



Australian Government
**Department of Industry,
Innovation and Science**

**Anti-Dumping
Commission**

Application for a
review of
anti-dumping measures
applying to steel rod in coils
exported to Australia from the
People's Republic of China

APPLICATION UNDER SECTION 269ZA OF THE *CUSTOMS ACT 1901*
FOR A REVIEW OF ANTI-DUMPING MEASURES

In accordance with section 269ZA of the *Customs Act 1901* (the Act), I request that the Anti-Dumping Commissioner initiate a review of anti-dumping measures in respect of the goods the subject of this application to:

1. **revise the level of the measures** because one or more of the variable factors relevant to the taking of measures have changed (a variable factors review)

In this case the factors that I consider have changed are:

- normal value
 export price
 non injurious price
 subsidy

The variable factors review is in relation to:

- a particular exporter (*if so provide name and country details*)
 exporters generally

or

2. **revoke the measures** because the anti-dumping measures are no longer warranted (a revocation review)

In this case the measure I consider should be revoked is:

- the dumping duty notice
 the countervailing duty notice
 the undertaking

The revocation review is in relation to:

- a particular exporter (*if so provide name and country details*)
 exporters generally

NOTE

Where seeking variable factors review as well as a revocation review, indicate this in *both* 1 and 2 above.

DECLARATION

I believe that the information contained in this application:

- provides reasonable grounds for review of the anti-dumping measure; and
- is complete and correct to the best of my knowledge and belief.

Signature:



Name:



Position:



Company:

LIBERTY ONESTEEL (NEWCASTLE) PTY LTD

ABN:

50 623 285 718

Date:

8 March 2018

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Signature requirements	<p>Where the application is made:</p> <p><i>By a company</i> - the application must be signed by a director, servant or agent acting with the authority of the body corporate.</p> <p><i>By a joint venture</i> - 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.</p> <p><i>On behalf of a trust</i> - a trustee of the trust must sign the application.</p> <p><i>By a sole trader</i> - the sole trader must sign the application.</p> <p><i>In any other case</i> - contact the Commission's client support section for advice.</p>
Assistance with the application	<p>The Anti-Dumping Commission has published guidelines to assist applicants with the completion of this application. Please refer to the '<i>Instructions and Guidelines for applicants: Application for review or revocation of measures</i>' on the Commission's website.</p> <p>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:</p> <p>Phone: 13 28 46 or +61 2 6213 6000 (outside Australia)</p> <p>Fax: (03) 8539 2499 or +61 3 8539 2499 (outside Australia)</p> <p>Email: clientsupport@adcommission.gov.au</p> <p>Other information is available from the Commission's website at www.adcommission.gov.au.</p> <p>Small and medium enterprises (i.e., those with less than 200 full-time staff, which are independently operated and which are not a related body corporate for the purposes of the <i>Corporations Act 2001</i>), 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 or telephone the ITRA Service Hotline on +61 2 6213 7267.</p>
Required information	<p>1. Provide details of the name, street and postal address, of the applicant seeking the continuation.</p> <p>The applicant is Liberty OneSteel (Newcastle) Pty Ltd (ABN 50 623 285 718) (Liberty OneSteel) of Level 6, 205 Pacific Highway, St Leonards, NSW 2065.</p>

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- 2. Provide details of the name of a contact person, including their position, telephone number and facsimile number, and e-mail address.**

Contact Name: [REDACTED]
Position: [REDACTED]
Telephone: [REDACTED]
Facsimile: N/A
E-mail address: [REDACTED]

- 3. Name other parties supporting this application.**

On 1 March 2018, LIBERTY ONESTEEL (NEWCASTLE) PTY LTD replaced ONESTEEL MANUFACTURING PTY LIMITED as the sole producer in Australia of like goods to the goods.

- 4. Describe your interest as an affected party (eg are you concerned with the exportation of the goods, the importation of the goods, or part of the Australian industry, or acting on behalf of the Government of an exporting country).**

The applicant is the sole member of the Australian industry producing like goods.

- 5. Provide details of the current anti-dumping measure(s) the subject of this review application, including:**

The goods the subject of the application are:

Hot rolled rods in coils of steel, whether or not containing alloys, that have maximum cross sections that are less than 14mm.

The goods covered by this application include all steel rods meeting the above description regardless of the particular grade or alloy content.

Goods excluded from this application include hot-rolled deformed steel reinforcing bar in coil form, commonly identified as rebar or debar, and stainless steel in coils.

- **tariff classification**

The goods are classified to the following tariff subheadings in Schedule 3 to the *Customs Tariff Act 1995*:

- 7213.91.00 (statistical code 44);
- 7227.90.90 (statistical code 02); and
- 7227.90.90 (statistical code 42).

- **the countries or companies**

People's Republic of China (China).

- **specified date of publication of the measure**

22 April 2016.

6. Provide the names, addresses, telephone numbers and facsimile numbers of other parties likely to have an interest in this matter e.g. Australian manufacturers, importers, exporters and/or users.

Exporters

Name: HUNAN VALIN XIANGTAN IRON & STEEL CO., LTD.

Address: [REDACTED]

[REDACTED]

Telephone: [REDACTED]

Facsimile: [REDACTED]

Name: JIANGSU YONGGANG GROUP CO., LTD.

Address: [REDACTED]

[REDACTED]

Telephone: [REDACTED]

Facsimile: [REDACTED]

PUBLIC FILE VERSION

Name: SHANDONG LAIWU STEEL INTERNATIONAL CORP.

Address: [REDACTED]

Telephone: [REDACTED]

Facsimile: [REDACTED]

Name: SHANDONG SHIHENG SPECIAL STEEL GROUP
CO.,LTD.

Address: [REDACTED]

Telephone: [REDACTED]

Facsimile: [REDACTED]

Importers

Name: SANWA PTY LTD

Address: [REDACTED]

Telephone: [REDACTED]

Facsimile: [REDACTED]

Name: CMC AUSTRALIA Pty Ltd

Address: [REDACTED]

Telephone: [REDACTED]

Facsimile: [REDACTED]

Name: STEMCOR AUSTRALIA Pty Ltd

Address: [REDACTED]

Telephone: [REDACTED]

Facsimile: [REDACTED]

PUBLIC FILE VERSION

**Applications
for review of
variable
factors**

If you are applying for a variable factors review (in box 1 above) provide a detailed statement setting out your reasons. Include information about:

- the factor(s) you wish to have reviewed;
- the amount by which that factor is likely to have changed since anti-dumping measures were last imposed, and evidence in support; and
- in your opinion the causes of the change and whether these causes are likely to persist.

The applicant claims that there has been a change in the variable factors relevant to the taking of the anti-dumping measures, specifically:

1. ascertained normal values; and
2. ascertained export prices.

The amounts by which the variable factors are likely to have changed since anti-dumping measures were last imposed, are examined below.

1. Ascertained normal values

In the original investigation (*Dumping Investigation No. 301*), it was established that the Government of China influenced the Chinese steel industry, and that this influence is likely to have materially distorted competitive market conditions directly affecting both the price of the primary input used in the manufacture of steel rod in coils, as well as supply within that industry. The Commission determined that, in accordance with s 269TAC(2)(a)(ii),¹ a situation exists in the domestic Chinese steel rod in coils market that renders domestic selling prices in that market unsuitable for the purpose of determining the normal value for the like goods under s 269TAC(1). The Commission constructed the normal values of selected exporters of the goods in accordance with s 269TAC(2)(c).

Paragraph 269TAC(2)(c) provides that, where the normal value cannot be ascertained under s 269TAC(1), the normal value of the goods is to be calculated as:

- the cost of production or manufacture of the goods in the country of export; and
- on the assumption that the goods, instead of being exported, had been sold for home consumption in the ordinary course of trade in the country of export, the selling, general and administrative costs associated with such a sale and the profit on that sale.

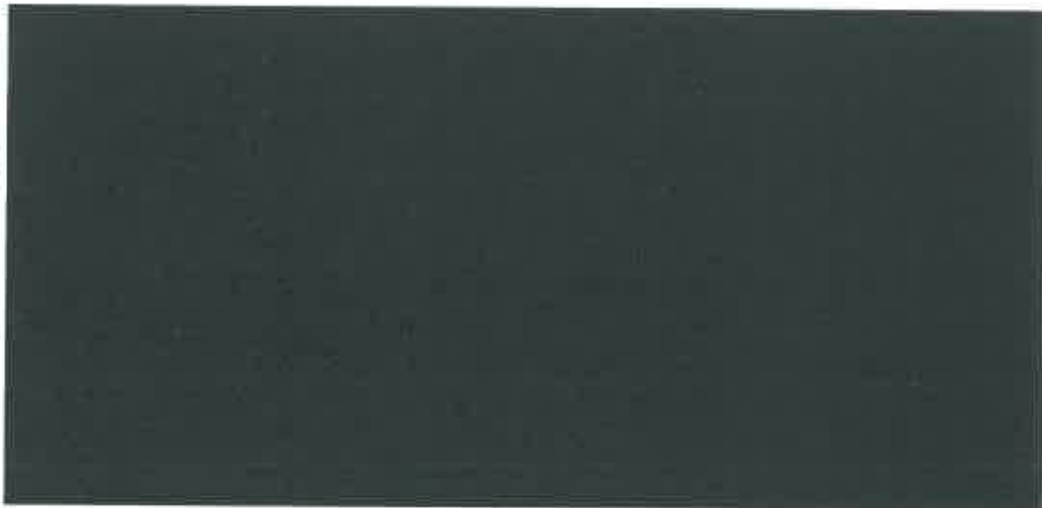
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As required by ss 269TAC(5A) and 269TAC(5B), the costs of production or manufacture, the selling, general and administrative (**SG&A**) costs and profit are established in accordance with the *Customs (International Obligations) Regulation 2015*, relevantly, ss 43, 44 and 45, respectively.

In constructing the normal values in *Dumping Investigation No. 301*, Chinese exporters' costs for steel billet were not considered reflective of competitive market costs and were adjusted to reflect a benchmark competitive market cost for steel billet (**the benchmark**). The benchmark was based on Latin American steel billet export prices at the free on board (FOB) level.

Changes in Latin American steel billet export prices

The applicant submits that Latin American steel billet export prices have reduced during the period of review proposed by this application, 1 January to 31 December 2017 (**the proposed review period**), when compared to the original investigation period, 1 July 2014 to 30 June 2015 (**original investigation period**). The applicant refers to **CONFIDENTIAL FIGURE 1** (below) indicating the change in the Latin American steel billet export prices since the original investigation period.



CONFIDENTIAL FIGURE 1 Movements in monthly average Latin American steel billet export prices between 1 July 2014 and 31 December 2017 (Source: [CONFIDENTIAL ATTACHMENT 1](#))

The applicant has calculated that the average monthly Latin American steel billet export price during the original investigation period was US\$ [REDACTED], whereas during the proposed review period, the average monthly price was US\$ [REDACTED]. In other words, the average monthly price during the proposed review period was **9.0 per cent** lower compared to the original investigation period.

Given that the Commission has observed in the past that steel billet represents the single largest proportion of the constructed normal values,ⁱⁱ then the applicant submits that the change in the average monthly Latin American steel billet export price since the original investigation period would directly change the Commission's calculation of the constructed normal values, irrespective of whether the amount of conversion costs, SG&A and profit included in the constructed normal value might have changed. In fact, in order for the overall constructed normal value to remain unchanged, in spite of the **9.0 per cent** reduction in average monthly Latin American steel billet export prices, then a simple sensitivity analysis demonstrates that there would need to be a 36 per cent increase in the amount of conversion costs and SG&A for each exporter, to more than offset the reduction in steel billet costs, assuming they constitute the lesser proportion of overall CTMS, i.e. at 80 per cent, **Table 2** (below) demonstrates.

	Original Investigation Period	Proposed Review Period	Assumptions
Constructed NV	\$ 100.00	\$ 100.00	Assume no change to NV
Billet costs	\$ 80.00	\$ 72.90	Assume 9% reduction
Conversion costs and SG&A	\$ 20.00	\$ 27.10	36% Increase in order to maintain no change to NV
Notes:	* Based on the lesser of the Commission's observation that billet costs comprise between 80-83 per cent of the CTMS of total in coils. ** Assume no profit		

Table 2 Sensitivity analysis of constructed NV given change in steel billet price

In any event, it is not reasonable to expect the industry applicant for review to have information regarding SG&A and conversion costs which comprise the ascertained normal value.

Alternative approach to determining the benchmark: Verified steel billet costs of production

Since the original investigation period, the Commission has available to it verified steel billet costs obtained from cooperating exporters and manufacturers in *Dumping Investigation Nos. 416 and 418*. The applicant considers that the verified (produced not purchased) steel billet costs from cooperating exporters and manufacturers in Indonesia, Taiwan, Thailand and Spain (but not Vietnam due to the Commission's findings concerning non-competitive market electricity costs) most accurately reflect the cost of production of steel billet relevant to the manufacture of the goods exported to Australia during the proposed review period. The investigation period for *Dumping Investigation Nos. 416 and 418* was 1 April 2016 to 31 March 2017, as such the verified steel billet costs available to the Commission overlap with the proposed review period for the period 1 January to 31 March 2017.

In the past, the Commission has indexed a previously benchmarked price in order to extrapolate future price movements. For example, following the finding of a market situation with respect to hollow structural sections of steel (HSS) in *Investigation No. 177*, the Commission indexed the benchmark price established in the original investigation through to the end of the review period in *Review No. 267* by utilising several independent and reputable sources of price information. Applied here, the review applicant submits that one option is for the Commission to apply scrap price movements from the final quarter of the investigation period of *Dumping Investigation Nos. 416 and 418* to extrapolate steel billet costs across each of the remaining three-quarters of the proposed review period, where the period 1 January to 31 March 2017 is the base for the index and then adjust the benchmark costs by the average quarterly movements in the scrap price for subsequent quarters for the term of the proposed review period, as follows:

Quarter	Average scrap price (US\$/t)	Index
1 January to 31 March 2017		100
1 April to 30 June 2017		98
1 July to 30 September 2017		113
1 October to 31 December 2017		121

Source: [CONFIDENTIAL ATTACHMENT 3](#)

Applicant’s statement of opinion: Changes to the ascertained normal values since the original investigation period

Irrespective of the benchmark used to construct the normal values for the exporters, the amount of the ascertained normal value has changed since the original investigation period. If the benchmark applied during the original *Dumping Investigation No. 301* is applied across the proposed review period, then there is a *prima facie* reduction in the ascertained normal value of **9 per cent** between the original investigation period and proposed review period. If the benchmark is determined by reference to verified steel billet costs from *Dumping Investigation Nos. 416 and 418*, then there is an *ipso facto* change in the ascertained normal value between the original investigation period and the proposed review period, ranging between a **reduction of 2 per cent** in the first quarter of the proposed review period, up to an **increase of at least 21 per cent** in the final quarter of the proposed review period.

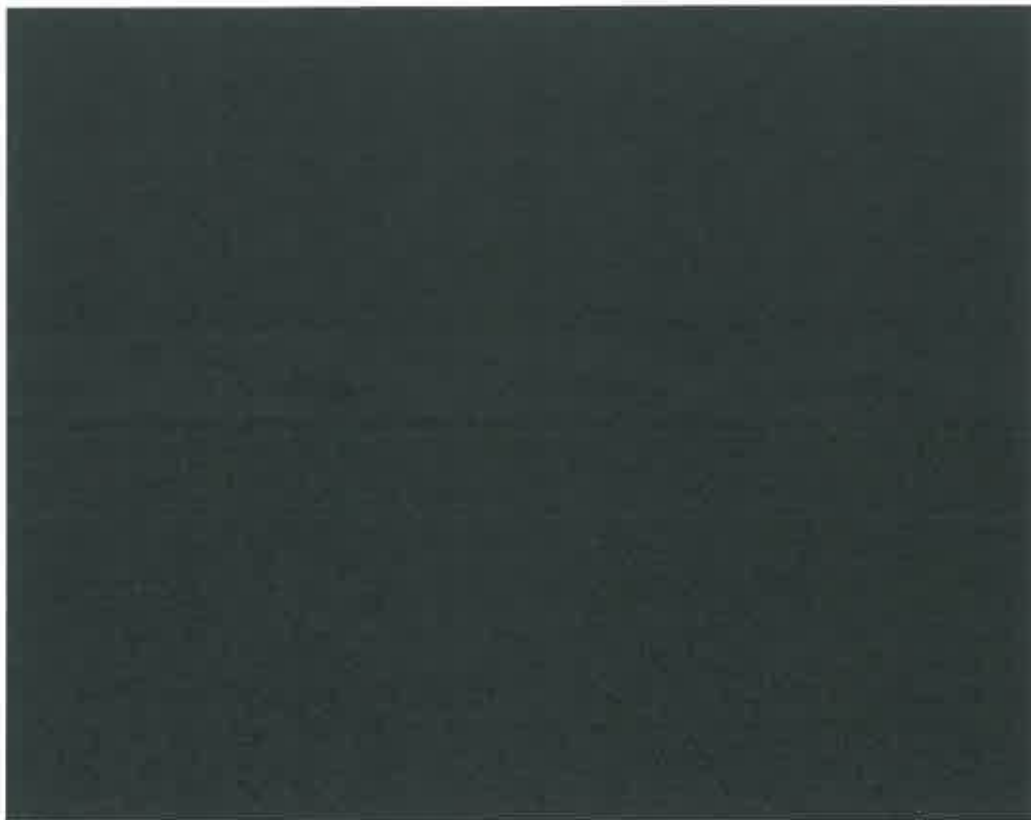
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Applicant's statement of opinion as to the causes for the change to the ascertained normal values since the original investigation period and whether these causes are likely to persist

In the industry applicant's opinion, the change in the normal values between the original investigation period and the proposed review period are due in significant part to changes in the raw material costs to produce the goods and like goods.

The industry applicant observes a strong correlation between movements in the price of steel scrap and in the price of feed materials (steel billet) used in the production of the goods. As the steel scrap price is a global commodity value, and broadly reflective of international steel making conditions it is a good indicator of overall material cost conditions for steel making, and changes over time, and the movements in price will be followed by most producers of finished steel products globally.

CONFIDENTIAL FIGURE 3 (below), illustrates the influence of steel scrap prices on the price of feed materials (steel billet) used in the production of the goods since the original investigation period.



CONFIDENTIAL FIGURE 3 Movements in monthly average Latin American steel billet export prices since 1 January 2012 and Korean HM1 Scrap Prices (Source: [CONFIDENTIAL ATTACHMENT 4](#))

PUBLIC FILE VERSION

In spite of the slight time lag, there is close correlation between movements in scrap prices and steel billet prices. In turn, given that the price or cost of production of steel billet constitutes the benchmark for the purpose of determining the ascertained normal value, then changes in the price or costs of steel billet inputs into the production of the goods will directly change the normal value since the original investigation period.

The applicant industry contends that for so long as the steel scrap price is influenced by global supply and demand conditions, changes in the steel scrap price will persist, and as a result, so too will changes in the ascertained normal values.

2. Ascertained export prices

Export price is determined in accordance with s 269TAB, taking into account whether the purchase or sale of goods was an arms length transaction under s 269TAA. The *Customs Amendment (Anti-Dumping Measures) Act 2017* amended section 269TAB to introduce specific provisions for exporters with zero or low volumes of exports.

Given the level of confidential suppression applied by the ABS (Australian Bureau of Statistics) to International Merchandise Trade import data on request of the importers of the goods exported from China, it is difficult for the applicant to determine the volumes of goods exported to Australia by the exporters during the proposed review period. Assuming for the purpose of this application that each exporter exported either zero or low volumes of exports of the goods in the proposed review period, then to the extent that such exporters may be regarded a 'low volume exporter' in accordance with s 269TAB(2A), the applicant proposes that the Commission determine the export price either under s 269TAB(2B) or s 269TAB(3).

Where the provisions to determine the exporter's export price under s 269TAB(2B) are available, then the degree to which their ascertained export price has changed since the original investigation period from the ascertained export price determined in *Dumping Investigation No. 301* under s 269TAB(1), may be measured by the adjustment factor applied under s 269TAB(2G) - assuming that the Commission determines the (low volume) exporter's export price under s 269TAB(2B)(a).

The applicant observes that if the Australian market was already more competitive

PUBLIC FILE VERSION

than the average of Chinese global exports markets, then in order for the exporters of the goods from China to compete in the Australian market in commercial quantities (i.e. not zero or in low-volumes), then the Chinese exporters would have to sell at lower prices commensurate with other sources of steel rod in coils exported to Australia (not zero or in low volumes).

Therefore, the applicant proposes an adjustment factor based on Australian market conditions. This approach is reflected in the language of s 269TAB(2G):

“If the export price of goods exported to Australia has been ascertained under subsection (2B), the export price may be subject to such adjustments that the Minister determines are necessary to reflect what the export price would have been had there not been an absence or low volume of exports...”

Clearly, the provision requires an adjustment that would permit the exporter to sell the goods into the Australian market, i.e. to reflect what the export price would have been had there not been an absence of exports. An adjustment which does not take into account the contemporary competitive market conditions for supply into the Australian market cannot be said to reflect an export price that reverses the “absence or low volume of exports”.

On the other hand, a comparison of weighted average export prices of the goods during the original investigation period, and the weighted average export prices of the like goods during the proposed review period, provides a more accurate view of conditions in the Australian market, such that if applied as an adjustment factor to the export prices determined under s 269TAB(2B)(a), would more closely reflect the changes necessary for exporters from China to again return to the Australian market, and reverse their “absence of exports”.

Table 4 (below) provides a proposed adjustment factor based on the weighted average export prices across the two periods for all exports of steel rod in coils to Australia.

Original investigation period (INV 301)					
	1 Jul to 30 Sep 2014	1 Oct to 31 Dec 2014	1 Jan to 31 Mar 2015	1 Apr to 30 Jun 2015	Total
Volume (t)	████	████	████	████	████
Export Price (FOB, AUD/t)	████	████	████	████	████
WAV Export Price				(AUD/t)	████

PUBLIC FILE VERSION

Proposed review period					
	1 Jan to 31 Mar 2017	1 Apr to 30 Jun 2017	1 Jul to 30 Sep 2017	1 Oct to 31 Dec 2017	Total
Volume (t)	████	████	████	████	████
Export Price (FOB, AUD/t)	████	████	████	████	████
WAV Export Price				(AUD/t)	████
				Adjustment factor	-10.9%

TABLE 4 Summary of total sales of imports of steel rod in coils to Australia (Source CONFIDENTIAL APPENDIX A2)

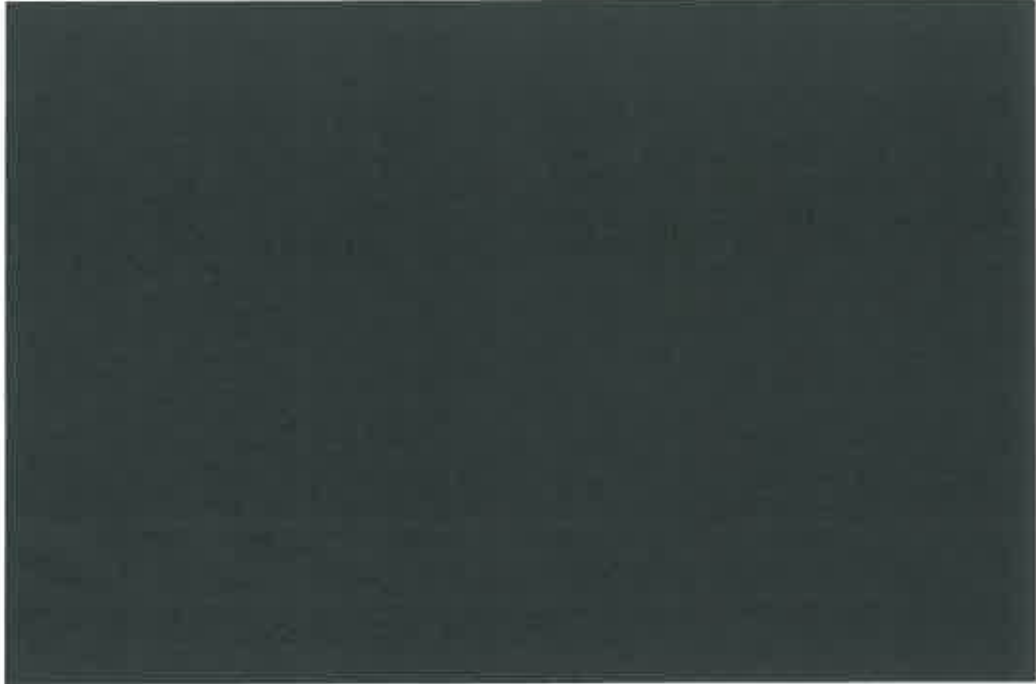
Should the provisions of s 269TAB(2B) not be available to determine the revised ascertained export price for any exporter, then the applicant considers that s 269TAB(3) is available to the Commission to determine such an export price based on available information, which would in the estimation of the applicant include the determined export prices under s 269TAB(2B), which together with any adjustments under s 269TAB(2G) amount to a change to the ascertained export prices first determined for the original investigation period.

Applicant's statement of opinion: Changes to the ascertained export prices since the original investigation period

Therefore, on the basis of the applicant's available import volume and value information, it considers that the downward adjustment factor under s 269TAB(2G) would be **-10.9 per cent**. Where this adjustment factor is applied to an ascertained export price determined under s 269TAB(2B)(a) based on the exporter's original ascertained export price, then this adjustment factor also equates to a change in the ascertained export price since the original investigation period of **-10.9 per cent**.

Applicant's statement of opinion as to the causes for the change to the ascertained export prices since the original investigation period and whether these causes are likely to persist

As reflected in CONFIDENTIAL FIGURE 5 (below), supply and price conditions within the Australian market have changed since the original investigation period.



CONFIDENTIAL **FIGURE 5** Summary of export prices to Australia of rod in coils (Source CONFIDENTIAL APPENDIX A2)

This has been marked by new and re-emergent sources of imports. As importers establish the new and re-emergent sources within their customer and distribution channels to market, the conditions of additional overall supply will likely continue to apply downward pressure to export prices from all sources. As such, in the opinion of the applicant, the downward movement in export prices is expected to persist.

**Application
for a
revocation
review**

If you are applying for a revocation review (in box 2 above), provide a detailed statement setting out your reasons.

Include evidence in support of your view that there are reasonable grounds for asserting that the measures are no longer warranted. Refer to the “Guidelines for Preparing an Application for Review of Measures” as part of preparing your response. If you consider anti-dumping measures are no longer warranted because of:

- ***no dumping or no subsidisation:* provide evidence that there is no dumping, or no subsidy, and why dumping or subsidisation is unlikely to recur if measures were revoked.**
- ***no injury:* provide evidence that there is no current injury, and there is unlikely to be a recurrence of injury if the measures were**

PUBLIC FILE VERSION

to be revoked.

Not applicable.

**Lodgement
of the
application**

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::

- preferably, email, using the email address clientsupport@adcommission.gov.au, or
- post to:

The Commissioner of the Anti-Dumping Commission
GPO Box 2013
Canberra ACT 2601, or
- facsimile, using the number (03) 8539 2499 or +61 3 8539 2499
(outside Australia)

**Public
Record**

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 www.adcommission.gov.au.

At the time of making the application both a confidential version (for official use only) and non-confidential version (public record) of the application must 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 review, 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.

ⁱ All references to statutory provisions, are references to provisions of the *Customs Act 1901*, unless otherwise specified.

ⁱⁱ In *Report No. 301*, the Commission concluded in relevant part that "[t]he Commission has found that steel billet costs comprise 80 to 85 per cent of RIC CTMS", p. 11 refers.

