Figure A-9-2) shows the trend in selling price per tonne for the goods.

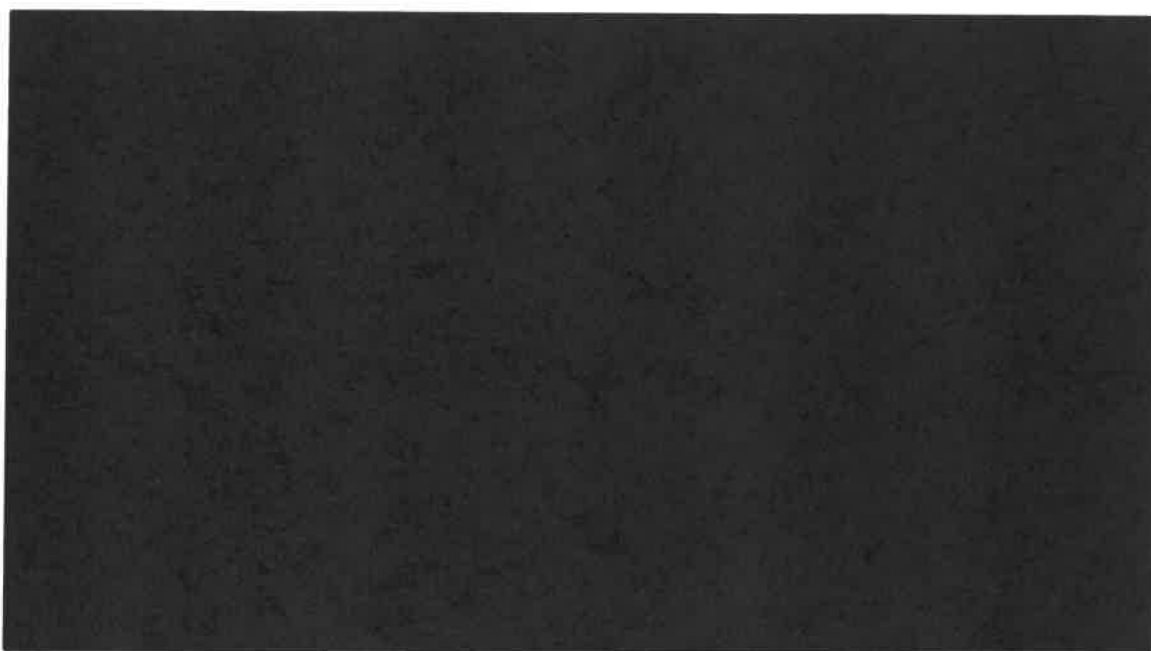


Figure A-9-2 Average Selling Price

This data shows the clear depression in selling price over the investigation period.

The trend is even more pronounced when the selling price of heated treated [redacted] [grade] grade alloy bar is examined. This grade represents approximately [redacted] [percentage] of Heated Treated alloy bar production. The depression of the selling price of this grade of alloy bar is shown in figure A-9-3 (following).

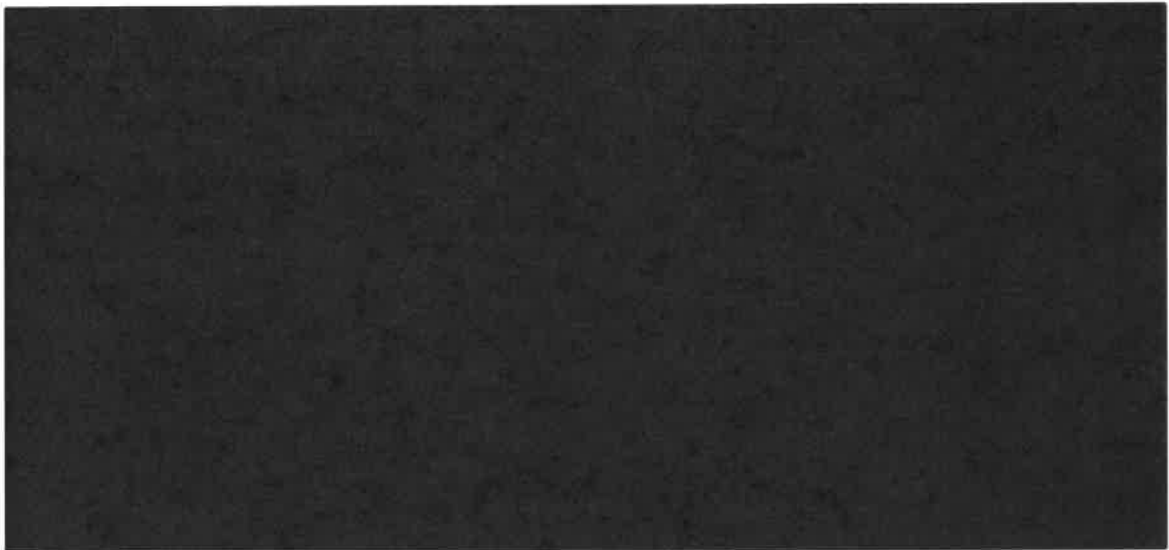


Figure A-9-3 4140 Grade Average Selling Price

The following examples of price undercutting by Chinese suppliers show how Milltech has lost sales and has been forced to drop selling price to maintain sales volumes.

**A. [redacted] [date]**

On [redacted] [date] advice was received from [redacted] [customer] that Milltech had missed out on the majority of the order to supply Heat Treated and Peeled alloy bar and the Goods had been obtained from a Chinese supplier. Milltech was advised that the overseas supplier had quoted [redacted] [amount] per tonne for Heat Treated and [redacted] [amount] per tonne for Peeled alloy bar compared to Milltech quotes of [redacted] [amount] and [redacted] [amount] respectively.

Milltech had received orders for [redacted] [amount] tonnes out of the [redacted] [amount] tonnes that were quoted on. Based on previous success rates, Milltech would have expected to receive [redacted] [percentage] of these orders. The loss of sales was a total of [redacted] [amount] tonnes with an approximate value of [redacted] [amount] based on the average selling price of both products.

On [redacted] [date] [redacted] [customer] advised that they were cancelling [redacted] [amount] of their order [redacted] [number] for Peeled and Polished alloy bar. These [redacted] [amount] totalled [redacted] [amount] tonnes meaning that Milltech ultimately only received orders for [redacted] [amount] tonnes or [redacted] [percentage] of the [redacted] [amount] tonnes that were quoted on. The loss of sales is estimated at [redacted] [amount]

[redacted] [customer] advised that they had obtained a lower price for Chinese produced Goods for this order.

**A. [redacted] [date]**

In [redacted] [date] Milltech was requested to provide a quotation on [redacted] [customer] order for at least [redacted] [amount] tonnes of peeled bar. Milltech had offered [redacted] [amount] per tonne and following negotiations subsequently made a reduced offer of [redacted] [amount] per tonne. Milltech received an order for [redacted] [amount] tonnes at the lower price resulting in a reduced profit of [redacted] [amount] as well as the loss of sales of the remaining [redacted] [amount] tonnes with a value of approximately [redacted] [amount].

On [redacted] [date] [redacted] [customer] advised that they had been offered [redacted] [amount] per tonne for [redacted] [grade] Heat Treated alloy bar and [redacted] [amount] for [redacted] [grade] Peeled alloy bar by a Chinese supplier. Milltech understood that this was the indicative price that needed to be matched for future orders.

This new low price of [redacted] [amount] offered by Milltech then flowed through to Milltech's other major customer [redacted] [customer] who were aware of the lower price in the market for these Goods.

3. **Compare the data at appendix A2 (Australian market) to identify the influence of dumped imports on your quarterly costs to make and sell at appendix A6.1 (for example refer to changes in unit fixed costs or the ability to raise prices in response to material cost increases).**

Milltech is the only producer of Heat Treated and Peeled alloy bars in Australia following the closure of Martensite in February 2015. Milltech has [redacted] [process].

One of the key initiatives was the [redacted] [process] that involved [redacted] [process]. These changes alone resulted in a decrease in CTMS of over [redacted] [amount] per tonne for the final 4 quarters of the investigation period.

This reduction in cost along with reductions in [redacted] [costs] were not able to be translated into an increase in profits due to the depressed selling price. The following figure (Figure A-9-4) shows the significant drop in the CTMS that has been achieved by Milltech.

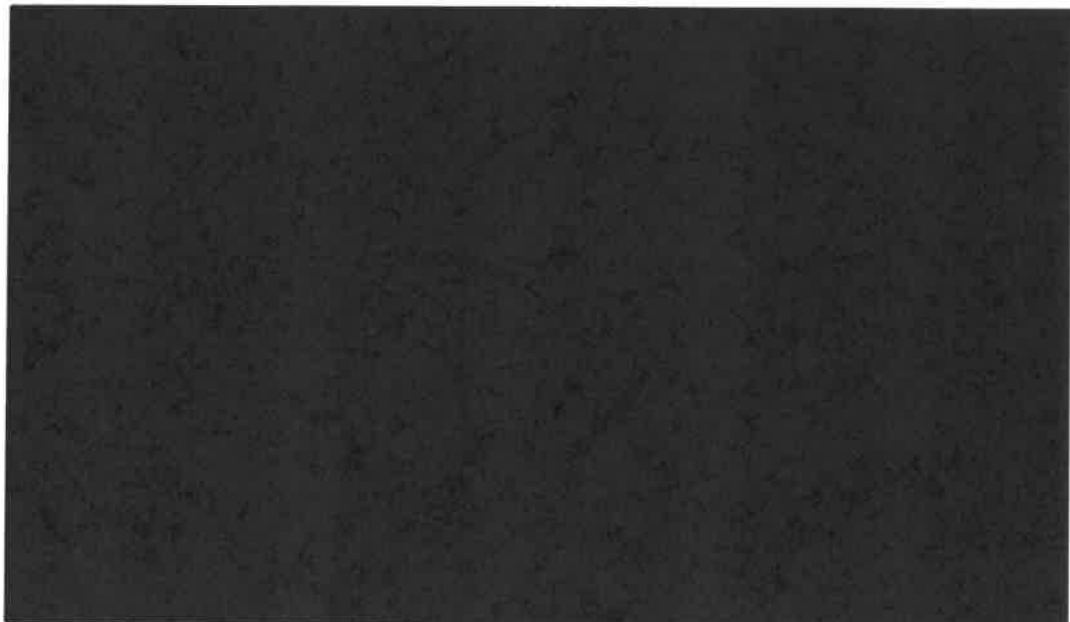


Figure A-9-4 Cost to Make and Sell

The following figure (Figure A-9-5) shows how the selling price of Heat Treated alloy bar has fallen at a faster rate than the reduction in materials.

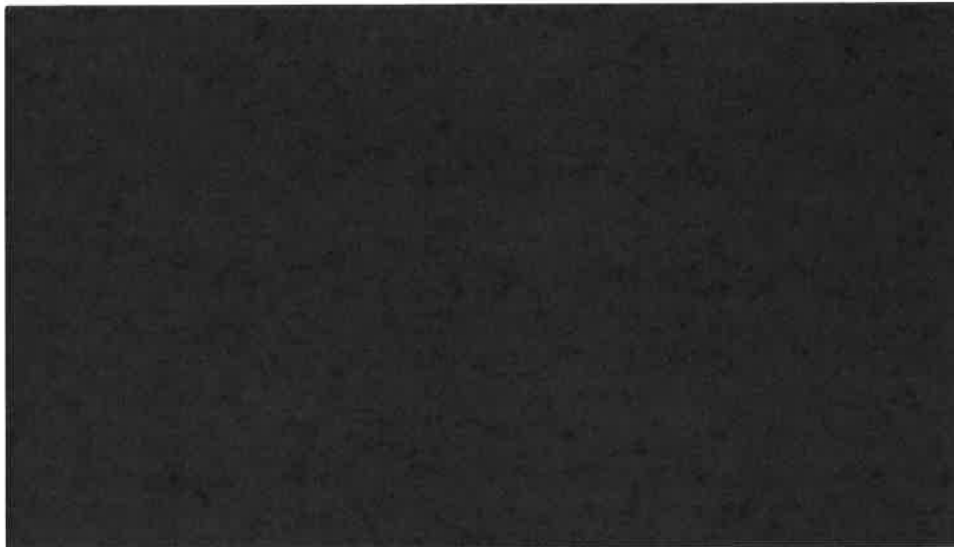


Figure A-9-5 Heat Treated CTMS V Selling Price Change

Milltech has been unable to take advantage of this decrease in input cost to increase profits. Profitability has only been able to be maintained by the significant impact of the reduction in other fixed and variable costs that were able to be achieved over the same period.

4. **The quantity and prices of dumped imported goods may affect various economic factors relevant to an Australian industry. These include, amongst other things, the return on investment in an industry, cash flow, the number of persons employed and their wages, the ability to raise capital, and the level of investment in the industry. Describe, as appropriate, the effect of dumped imports on these factors and where applicable use references to the data you have provided at appendix A7 (other economic factors). If factors other than those listed at appendix A7 (other economic factors) are relevant, include discussion of those in response to this question.**

In regards to other economic impacts, the impact of dumped imports in the industry can be evidenced by the closure of Milltech's only remaining competitor for Heat Treated and Peeled alloy bars in 2015. This resulted in the loss of Australian manufacturing capacity and loss of employment for affected workers.

The closure of this business has not resulted in a trend increase in Milltech sales volumes.

5. **Describe how the injury factors caused by dumping and suffered by the Australian industry are considered to be 'material'.**

- a. **Price Depression**

Milltech has suffered from Price Depression over the investigation period of approximately [redacted] [amount] per tonne. The price offers from Chinese suppliers have had a clear impact on market prices in Australia with Milltech being advised of sales lost to lower priced Chinese imports. The depression of selling price of the Goods is shown in Figure A-9-6 (following).

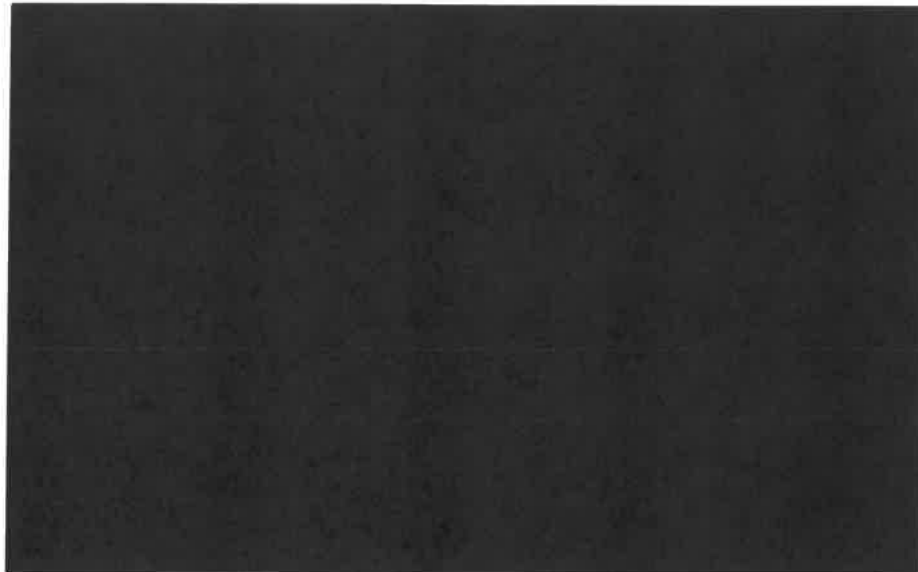
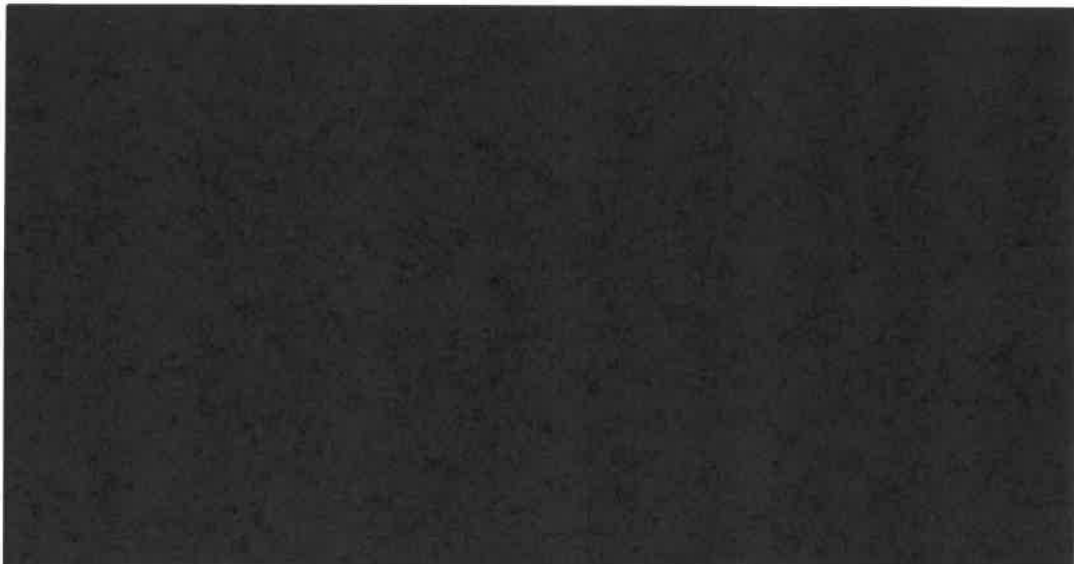


Figure A-9-6 Average Selling Price per Tonne

**b. Loss of Profit**

Milltech has suffered a cumulative loss of potential profit in the order of [redacted] [amount] in final 4 quarters of the investigation period.

The major cost reduction initiatives outlined in A.9.3 were expected to generate an increase in profits based on the selling price per tonne at the end of the September 2015 quarter. This did not eventuate as the selling price continued to decline due to the presence of dumped imports in the Australian market. The input and operational efficiency savings that were generated were largely lost through the depressed selling price.



### **c. Loss of Manufacturing Capacity**

The closure of Milltech's only remaining competitor in February 2015 demonstrates the impact of dumped imports in the Australian market. Martinsite were the only other producers of Heat Treated and Peeled Goods in Australia.

The closure of this business resulted in the loss of manufacturing capacity and an estimated 30 jobs. This closure has not resulted in any material trend increase in sales by Milltech.

- 6. Discuss factors other than dumped imports that may have caused injury to the industry. This may be relevant to the application in that an industry weakened by other events may be more susceptible to injury from dumping.**

The Australian industry could potentially have been injured by other sources of imports other than China. Heat Treated and Peeled alloy bars are available from other Asian steel mills as well as those located in Europe. Milltech has not been advised by any customers during price negotiations that exporters from countries other than China are influencing the market price in Australia.

The market for alloy bars may also be affected by cyclical demand in mining and industry. The demand for Heat Treated or Peeled alloy bar is not as closely correlated with mining as other types of alloy bar may be as they are used in the manufacture, repair and maintenance of machinery and these activities take place at all stages of a project's life cycle.

- 7. This question is not mandatory, but may support your application. Where trends are evident in your estimate of the volume and prices of dumped imports, forecast their impact on your industry's economic condition. Use the data at appendix A2 (Australian market), appendix A6 (cost to make and sell), and appendix A7 (other economic factors) to support your analysis.**

# PART B

## DUMPING

### **IMPORTANT**

All questions in Part B should be answered even if the answer is 'Not applicable' or 'None' (unless the application is for countervailing duty only: refer Part C). If an Australian industry comprises more than one company/entity, Part B need only be completed once.

For advice about completing this part please contact the Commission's client support section on:

**Phone:** 13 28 46  
**Fax:** (03) 8539 2499  
**Email:** [clientsupport@adcommission.gov.au](mailto:clientsupport@adcommission.gov.au)

## **B-1 Source of exports.**

1. Identify the country(ies) of export of the dumped goods.
2. Identify whether each country is also the country of origin of the imported goods. If not, provide details.
3. If the source of the exports is a non-market economy, or an 'economy in transition' refer to Part C.4 and Part C.5 of the application.
4. Where possible, provide the names, addresses and contact details of:
  - producers of the goods exported to Australia;
  - exporters to Australia; and
  - importers in Australia.
5. If the import volume from **each** nominated country at Appendix A.2 (Australian Market) does not exceed 3% of all imports of the product into Australia refer to Part C.6 of the application.
6. In the case of an application for countervailing measures against exports from a developing country, if the import volume from **each** nominated country at Appendix A.2 (Australian Market) does not exceed 4% of all imports of the product into Australia refer to Part C.6 of the application

## **B-2 Export price**

Possible sources of information on export price include export price lists; estimates from the Australian Bureau of Statistics; a deductive export price calculation from the Australian selling price of the imported goods; export sales quotations or invoices; foreign government export trade clearances.

1. Indicate the FOB export price(s) of the imported goods. Where there are different grades, levels of trade, models or types involved, an export price should be supplied for each.
2. Specify the terms and conditions of the sale, where known.
3. If you consider published export prices are inadequate, or do not appropriately reflect actual prices, please calculate a deductive export price for the goods. Appendix B1 (Deductive Export Price) can be used to assist your estimation.
4. It is important that the application be supported by evidence to show how export price(s) have been calculated or estimated. The evidence should identify the source(s) of data.



### **B-3 Selling price (normal value) in the exporter's domestic market.**

Possible sources of information about domestic selling prices in the country of export include: price lists for domestic sales (with information on discounts); actual quotations or invoices relating to domestic sales; published material providing information on the domestic selling prices; or market research undertaken on behalf of the applicant.

1. State the selling price for each grade, model or type of like goods sold by the exporter, or other sellers, on the domestic market of the country of export.
2. Specify the terms and conditions of the sale, where known.
3. Provide supporting documentary evidence.
4. List the names and contact details of other known sellers of like goods in the domestic market of the exporting country.

### **B-4 Estimate of normal value using another method.**

This section is not mandatory. It need only be completed where there is no reliable information available about selling prices in the exporter's domestic market. Other methods of calculating a normal value include:

- the cost to make the exported goods plus the selling and administration costs (as if they were sold in the exporter's domestic market) plus an amount for profit (if applicable);
- OR
- the selling price of like goods from the country of export to a third country.

1. Indicate the normal value of the like goods in the country of export using another method (if applicable, use appendix B2 Constructed Normal Value).
2. Provide supporting documentary evidence.

### **B-5 Adjustments.**

A fair comparison must be made between the export price and the normal value. Adjustments should be made for differences in the terms and circumstances of the sales such as the level of trade, physical characteristics, taxes or other factors that affect price comparability.

1. Provide details of any known differences between the export price and the normal value. Include supporting information, including the basis of estimates.
2. State the amount of adjustment required for each and apply the adjustments to the domestic prices to calculate normal values. Include supporting information, including the basis of estimates.

**B-6 Dumping margin.**

1. Subtract the export price from the normal value for each grade, model or type of the goods (after adjusting for any differences affecting price comparability).
2. Show dumping margins as a percentage of the export price.

# PART C

## SUPPLEMENTARY SECTION

### **IMPORTANT**

Replies to questions in Part C are not mandatory in all instances, but may be essential for certain applications.

For advice about completing this part please contact the Commission's client support section on:

**Phone:** 13 28 46  
**Fax:** (03) 8539 2499  
**Email:** [clientsupport@adcommission.gov.au](mailto:clientsupport@adcommission.gov.au)

## C-1 Subsidy

This section must be completed where countervailing duties are sought to offset foreign government assistance through subsidies to exporters or producers.

If the application is for countervailing duty alone, the domestic price information required by Part B of the application need not be supplied.

Responses to questions A-9 will need to identify the link between subsidisation and injury.

1. Identify the subsidy paid in the country of export or origin. Provide supporting evidence including details of:
  - (i) the nature and title of the subsidy;
  - (ii) the government agency responsible for administering the subsidy;
  - (iii) the recipients of the subsidy; and
  - (iv) the amount of the subsidy.

## C-2. Threat of material injury

Address this section if the application relies solely on threat of material injury (ie where material injury to an Australian industry is not yet evident).

1. Identify the change in circumstances that has created a situation where threat of material injury to an Australian industry from dumping/subsidisation is foreseeable and imminent, for example by having regard to:
  1. the rate of increase of dumped/subsidised imports;
  2. changes to the available capacity of the exporter(s);
  3. the prices of imports that will have a significant depressing or suppressing effect on domestic prices and lead to further imports;
  4. inventories of the product to be investigated; or
  5. any other relevant factor(s).
2. If appropriate, include an analysis of trends (or a projection of trends) and market conditions illustrating that the threat is both foreseeable and imminent.

## C-3. Close processed agricultural goods

Where it is established that the like (processed) goods are closely related to the locally produced (unprocessed) raw agricultural goods, then – for the purposes of injury assessment – the producers of the raw agricultural goods form part of the Australian industry. This section is to be completed only where processed agricultural goods are the subject of the application. **Applicants are advised to contact the Commission's client support section before completing this section.**

1. Fully describe the locally produced raw agricultural goods.

2. Provide details showing that the raw agricultural goods are devoted substantially or completely to the processed agricultural goods.
3. Provide details showing that the processed agricultural goods are derived substantially or completely from the raw agricultural goods.
4. Provide information to establish **either**:
  - a close relationship between the price of the raw agricultural goods and the processed agricultural goods; **or**
  - that the cost of the raw agricultural goods is a significant part of the production cost of the processed agricultural goods.

#### **C-4. Exports from a non-market economy**

Complete this section only if exports from a non-market economy are covered by the application. The domestic price information required by Part B of the application need not be supplied if this question is answered.

Normal values for non-market economies may be established by reference to selling prices or to costs to make and sell the goods in a comparable market economy country.

1. Provide evidence the country of export is a non-market economy. A non-market economy exists where the government has a monopoly, or a substantial monopoly, of trade in the country of export and determines (or substantially influences) the domestic price of like goods in that country.
2. Nominate a comparable market economy to establish selling prices.
3. Explain the basis for selection of the comparable market economy country.
4. Indicate the selling price (or the cost to make and sell) for each grade, model or type of the goods sold in the comparable market economy country. Provide supporting evidence.

#### **C-5 Exports from an 'economy in transition'**

An 'economy in transition' exists where the government of the country of export had a monopoly, or substantial monopoly, on the trade of that country (such as per question C-4) and that situation no longer applies.

Complete this section only if exports from an 'economy in transition' are covered by the application. **Applicants are advised to contact the Commission's client support section before completing this section**

1. Provide information establishing that the country of export is an 'economy in transition'.
2. A price control situation exists where the price of the goods is controlled or substantially controlled by a government in the country of export. Provide evidence that a price control situation exists in the country of export in respect of like goods.
3. Provide information (reasonably available to you) that raw material inputs used in manufacturing/producing the exported goods are supplied by an enterprise wholly owned by a government, at any level, of the country of export.
4. Estimate a 'normal value' for the goods in the country of export for comparison with export price. Provide evidence to support your estimate.

#### **C-6 Aggregation of Volumes of dumped goods**

Only answer this question if required by question B-1.5 of the application and action is sought against countries that individually account for less than 3% of total imports from all countries (or 4% in the case of subsidised goods from developing countries). To be included in an investigation, they must collectively account for more than 7% of the total (or 9% in the case of subsidised goods from developing countries).

	<b>Quantity</b>	<b>%</b>	<b>Value</b>	<b>%</b>
All imports into Australia		100%		100%
Country A*				
Country B*				
etc*				
<b>Total</b>				

\* Only include countries that account for less than 3% of all imports (or 4% in the case of subsidised goods from developing countries). Use the data at [Appendix A.2](#) (Australian Market) to complete the table.

## APPENDICES

Appendix A1	Australian Production
Appendix A2	Australian Market
Appendix A3	Sales Turnover
Appendix A4	Domestic Sales
Appendix A5	Sales of Other Production
Appendix A6.1	Cost to Make and Sell (& profit) Domestic Sales
Appendix A6.2	Cost to Make and Sell (& profit) Export Sales
Appendix A7	Other Injury Factors
Appendix A8	Authority to Deal With Representative
Appendix B1	Deductive Export Price
Appendix B2	Constructed Normal Value

