



Australian Government  
Department of Industry,  
Innovation and Science

Anti-Dumping  
Commission

PUBLIC RECORD

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

STEEL REINFORCING BAR  
exported from  
Turkey

October 2018

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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

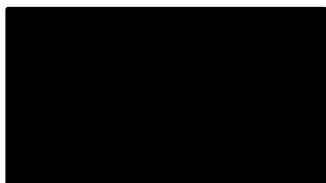
This application is made on behalf of the Australian industry producing like goods to the imported goods the subject of this application. The application is supported by Australian producers whose collective output comprises:

- 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:



Position: Authorised agent and representative

Company: LIBERTY ONESTEEL (NEWCASTLE) PTY LTD

ABN: 50 623 285 718

Date: 12 November 2018

## 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 less than 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

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	<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>• post to:  The Commissioner of the Anti-Dumping Commission GPO Box 2013 Canberra ACT 2601, or</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: Director  
Address: [REDACTED] \*  
Telephone: [REDACTED]  
Facsimile: N/A  
E-mail address: [REDACTED]  
ABN: 50 623 285 718

Alternative contact

Name: [REDACTED]  
Position in company: Secretary  
Address: [REDACTED] \*  
Telephone: [REDACTED]  
Facsimile: N/A  
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: [REDACTED]  
Business name: Liberty OneSteel (Manufacturing) Pty Ltd  
Address: [REDACTED] \*  
Telephone: [REDACTED]  
Facsimile: N/A  
E-mail address: [REDACTED]  
ABN: 38 623 194 070

Notes: \*Effective from 3 December 2018. Currently [REDACTED]  
[REDACTED] [address].

## 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 applicant, LIBERTY ONESTEEL (NEWCASTLE) PTY LTD, ABN 50 623 285 718 (**the applicant**), is a proprietary company and manufactures and sells like goods to the goods the subject of this application.

The application is supported by the following two producers in Australia of like goods to the goods that are the subject of this application:

- ONESTEEL NSW PTY LIMITED, ABN 59 003 312 892; and
- THE AUSTRALIAN STEEL COMPANY (OPERATIONS) PTY LTD, ABN 89 069 426 955.

Collectively, the applicant and its related other producers of the like goods in Australia are known as 'Liberty Steel' (**Liberty Steel**).

Signed letters of support form CONFIDENTIAL ATTACHMENTS A-2.1 and A-2.2.

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

The Liberty Steel 'Rod & Bar' Business Division (**Rod & Bar Business Division**) is responsible for the production and sale of the like goods. The group comprises the following entities:

- Liberty OneSteel (Newcastle) Pty Ltd;
- OneSteel NSW Pty Ltd;
- The Australian Steel Company (Operations) Pty Ltd;
- SSX Services Pty Limited; and
- Liberty OneSteel (Manufacturing) Pty Ltd.

### ***Liberty OneSteel (Newcastle) Pty Ltd***

This entity operates the Newcastle Rod mill in the production of the like goods and other goods. It is also the vendor and supplier of the like goods.

### ***OneSteel NSW Pty Ltd***

This entity operates the Sydney (Rooty Hill) Rod mill in the production of the like goods and other goods. It transfers production of like goods to the applicant for sale to related and unrelated customers.



***The Australian Steel Company (Operations) Pty Ltd***

This entity operates the Melbourne (Laverton North) Rod & Bar mill in the production of the like goods and other goods.

***SSX Services Pty Limited***

This entity is the labour hire company supplying labour to [REDACTED] [entity] to produce the like goods and other goods and steelmaking facilities.

***Liberty OneSteel (Manufacturing) Pty Ltd***

This entity is the parent company of the aforementioned entities and supplies management and administrative support resources to its subsidiaries.

The internal organisation chart for Liberty Steel forms CONFIDENTIAL ATTACHMENT A-2.2.1.

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

LIBERTY ONESTEEL (NEWCASTLE) PTY LTD (ACN 623 285 718) is a wholly owned subsidiary of LIBERTY ONESTEEL (MANUFACTURING) PTY LTD (ACN 623 194 070).

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

LIBERTY ONESTEEL (MANUFACTURING) PTY LTD (ACN 623 194 070) is a wholly owned subsidiary of [REDACTED] [Parent Co. A].

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

[REDACTED] [Parent Co. A] is a wholly owned subsidiary of [REDACTED] [Parent Co. B].

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).

A diagram identifying major associated or affiliated companies to LIBERTY ONESTEEL (NEWCASTLE) PTY LTD (ACN 623 285 718); and relevant to this application; is included at CONFIDENTIAL ATTACHMENT A-2.6.1.

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

Management fees/corporate allocations, if any are charged to the Rod & Bar Business Division by its parent or related company, have been included in confidential appendices A6.1 and A6.2 under item H, Cost to Make and Sell, selling, distribution and administration costs.

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

The applicant has no relation with an exporter to Australia or Australian importer the goods the subject of this application.

The applicant has from time to time purchased like goods from exporters not the subject of this application, and Australian importers as an arms-length purchaser.

The applicant has no other relationships with an exporter to Australia or Australian importer of the goods the subject of this application.

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.

The audited combined annual report for the years ended 30 June 2015 to 30 June 2017 is provided for the *Liberty OneSteel Australia Combined Group*<sup>1</sup> and forms CONFIDENTIAL ATTACHMENT A-2.9.

The current annual report for the applicant and its parent company have not been completed and are not currently available for the FY 2018 period.

The data supplied in appendix A3 was extracted from the trial balance for the Rod & Bar Business Division, which includes the past and current applicant entities. A copy of the trial balance including financial information across the injury analysis period is contained in CONFIDENTIAL ATTACHMENT A-2.9.4. The trial balance is capable of verification to the audited [REDACTED] Group financial statements, a demonstration of which is presented in CONFIDENTIAL ATTACHMENT A-6.3.5.

The most relevant current brochures concerning the like goods, produced by the applicant are:

- *Reodata [Version] 4.0 – Essential Technical Data on Steel Reinforcement* (NON-CONFIDENTIAL ATTACHMENT A-2.9.1); and
- with effect from September 2018, the *Steel in Concrete – Product & Availability Guides* have been updated for each State (CONFIDENTIAL ATTACHMENT A-2.9.2).

10. Provide details of any relevant industry association.

The applicant is a member of the *Australian Industry Group*, the *Australian Steel Institute*, the *Bureau of Steel Manufacturers of Australia* and the *South East Asian Iron & Steel Institute*.

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<sup>1</sup> Including Liberty OneSteel MD&R, Liberty OneSteel Whyalla Steelworks and SIMEC Mining.

**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.

The goods are hot-rolled deformed steel reinforcing bar whether or not in coil form, commonly identified as rebar or debar, in various diameters up to and including 50 millimetres, containing indentations, ribs, grooves or other deformations produced during the rolling process.

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

Goods excluded from this application are plain round bar, stainless steel and reinforcing mesh.

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

The goods are generally, but not exclusively<sup>2</sup>, classified to the following tariff subheadings in Schedule 3 to the *Customs Tariff Act 1995*:

Tariff subheading	Statistical Code
7213.10.00	42
7214.20.00	47
7227.90.10	69
7227.90.90	42 <sup>3</sup>
7227.90.90	01, 02, 04 <sup>4</sup>
7228.30.10	70
7228.30.90	40
7228.60.10	72

As a result of past decisions of the Parliamentary Secretary, anti-dumping measures are currently in place in respect of rebar imported into Australia from a number of sources, but not including rebar exported from Turkey. In summary, these past decisions found as follows:

- *Investigation No. 264 (INV 264)*, the findings of which can be found in *Anti-Dumping Commission Report No. 264 (REP 264)*, assessed claims that rebar was exported from the Republic of Korea (Korea), Malaysia, Singapore, Spain, Taiwan, Thailand and Turkey at dumped prices.

<sup>2</sup> The goods are defined by the goods description, not the tariff classifications

<sup>3</sup> Operative until 31 December 2014.

<sup>4</sup> Operative from 1 January 2015.

The investigation found that the goods exported from Korea, Singapore, Spain and Taiwan (with the exception of Power Steel Co. Ltd) were exported at dumped prices, and that the dumped goods had caused material injury to the Australian industry. Anti-dumping measures were imposed from 19 November 2015 (*ADN No. 2015/133* refers).

On 20 October 2015 INV 264 was terminated as far as it related to exports from Turkey, Malaysia, Thailand and Taiwan (for exports by Power Steel Co. Ltd (*ADN No. 2015/122* refers).

The then Parliamentary Secretary's decision was reviewed by the Anti-Dumping Review Panel (**ADRP**) and on 4 March 2016, the ADRP found that the decision of the Parliamentary Secretary in REP 264 was the correct and preferable decision except in relation to Nervacero S.A. The ADRP's recommendation was published in ADRP Report No. 34. As a result of the ADRP's recommendations (which were accepted by the then Parliamentary Secretary), rebar exported from Spain by Nervacero S.A was not (until REP 418) subject to the dumping duty notice applying to rebar from Korea, Singapore, Spain and Taiwan.

- *Investigation No. 300 (INV 300)*, the findings of which can be found in *Anti-Dumping Commission Report No. 300 (REP 300)*, assessed claims that rebar was exported from China at dumped prices. The investigation found that the goods exported from China were at dumped prices, and that the dumped goods had caused material injury to the Australian industry. Anti-dumping measures were imposed from 13 April 2016 (*ADN No. 2016/39* refers).
- *Review of measures No. 380*, the findings of which can be found in *Anti-Dumping Commission Report No. 380 (REP 380)* assessed claims that the variable factors in so far as they related to exports of rebar from Spain by Celsa Barcelona had changed.

REP 380 found that the variable factors had changed and recommended that the dumping duty notice relating to rebar have effect in relation to Celsa Barcelona as if different variable factors have been ascertained (*ADN No. 2017/33* refers).

- *Review of measures Nos 411, 412 and 423* the findings of which can be found in *Anti-Dumping Commission Report Nos. 411, 412 and 423 (REP 411/412/423)* assessed claims that the variable factors in so far as they related to exports of rebar from China, respectively, by Jiangsu Shagang Group Co Ltd (**Shagang**), Hunan Valin Xiangtan Iron and Steel Co Ltd (**Hunan Valin**) and Jiangsu Yonggang Group Co Ltd (**Yonggang**) had changed.

REP 411/412/423 found that the variable factors had changed and recommended that the dumping duty notice relating to rebar have effect in relation to Shagang, Hunan Valin and Yonggang as if different variable factors have been ascertained (*ADN No. 2018/049* refers).

- *Investigation No. 418 (INV 418)*, the findings of which can be found in *Anti-Dumping Commission Report No. 418 (REP 418)*, assessed claims that rebar was exported

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from Greece, the Republic of Indonesia (**Indonesia**), Spain (Nervacero S.A), Taiwan (Power Steel Co. Ltd) and the Kingdom of Thailand (**Thailand**) at dumped prices.

The investigation found that the goods exported from Greece, Indonesia (with the exception of PT Ispat Panca Putera and PT Putra Baja Deli), Spain (Nervacero S.A), Taiwan (Power Steel Co. Ltd) and Thailand were exported at dumped prices, and that the dumped goods had caused material injury to the Australian industry. Anti-dumping measures were imposed from 7 March 2018 (ADN No. 2018/010 refers).

On 22 January 2018 INV 418 was terminated as far as it related to exports from Indonesia (for exports by PT Ispat Panca Putera and PT Putra Baja Deli) (ADN No. 2018/008 refers).

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.

The applicant and Liberty Steel manufacture equivalent goods to the imported goods at their facilities in Laverton North (Victoria), and Sydney and Newcastle (New South Wales) (**like goods**), as follows:

<i>Liberty Steel Mill</i>	<i>Rebar Type</i>	<i>Diameter Range (mm)</i>	<i>Grades</i>

**Table A-3.3.1** Standard Liberty Steel manufactured type, size and grade of rebar by mill location

The applicant and Liberty Steel collectively, are the sole producers in Australia of like goods to the imported goods the subject of this application (refer appendix A1), which they manufacture in accordance with AS/NZS 4671:2001 for the goods with diameters of between 10 and 40 mm.

### **Australian Steel Reinforcing Standards**

AS/NZS 4671:2001 specifies requirements for the chemical composition and the mechanical and geometrical properties of deformed reinforcing bars and coils used for the reinforcement of concrete. Refer to CONFIDENTIAL ATTACHMENT A-3.3.2 for a copy of AS/NZS 4671:2001.

### **Australian Steel Reinforcing Strength Grades**

AS/NZS 4671:2001 identifies yield strength levels of 250 MPa, 300 MPa, and 500 MPa. The numbers refer to the minimum yield strength measured in megapascals (**MPa**). Yield strength is measured with an extensometer in accordance with the requirements outlined in AS/NZS 4671:2001

The 500 MPa represents the minimum standard yield strength for rebar specified in the Australian market.

The 250 MPa (commonly referred to as 'pool steel') represents a small proportion of rebar produced by Liberty Steel, and is used primarily in swimming pool construction.

The 300 MPa grade is specified as an 'E' (earthquake) ductility class only, relevant to the New Zealand market due to higher levels of seismic activity.

The mechanical properties required by AS/NZS 4671:2001 can be attained through various chemical, heat-treatment and cold-working processes employed through Liberty Steel's mills listed, above. As such the grade sheets contained in the applicant's "ReoData" brochure for reinforcing bar at NON-CONFIDENTIAL ATTACHMENT A-2.9.1 include:

- Micro-alloyed AS/NZS 4671-500N;
- QST AS/NZS 4671-500N;
- Contistretch AS/NZS 4671-500N; and
- AS/NZS 4671-250N.

### **Australian Steel Reinforcing Ductility Classes**

AS/NZS 4671:2001 specifies three ductility classes for rebar which are distinguished by the letters 'L' (low), 'N' (normal), and 'E' (earthquake).

'N' class rebar represents the standard ductility class used the Australian market – dictated by the low level of seismic activity.

'E' Class is the prevailing ductility class in New Zealand due to higher levels of seismic activity.

### **Australian Steel Reinforcing Designation**

Rebar is designated by distinguishing letter or numbers in the following manner:

- a) Shape – by the letters, R, D, or I, representing plain (i.e. Round), Deformed ribbed, or Deformed Indented, surfaces respectively.
- b) Strength grade – by the numerical value of the lower characteristic yield stress expressed in MPa.
- c) Ductility Class – by the letters L, N or E representing Low, Normal or seismic

(Earthquake) ductility respectively.

d) Size – by the numeral value of the nominal diameter expressed in millimetres.

For example, a deformed ribbed bar of grade 500 MPa normal ductility steel with a nominal 16mm diameter would be designated as 'D500N16'.

### **Australian Steel Reinforcing Certification**

The Australasian Certification Authority for Reinforcing and Structural Steels (**ACRS**) administers an independent, expert, industry-based product certification scheme, certifying manufacturers and suppliers (both domestic and export) of rebar, pre-stressing and structural steels to Australian and New Zealand Standards.

The manufacturers nominated as exporters of the goods in this application are listed together with Liberty Steel as having ACRS accreditation for the manufacture of reinforcing bar to *Australian/New Zealand Standard AS/NZ 4671:2001 Steel reinforcing materials (the Australian Standard)*.

Rebar may be imported into Australia from mills that do not have ACRS accreditation.

**Table A-3.3.2** (below), compares the physical and technical characteristics of like goods produced by the Australian industry applicant, and the imported goods the subject of this application, according to their ACRS certification.



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		Australian 'like goods'	Imported goods
Standard	AS/NZS 4671:2001	✓	✓
Grade	250N	✓	✗
Yield Strength min	250MPa		
Ductility class	N (normal)		
Grade	500N	✓	✓
Yield Strength min	500MPa		
Ductility class	N (normal)		
Grade	500E	✓	✓
Yield Strength min	500MPa		
Ductility class	E (earthquake)		
Max Carbon Equivalent	Specified (welding) < 0.44% max	✓	✓
Form	Straight lengths (DBIL)	✓	✓
	Coils (DBIC)		
	Wild	✓	✓
	Spooled	✓	✓
Nominal diameter			
Straight lengths	8mm	✗	✓
	10mm	✓	✓
	12mm	✓	✓
	16mm	✓	✓
	20mm	✓	✓
	24mm	✓	✓
	28mm	✓	✓
	32mm	✓	✓
	36mm	✓	✓
	40mm	✓	✓
Coils	8mm	✗	✓
	10mm	✓	✓
	12mm	✓	✓
	16mm	✓	✓

**Table A-3.3.2** Comparison of Australian industry like goods and imported goods according to their respective ACRS certification  
(Source: <http://www.steelcertification.com/bar1.html> and <http://www.steelcertification.com/coil1.html> , accessed 27 August 2018) and Product & Availability Guide (CONFIDENTIAL ATTACHMENT A-2.9.2)

The standard rebar straight lengths sold by the applicant are 6, 9, 10, 12, and 15 metres. Rebar can also be sold in various other lengths as specified by customers – refer to CONFIDENTIAL ATTACHMENT A-2.9.2. Imported rebar straights are typically offered in lengths ranging from 6 metres up to 15 metres.



The applicant and The Australian Steel Company (Operations) Pty Ltd manufacture rebar in coils in sizes (actual weights) ranging from 1.5 tonnes to up to 4.5 tonnes at facilities in Newcastle and Laverton, respectively. Imported rebar in coil is typically imported from 1.5 tonnes up to a maximum coil weight of 4 tonnes.

The applicant sells rebar straights and rebar in coil on [REDACTED]. Imported rebar in coil is sold on an actual weight basis whilst imported rebar straights can be sold on either a theoretical weight basis (nominal weight according to the standard) or an actual weight basis.

In accordance with *Anti-Dumping Notice No. 2018/128*, the applicant proposes the following model control code (**MCC**) structure with key characteristics to be used to identify the most closely matching models of the goods sold for export to Australia and like goods sold domestically in the country of export:

Item	Category	Sub category	Sales data	Cost data	Key category
1	Prime	P: Prime NP: Non Prime	Mandatory	Mandatory	Yes
2*	Minimum yield strength specified by Standard produced to	<= 300MPa : Min yield strength less than or equal to 300MPa > 300MPa to <= 480MPa : Min yield strength greater than 300MPa but less than or equal to 480MPa > 480MPa to < 550MPa : Min yield strength greater than 480MPa but less than 550MPa >= 550MPa : Min yield strength greater than or equal to 550MPa	Mandatory	Mandatory	Yes
3**	Maximum Carbon Equivalent Value specified by Standard produced to	CES : Max Carbon Equivalent specified in Standard grade chemistry CEN : Max Carbon Equivalent not specified in Standard grade chemistry	Mandatory	Mandatory	Yes
4***	Finished Form	DBIL: in lengths DBICS: in coils (spooled) DBICW: in coils (wild)	Mandatory	Mandatory	Yes
5	Nominal diameter	<12mm ≥ 12mm to 16mm > 16mm to 32mm > 32mm	Mandatory	Optional	Yes
6	Length	<= 6m : less than or equal to 6m long > 6m to 12m : greater than 6m up to 12m long >12m: greater than 12m long C : Coiled product	Mandatory	Optional	Yes

#### Notes:

Criteria for Items 2 & 3 must be compared based on the Standard requirements to which grades have been produced. It is not acceptable to compare these criteria based on test certificates which are only representative of a batch of steel. Grade selection for a rebar end-use application is based on Standards comparison, rebar is not selected based on test certificates. Test certificates certify that a given batch of steel has met the requirements of the Standard to which the material has been produced.

\*Item 2 is considered the top criteria to match. Apart from a small proportion of 'pool steel' sold as grade 250N, the reinforcing bar used in Australia and likely exported from Turkey to Australia (for Mills with ACRS accreditation) is grade 500N with a minimum yield strength of 500MPa.

\*\*Item 3 is considered very important to match as it indicates chemistry control required for welding. Known welding procedures would be set up for these grades. AS/NZS 4671:2001 requires a maximum carbon equivalent of 0.44% (cast analysis) and 0.46% (product analysis). The  $C_{eq}$  equation specified in the Standard is:

$$C_{eq} = C + \frac{Mn}{6} + \frac{Cr + Mo + V}{5} + \frac{Ni + Cu}{15}$$

\*\*\*Item 4 distinguishes between rebar in straight lengths and rebar coils in the different forms. Note that "wild coil" may also be referred to as "ribbed wire rod" or "reinforcing wire rod" in the subject country.

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

The imported goods are manufactured in a similar manner to the like goods produced in Australia, are directly substitutable for the like goods produced domestically by Liberty Steel, and possess the same essential performance characteristics as domestically produced rebar. The goods and like goods are generally regarded as a commodity product, which when having similar grade and dimension, are interchangeable regardless of origin or form, i.e. whether in coiled form or straight lengths.

Where the domestically produced goods and the imported goods are not alike in all respects, it is necessary to assess whether they have characteristics closely resembling each other against the following considerations:

- physical likeness;
- commercial likeness;
- functional likeness; and
- production likeness.

**(a) Physical likeness**

The Australian industry produces rebar in coil and straight length forms (referred to in this report as rebar coils (or **DBIC**) and rebar straights (or **DBIL**), respectively) in a range of sizes and diameters to meet the requirements of the Australian Standard. The Australian Standard specifies the desired mechanical, chemical and dimensional characteristics for rebar in the Australian market.

Like the domestically produced rebar, the imported goods that are sold in the Australian market are typically manufactured to meet the requirements of the Australian Standard. The desired chemical, mechanical and dimensional requirements for rebar that are specified by

the Australian Standard can be achieved by different methods, such as the addition of micro-alloys or heat treatment and cold working processes.

The imported rebar and domestically produced rebar are manufactured to a similar range of lengths and diameters, and are alike in appearance. While the indentations, ribs and grooves on the rebar vary between mills, these variations do not significantly modify the performance characteristics of the rebar. The Australian Standard dictates the percentage of surface area that must contain deformations. To meet the Australian Standard, the imported rebar meets these prescribed specifications.

**(b) Commercial likeness**

Domestically produced rebar competes directly with imported rebar in the Australian market and is sold to common users. Therefore, the imported rebar and domestically produced rebar are commercially interchangeable.

Imported and domestically produced rebar is purchased by rebar processors and steel service centres for supply into the residential, commercial and engineering construction sectors. The distribution channels (which are represented at *Section A-4.2* (below)) are the same for imported rebar and the domestically produced rebar.

It is the applicant's contention that the parties in the supply chain switch between purchasing rebar from import sources and the Australian industry – this is evidence by the close price competition in the market suggesting that product differentiation is not recognised by the market.

**(c) Functional likeness**

Both the domestically produced and imported goods have comparable or identical end-uses.

Rebar can be used 'as is' or may be subject to post production processing, such as bending, welding and cutting. The use of rebar coil (or DBIC) requires the use of straightening and cutting machines before the coil can be used in straight lengths or be further fabricated, but rebar processors or service centres can use either rebar straights or rebar coils depending on the equipment available in their processing facility.

The end uses are similar with domestically produced and imported rebar (straights or coils) being predominantly used to reinforce concrete structures and precast structures. The imported goods and the domestically produced goods are therefore considered functionally substitutable by the applicant.

**(d) Production likeness**

Liberty Steel's mills are certified ACRS which is an independent, not for profit production certification scheme. The ACRS 'mark' is internationally recognised as the means of showing conformity to the Australian Standard. Steel mills with ACRS accreditation are subject to the manufacturing and testing processes prescribed by ACRS to meet the requirements of the Australian Standard. Imported rebar sold in the Australian market generally originates from mills that are ACRS accredited.

The four producers and exporters of the goods the subject of this application all hold ACRS certification as indicated in the following extracts:

The screenshot shows the SteelCertification.com website. The header includes the site name, the full name of the Australasian Certification Authority for Reinforcing and Structural Steels, and a navigation menu with links: Who we are, Certification Schemes, Certificate Holders, Test Reporting, FAQs, Brochures and Info, Contact Us, and Home. Below the header is a banner image featuring a construction worker, rebar, a large question mark, and a bridge. The main content area is titled 'Manufacturers of Hot Rolled Bar to AS/NZS4671' and includes a note that all certificates are current for the calendar year from 1 January to 31 December. A table lists four certified companies from Turkey, each with its location, city, status, date, certificate number, tag, and marking details.

Company	Location	City/State	Country	Status	Date	Certificate	Tag	Marking
Çolakoğlu Metalurji A.Ş.	Dilovasi	Kocaeli	Turkey	Certified	12/07/2018	180702		
Habas		Izmir	Turkey	Certified	20/05/2013	130502		
Kroman Çelik Sanayii A.Ş.		Darica	Turkey	Certified	26/06/17	170703		
Diler Iron & Steel Co. Inc.	Dilovasi	Kocaeli	Turkey	Certified	12/07/2018	180701		

**Figure A-3.4.1** Extract of ACRS certification of Turkish producers of rebar in straight lengths (DBIL) to the Australian Standard (Source: <http://www.steelcertification.com/bar1.html> , accessed 27 August 2018)

steelCertification.com Australasian Certification Authority for Reinforcing and Structural Steels

Who we are Certification Schemes Certificate Holders Test Reporting FAQs Brochures and Info Contact Us Home

### Manufacturers of Hot Rolled Bar in Coil to AS/NZS4671

Current Certificate holders are as follows (click on the certificate numbers to see Scope of Certification details)

**NOTE: All certificates are current for the Calendar year, 1 January to 31 December.**

Company	Location	City/State	Country	Status	Date	Certificate	Tag	Marking
Habas		Ismir	Turkey	Certified	20/05/2013	130503		
Kroman Çelik Sanayii A.Ş.		Darica	Turkey	Certified	16/10/2017	171001		

**Figure A-3.4.2** Extract of ACRS certification of Turkish producers of rebar in coil form (DBIC) to the Australian Standard (Source: <http://www.steelcertification.com/coil1.html> , accessed 27 August 2018)

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

The ANZSIC code applicable to rod in coils is category 2110 for Iron Smelting and Steel Manufacturing.

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

Rebar can be produced via a fully integrated blast furnace (iron) and basic oxygen furnace (steel) production manufacturing process or, alternatively by using ferrous scrap metal as the principal raw material input to electric arc furnace steelmaking.

In the Liberty Steel rebar production process, the steel billet used as input feed to the rod and bar mills that produce the rebar coil and straights is produced either via the integrated blast furnace-BOF steelmaking production route (from Whyalla) or, via the electric arc furnace route (from Sydney or Laverton).

Liberty Steel operates four rolling mills for the production of rebar. Rebar coil is rolled through the Newcastle Rod Mill and the Laverton Rod Mill. Rebar straights are produced through the Sydney Bar Mill and the Laverton Bar Mill. Liberty Steel's rolling processes are as follows:

For 'Rebar Straights':

- Steel billets are loaded into a reheat furnace and reheated to approximately 1200 °C.
- The heated billet then passes through a series of rolling stands.
- As the billet passes through each stand it gradually reduces in size and changes shape from a square section to a circular section.
- The final (finishing) stand rolls have a rib profile machined into them so that when the circular bar passes through the rolls, deformations (ribs) are formed on the bar which will provide gripping power so that concrete adheres to the bar and provides reinforcing value.
- After the finishing stand, the bar passes through a controlled water cooling process where the surface of the bar is quenched rapidly. On exiting this part of the mill for slow cooling on the cooling bed, the temperature gradient established over the cross-section of the bar causes heat to flow from the core to the surface resulting in a (tempered) steel microstructure which gives increased strength. This cooling process is known as the "TEMPCORE" process and rebar produced in this way is known as "QST" rebar as the bar has been Qu~~en~~ched and Self-Tempered. [REDACTED]  
[REDACTED] Mill produce straight rebar in this way.

For 'Rebar in Coils':

- Steel billets are loaded into a reheat furnace and reheated to approximately 1,200 °C.
- The heated billet then passes through a series of rolling stands.
- As the billet passes through each stand it gradually reduces in size and changes shape from a square section to a circular section.
- The final (finishing) stand rolls have a rib profile machined into them so that when the circular section passes through the rolls, deformations (ribs) are formed on the bar which will provide gripping power so that concrete adheres to the bar and provides reinforcing value.
- For rebar coils produced through [REDACTED] Rod Mill: all rebar coils [REDACTED]  
[REDACTED] delivers a metallurgical structure that [REDACTED]. [Mill process to achieve 500MPa yield strength] After the finishing stand, the deformed rod is looped into rings, laid onto a cooling conveyor and the cooled rings are then formed into a coil.
- For rebar coils produced through [REDACTED] rebar coils are produced the same way as through the [REDACTED] using billets with [REDACTED]  
[REDACTED] [Mill process to achieve 500MPa yield strength] are rolled, looped into rings, cooled and formed into coils. These coils are then put through a process known [REDACTED] where the required strength is achieved [REDACTED]  
[REDACTED] [Mill process to achieve 500MPa yield strength] At the end of [REDACTED] the rebar is spooled into a coil.



A diagram of the manufacturing process is included at CONFIDENTIAL ATTACHMENT A-3.6 along with a brief overview of the EAF steelmaking process.

7. If your product is manufactured from both Australian and imported inputs:

- describe the use of the imported inputs; and

OneSteel Manufacturing Pty Limited purchases iron ore to produce billets manufactured at its Whyalla steelworks and Liberty Steel produces billets at Laverton and Sydney from purchases of steel scrap. The iron ore, coking coal and steel scrap are sourced locally and account for the significant proportion of total raw material goods used in the rebar manufacturing process.

- 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).

The applicant produces rebar at its facility in Newcastle in NSW. The Australian Steel Company (Operations) Pty Ltd produces rebar at its facility in Laverton North in Victoria. OneSteel NSW Pty Limited produces rebar at its facility in Rooty Hill in NSW. Liberty Steel transports the steel billets (its related parties produce) to its manufacturing facility. At the manufacturing facility, these steel billets are reheated and passed through a series of rolling stands that reduce the size, while changing the shape from a square section to a circular one with indentations. This heating and rolling process forms rebar and is considered a substantial process of manufacture of the like goods which occurs at Liberty Steel facilities in Australia.

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.

The applicant and its related party manufacturers are the sole producers of rebar in Australia. Therefore, the Australian industry for rebar is represented by the applicant and its related parties.

## A-4 The Australian market.

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

Both imported and locally produced rebar is primarily purchased by rebar processors and steel service centres who typically process it before supplying into the residential, commercial and engineering construction sectors. Rebar is typically cut, bent, and/or welded into various shapes before use in concrete reinforcement as a tension device.

Rebar processors quote jobs to the construction sector, cut and bend locally manufactured or imported rebar to order and deliver to job sites. Final end use applications for rebar include (but are not limited to) concrete slabs and prefabricated concrete beams, columns, cages and precast products.

Steel service centres will also purchase locally produced or imported rebar to stock for re-sale, primarily to smaller rebar processors for use as concrete reinforcement.

Whilst the vast majority of rebar is fabricated in some way there are instances where no cutting, bending or welding is required by a fabricator or service centre prior to end use.

### 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 commercial construction market is the main driver of demand for rebar.

- marketing and distribution arrangements;
- typical customers/users/consumers of the product;

The Australian rebar market is supplied by the applicant, importers that on sell to end-users, and end-users that directly import rebar.

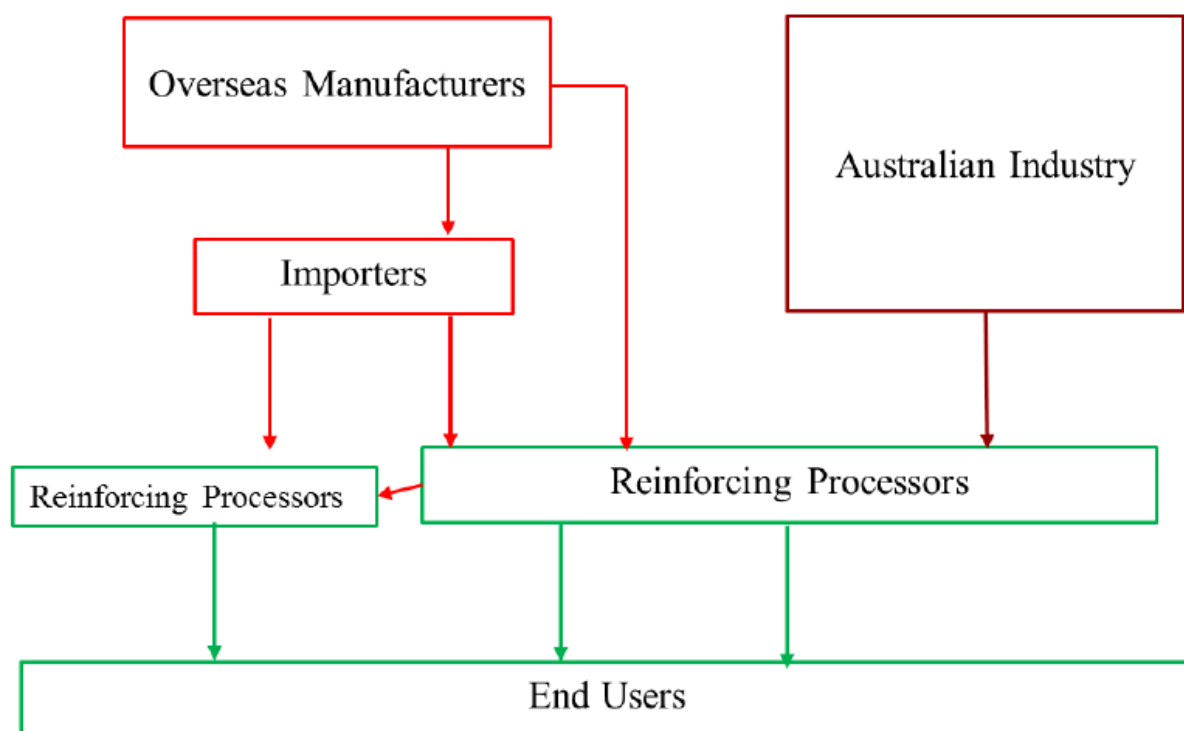
The applicant's rebar is sold and delivered Australia wide with the majority of the volume sold in the eastern states of Queensland, New South Wales and Victoria. Rebar is distributed by rail and road between the capital cities of Adelaide, Brisbane, Melbourne and Sydney, and is dispatched by sea freight to Perth and Tasmania.

The applicant sells rebar in straight lengths and coil forms to external (unrelated) steel service centres and distributors and also has internal sales to the applicant's related businesses. A significant proportion of the applicant's sales are to its related entities ARC and Liberty Steel Reinforcing (**LSR**).

The applicant's customers generally purchase a combination of imported and locally produced rebar. The applicant's related customers source their entire supply of rebar from the applicant.



The supply chain for rebar is shown in **Figure A-4.2** (below) (noting that the reinforcing fabricators and steel service centres include the applicant's related entities ARC and LSR).



**Figure A-4.2** Australian supply chain for rebar (Source: REP 418, p. 26)

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

The key market segments for rebar are:

- residential construction;
- non-residential commercial construction;
- engineering construction (including mining and infrastructure); and
- swimming pool construction (to a lesser extent).

- 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;

There is some seasonal fluctuation with a downturn at the end of the year around the Christmas holiday period and coinciding with the wet season in northern Australia.

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

Rebar is sold in the Australian market based on Australian Standard specifications with the

majority of exporters meeting AS/NZS 4671:2001 and having ACRS certification. Given the interchangeable nature of rebar it is regarded as a commodity market that competes primarily on the basis of price.

Unrelated reinforcing customers can purchase rebar either from the applicant or from a number of import supply sources which compete against each other and the applicant. Import offers and the movement in the price of import offers are used by unrelated customers to negotiate prices from the applicant.

- any other factors influencing the market.

As an open market with limited barriers to trade by imported goods, the Australian rebar market is susceptible to diversions in global trade flows caused by international interventions in the form of tariff, quota and non-tariff barriers.

Since February 2018; following the publication of the United States' Department of Commerce (**DOC**) report to its Section 232 investigation conducted under the authority of the US *Trade Expansion Act* of 1962, as amended – in which the DOC indicated the intention to recommend that tariffs be imposed in relation to imports of rebar and other steel and aluminium products to the United States - the Australian market has experienced a sudden change in the sources of imports of rebar, especially concerning exports from Turkey.

The US market, previously Turkey's largest for rebar exports, has been largely closed off by the implementation of Section 232 tariffs. Turkey shipped 88,840 mt of rebar to the US in February, down 38.5% year on year.<sup>5</sup>

On 26 March 2018, the European Union, another major export market for Turkish steel producers, commenced a safeguards investigation as a result of the US Section 232 tariff action. Turkey exported about 65% of its overseas shipments to the EU last year. On 17 July 2018, the EU imposed provisional safeguards on certain steel products, including rebar exported from Turkey.

To further compound matters, on 13 August 2018, the US doubled the rate of its Section 232 tariffs applicable to exports of rebar from Turkey, from 25 per cent to 50 per cent.

As a result, the Australian market is observing a growth in import volumes of rebar resulting from displaced trade flows distorted by recent trade barrier actions by other major global importing markets of the goods.

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

There are no commercially significant market substitutes for locally produced or imported rebar.

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<sup>5</sup> [https://\[REDACTED\]](https://[REDACTED]) (25 April 2018)

**PUBLIC RECORD**

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

The applicant has completed appendix A1 for the like goods produced in Australia during the proposed investigation period, 1 July 2017 to 30 June 2018. Please refer to appendix A1.

5. Complete appendix A2 (Australian market).

Please refer to appendix A2. The applicant's sales data includes sales to related and unrelated/third-party customers and domestic sales of own production, other Australian industry production and imports.

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

*Indexed table of sales quantities*

Period	(a) Your Sales	(b) Other Aust <sup>n</sup> Sales	(c) Total Aust <sup>n</sup> Sales (a+b)	(d) Dumped Imports	(e) Other Imports	(f) Total Imports (d+e)	Total Market (c+f)
<b>FY 2015</b>	100		100	100	100	100	100
<b>FY 2016</b>	112		112	37	74	73	101
<b>FY 2017</b>	117		117	28	116	113	116
<b>FY 2018</b>	129		129	394	139	148	134

Period	(a) Your Sales	(b) Other Aust <sup>n</sup> Sales	(c) Total Aust <sup>n</sup> Sales (a+b)	(d) Dumped Imports	(e) Other Imports	(f) Total Imports (d+e)	Total Market (c+f)
<b>Jul - Sep 2017</b>	100		100	100	100	100	100
<b>Oct - Dec 2017</b>	88		88	213	125	128	96
<b>Jan - Mar 2018</b>	83		83	862	159	179	102
<b>Apr - Jun 2018</b>	82		82	914	187	208	107

Notes:

\* The applicant's sales of imported goods are not included in the calculation of column (a), but instead are included in the calculation of column (e), 'Other Imports'.

**A-5 Applicant's sales.****1. Complete appendix A3 (sales turnover).**

The applicant has completed appendix A3 for all its sales of rebar in straight lengths and in coils to both related and third-party (unrelated) customers.

Please refer to appendix A3.

**2. Use the data from appendix A3 (sales turnover) to complete these tables.***Indexed table of Applicant's sales quantities*

Quantity	Jul 2014 - Jun 2015 (FY 2015)	Jul 2015 - Jun 2016 (FY 2016)	Jul 2016 - Jun 2017 (FY 2017)	Jul 2017 - Jun 2018 (FY 2018)
<b>All products</b>				
Australian market	100	108	104	99
Export market	100	154	87	84
<b>Total</b>	100	109	104	99
<b>Like goods</b>				
Australian market	100	112	119	131
Export market	100	110	104	215
<b>Total</b>	100	112	118	132

Quantity	Jul 2017 - Sep 2017 (Qtr 1, FY 2018)	Oct 2017 - Dec 2017 (Qtr 2, FY 2018)	Jan 2018 - Mar 2018 (Qtr 3, FY 2018)	Apr 2018 - Jun 2018 (Qtr 4, FY 2018)
<b>All products</b>				
Australian market	100	85	77	70
Export market	100	76	60	21
<b>Total</b>	100	85	77	69
<b>Like goods</b>				
Australian market	100	88	85	105
Export market	100	61	42	141
<b>Total</b>	100	87	84	106

*Indexed table of Applicant's sales values*

Value	Jul 2014 - Jun 2015 (FY 2015)	Jul 2015 - Jun 2016 (FY 2016)	Jul 2016 - Jun 2017 (FY 2017)	Jul 2017 - Jun 2018 (FY 2018)
<b>All products</b>				
Australian market	100	95	96	125
Export market	100	132	80	98
<b>Total</b>	100	95	96	125
<b>Like goods</b>				
Australian market	100	99	107	141
Export market	100	97	95	210
<b>Total</b>	100	99	107	142

Value	Jul 2017 - Sep 2017 (Qtr 1, FY 2018)	Oct 2017 - Dec 2017 (Qtr 2, FY 2018)	Jan 2018 - Mar 2018 (Qtr 3, FY 2018)	Apr 2018 - Jun 2018 (Qtr 4, FY 2018)
<b>All products</b>				
Australian market	100	98	115	113
Export market	100	87	88	35
<b>Total</b>	100	98	115	112
<b>Like goods</b>				
Australian market	100	99	103	108
Export market	100	63	47	93
<b>Total</b>	100	98	102	108

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

- internal transfers; or

The applicant has completed appendix A5 for its sales of local production to related parties.

- 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.

The applicant has also completed appendix A5 for its domestic sales of the goods produced by related Australian industry producers and goods it has imported.

Please refer to appendix A5.

4. Complete appendix A4 (domestic sales).

The applicant has completed appendix A4, as an electronic attachment to this application and contains all domestic sales of Australian production of like goods.

For completeness, appendix A4 includes all sales of like goods, including domestic sales of imported goods by the Australian industry. These have been separately documented in a clearly marked worksheet, so that they can be easily identified by the Commission for reconciliation purposes.

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.

Related party sales in appendix A4 are readily identified by reference to the “level of trade” column in the attached worksheets.

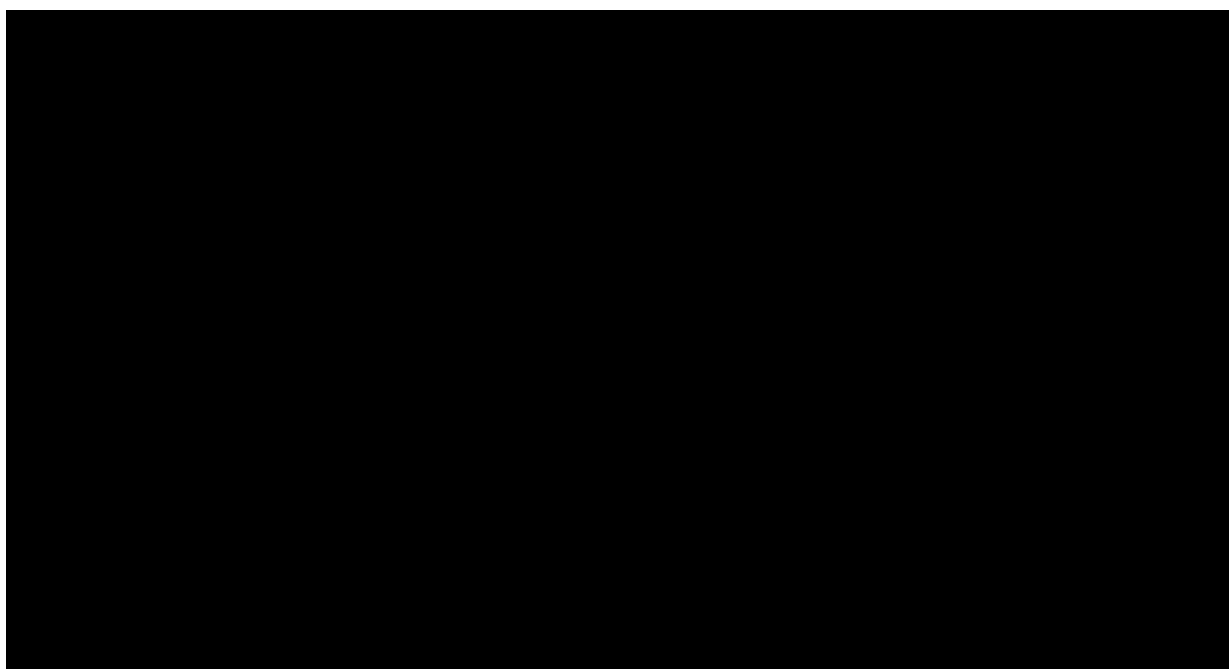
The applicant sells rebar in straight lengths (DBIL) and in coils (DBIC) to external (unrelated) steel service centres and distributors and also has internal sales to its related businesses. A significant proportion of the applicant’s sales are to its related entities ARC, Liberty Steel Reinforcing (**Liberty OSR**), Liberty Steel Metalcentre (**Liberty OMC**) and Liberty Steel Wire (**Liberty Wire**).

Unrelated customers generally purchase a combination of imported and locally produced rebar.

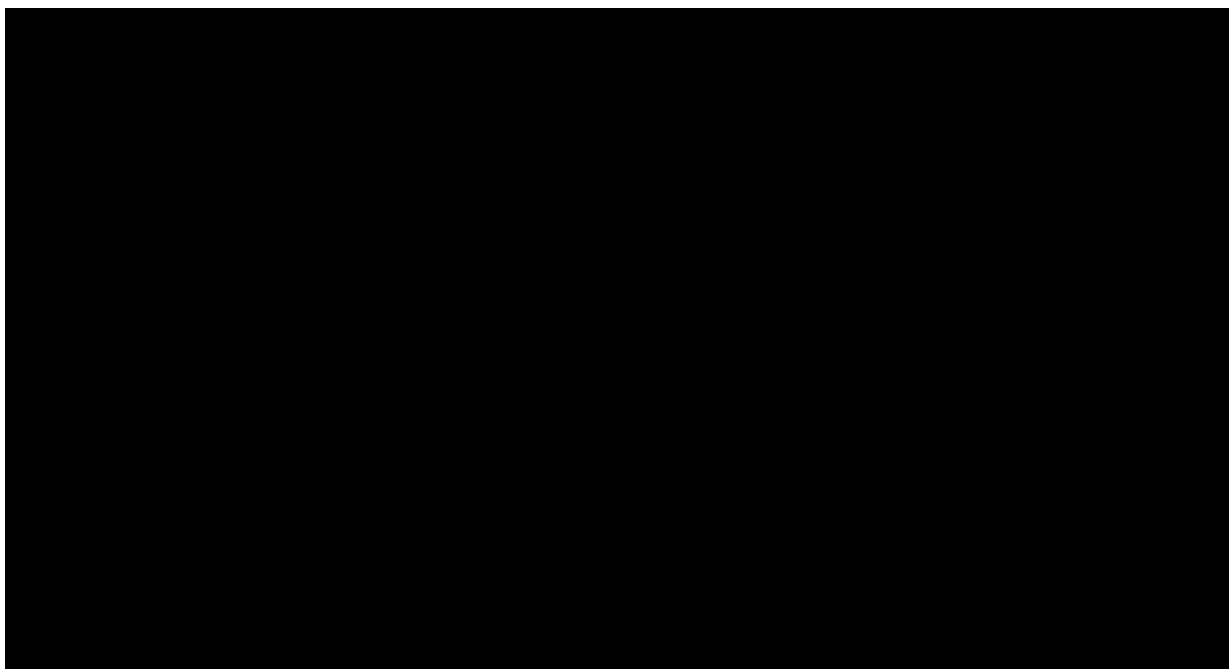
The applicant maintains a market based pricing policy for unrelated and related customers, specifically:

- [REDACTED]; *[details of price negotiations]*
- prices are negotiated with unrelated customers in advance, on a monthly basis, based on import price offers; and
- prices to unrelated customers form the basis for monthly prices to its related customers.

In support of this explanation, the applicant presents the following analysis of its domestic sales data – refer below, *Confidential Figure A-5.5(a)* for DBIL, and *Figure A-5.5(b)* for DBIC.



**CONFIDENTIAL FIGURE A-5.5(a):** Comparison of net prices paid by related and unrelated customers and net sales volume for DBIL (own production) across the proposed investigation period (FY 2018) (Source: appendix A4)



**CONFIDENTIAL FIGURE A-5.5(b):** Comparison of net prices paid by related and unrelated customers and net sales volume for DBIC (own production) across the proposed investigation period (FY 2018) (Source: appendix A4)

*Figures A-5.5(a) and (b) indicate that the actual realised weighted average prices to unrelated customers follows a comparable average weighted pricing trend to [the applicant's](#) related customers over the proposed investigation period.*

*[Pricing analysis]* Furthermore, sales to related customers are subject to similar delivery and payment terms as sales to unrelated customers.

Therefore, the applicant submits that sales to its related entities are at arm's length sales and it is appropriate to include those sales in its injury analysis as the Australian industry producing like goods.

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

The applicant has included copies of supply agreements as CONFIDENTIAL ATTACHMENT A-5.6.

7. Provide copies of any price lists.

Current customer price lists have been included at CONFIDENTIAL ATTACHMENT A-5.7.

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.

The applicant routinely uses rebates as a mechanism to achieve the agreed net monthly price from a list price. Depending on the customers' preferences, they have the option of either fixing the monthly invoice price and changing the monthly rebate or fixing the rebate amount and changing the monthly invoice price. These types of rebates are typically generated in the system at the end of the month. A demonstration of the operation of this rebate is provided for a customer in CONFIDENTIAL ATTACHMENT A-5.8. This example shows (in a manner verifiable back to appendix A4) that the import parity price (**IPP**) value plus any premium is the realised net price paid by the customer to the applicant by adjusting the rebate amount against the invoice (gross) list price to generate a net price calculated at month-end.

The other commonly occurring form of rebate or credit occurs to correct an issue such as quality, pricing errors or goods not received. These types of rebates are entered into the system once the issue has been identified and validated.

Rebates and credit adjustments have been included in appendix A4.

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.

Complete sets of commercial documentation for two sales in each quarter across the period, 12-months ending 30 June 2018 have been included with this application. Please refer to CONFIDENTIAL ATTACHMENT A-5.9.



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

**1. Specify your accounting period.**

The applicant's financial year is 1 July to 30 June.

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

Ingall Street, Mayfield NSW and Level 28, 88 Phillip Street, SYDNEY NSW, Australia.

**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;**

The Chart of Accounts for the Rod & Bar Business Division form CONFIDENTIAL ATTACHMENT A-6.3.1.

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

█ are the group auditors of the █ Group ("the Consolidated Group"), and have performed an audit of the Consolidated Group's Financial Statements as at and for the year ended 30 June 2018 prepared in accordance with Australian Accounting Standards adopted by the Australian Accounting Standards Board (AASB). █ issued an unqualified audit opinion to the Director of the █ on 17 October 2018.

Attached as CONFIDENTIAL ATTACHMENT A-6.3.3 is a letter from █ together with financial information that was aggregated into the financial information of the Consolidated Group as disclosed in the Consolidated Financial Statements and as such, certain audit procedures were performed over this information.

The trial balance for the Rod & Bar Business Division is capable of verification to the financial information that was aggregated into the financial information of the Consolidated Group as disclosed in the Consolidated Financial Statements. A demonstration of the verification of the trial balance for the Rod & Bar Business Division to the financial information that was aggregated into the financial information of the Consolidated Group is presented in CONFIDENTIAL ATTACHMENT A-6.3.5.

- **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.**

## PUBLIC RECORD

*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

The like goods in Australia are produced by the Rod & Bar Business Division. The trial balance contained in CONFIDENTIAL ATTACHMENT A-2.9.4 is the internal financial statement of the relevant business division.

2. the company overall.

The Rod & Bar Business Division operates within the Manufacturing, Distribution and Recycling (**MDR**) business group. In summary, all the entities reporting to the MDR business group are subsidiaries of [REDACTED], a foreign domiciled corporation. The available accounts for [REDACTED] are contained in CONFIDENTIAL ATTACHMENT A-6.3.2 and CONFIDENTIAL ATTACHMENT A-6.3.4.

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.

The trial balance for the Rod & Bar Business Division is capable of verification to audited accounts, a demonstration of which is presented as CONFIDENTIAL ATTACHMENT A-6.3.5.

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

The accounting practices of the applicant are maintained in accordance with Australia's generally accepted accounting practices.

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 from the sale of goods is recognised when the consolidated entity has passed control of the goods to the buyer.

- provisions for bad or doubtful debts;

Trade debtors are reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised when some doubt as to collection exists.

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

Cost is comprised of materials, labour and an appropriate proportion of fixed and variable overheads, on an absorption cost basis.

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

Costing methodology is by production/sales tonnes.

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

Raw materials, stores, work in progress and manufactured stocks are valued at the lower of cost and net realisable value. The methods used to assign costs to inventories are actual invoiced cost or standard costs.

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

Lower of cost and net realisable value.

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

Lower of cost and net realisable value.

- valuation and revaluation of fixed assets;

Subsequent to initial recognition, assets are valued at fair value. Revaluations are made with sufficient regularity to ensure carrying amounts do not differ dramatically from fair value.

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

Property, Plant and Equipment are depreciated based on a straight line method over the useful life of the assets.

The useful life of the assets is grouped as follows:

Buildings:	10-40 years
Plant and equipment:	3-20 years

## PUBLIC RECORD

Equipment under finance lease: 3-5 years

Property, Plant and Equipment are capitalised where possible, directly to the profit centres and cost centre lines for the production mills. This is captured in the SAP Fixed Asset Register (FAR).

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

Foreign exchange gains and losses are brought to account using the rate of exchange applicable at the date of the transaction.

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

Provisions for restructuring represents best estimate of the costs directly and necessarily incurred for the restructuring and not associated with ongoing activities.

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.

Although there has been a change in the legal entities producing the like goods in Australia, the accounting methods have not altered over the periods for which financial data has been prepared for this application, unless required to by the relevant accounting standard.

**A-7 Cost information**

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

The applicant has completed appendices A6.1 and A6.2 for domestic and export sales, respectively for the proposed injury analysis period (1 July 2014 to 30 June 2018).

Separate appendices A6.1 and A6.2 have been prepared for the two main models of the like goods, namely rebar in straight lengths (DBIL) and rebar in coils (DBIC).

## 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.

The Australian industry alleges that the material injury:

- arising from the price effects of the dumped goods exported from Turkey commenced in or about the September 2017 quarter); and
- arising from the volume effects of the dumped goods commenced in or about the December 2017 quarter).

More specifically, the Australian industry claims and will establish in the subsequent parts of this application, that it has experienced material injury during the proposed investigation period in the form of:

- loss of market share;
- price suppression;
- loss of profits;
- reduced profitability;
- reduced return on investment;
- reduced investment in the industry by way of:
  - reductions in R&D expenditure across the injury analysis period; and
  - reductions in the value of assets allocated to the production of the like goods.
- reduced utilisation of the capacity of the industry to produce the like goods;
- increased quantities of like goods produced which are held as stock on hand;
- reduced cash flow in the industry; and
- lost revenue.

### 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*

#### *rebar in straight lengths (DBIL)*

Period	FY 2015	FY 2016	FY 2017	FY 2018
<i>production quantity*</i>	100	110	117	135

Period	Jul - Sep 2017	Oct - Dec 2017	Jan - Mar 2018	Apr - Jun 2018
<i>production quantity*</i>	100	93	90	103

**PUBLIC RECORD**

*rebar in coiled form (DBIC)*

Period	FY 2015	FY 2016	FY 2017	FY 2018
<i>production quantity*</i>	100	111	124	105

Period	Jul - Sep 2017	Oct - Dec 2017	Jan - Mar 2018	Apr - Jun 2018
<i>production quantity*</i>	100	91	93	109

*all rebar (DBIL + DBIC)*

Period	FY 2015	FY 2016	FY 2017	FY 2018
<i>production quantity*</i>	100	111	120	123

Period	Jul - Sep 2017	Oct - Dec 2017	Jan - Mar 2018	Apr - Jun 2018
<i>production quantity*</i>	100	93	91	105

\*Use data from label A of [appendix A6.1](#)

*Index of cost variations*

*rebar in straight lengths (DBIL)*

Period	FY 2015	FY 2016	FY 2017	FY 2018
<i>unit cost to make and sell*</i>	100	85	90	104

Period	Jul - Sep 2017	Oct - Dec 2017	Jan - Mar 2018	Apr - Jun 2018
<i>unit cost to make and sell*</i>	100	100	116	119

*rebar in coiled form (DBIC)*

Period	FY 2015	FY 2016	FY 2017	FY 2018
<i>unit cost to make and sell*</i>	100	96	107	116

Period	Jul - Sep 2017	Oct - Dec 2017	Jan - Mar 2018	Apr - Jun 2018
<i>unit cost to make and sell*</i>	100	103	115	118

*all rebar (DBIL + DBIC)*

Period	FY 2015	FY 2016	FY 2017	FY 2018
<i>unit cost to make and sell*</i>	100	89	97	108

Period	Jul - Sep 2017	Oct - Dec 2017	Jan - Mar 2018	Apr - Jun 2018
<i>unit cost to make and sell*</i>	100	101	116	119

\*use data from label J of [appendix A6.1](#)

**PUBLIC RECORD**

*Index of price variations*

*rebar in straight lengths (DBIL)*

Period	FY 2015	FY 2016	FY 2017	FY 2018
unit sales revenue*	100	88	91	108

Period	Jul - Sep 2017	Oct - Dec 2017	Jan - Mar 2018	Apr - Jun 2018
unit sales revenue*	100	113	121	123

*rebar in coiled form (DBIC)*

Period	FY 2015	FY 2016	FY 2017	FY 2018
unit sales revenue*	100	91	90	108

Period	Jul - Sep 2017	Oct - Dec 2017	Jan - Mar 2018	Apr - Jun 2018
unit sales revenue*	100	113	120	125

*all rebar (DBIL + DBIC)*

Period	FY 2015	FY 2016	FY 2017	FY 2018
unit sales revenue*	100	89	90	108

Period	Jul - Sep 2017	Oct - Dec 2017	Jan - Mar 2018	Apr - Jun 2018
unit sales revenue*	100	113	121	124

\*Use data from label L of [appendix A6.1](#)

*Index of profit variations*

*rebar in straight lengths (DBIL)*

Period	FY 2015	FY 2016	FY 2017	FY 2018
unit gain or loss*	100	374	140	449

Period	Jul - Sep 2017	Oct - Dec 2017	Jan - Mar 2018	Apr - Jun 2018
unit gain or loss*	100	728	297	292

*rebar in coiled form (DBIC)*

Period	FY 2015	FY 2016	FY 2017	FY 2018
unit gain or loss*	100	- 27	- 382	- 49

Period	Jul - Sep 2017	Oct - Dec 2017	Jan - Mar 2018	Apr - Jun 2018
unit gain or loss*	100	244	172	185



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### *all rebar (DBIL + DBIC)*

Period	FY 2015	FY 2016	FY 2017	FY 2018
<i>unit gain or loss*</i>	100	123	- 896	228

Period	Jul - Sep 2017	Oct - Dec 2017	Jan - Mar 2018	Apr - Jun 2018
<i>unit gain or loss*</i>	100	448	225	230

\*use data from label N of [appendix 6.1](#)

### *Index of profitability variations*

#### *rebar in straight lengths (DBIL)*

Period	FY 2015	FY 2016	FY 2017	FY 2018
<i>profitability*</i>	100	398	134	432

Period	Jul - Sep 2017	Oct - Dec 2017	Jan - Mar 2018	Apr - Jun 2018
<i>profitability*</i>	100	668	280	275

#### *rebar in coiled form (DBIC)*

Period	FY 2015	FY 2016	FY 2017	FY 2018
<i>profitability*</i>	100	- 29	- 425	- 45

Period	Jul - Sep 2017	Oct - Dec 2017	Jan - Mar 2018	Apr - Jun 2018
<i>profitability*</i>	100	239	177	188

### *all rebar (DBIL + DBIC)*

Period	FY 2015	FY 2016	FY 2017	FY 2018
<i>profitability*</i>	100	139	- 991	211

Period	Jul - Sep 2017	Oct - Dec 2017	Jan - Mar 2018	Apr - Jun 2018
<i>profitability*</i>	100	420	220	224

\*use data from label O of [appendix A6.1](#)

### 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.

Indexed tables have been prepared (below) for other injury factors using data from [appendix A7](#).

### *Index of Capital Investment*

**PUBLIC RECORD**

Period	FY2015	FY2016	FY2017	FY2018
<b>Capital Investment (\$)</b>	100	97	166	171

*Index of Assets*

Period	FY2015	FY2016	FY2017	FY2018
<b>Assets (\$)</b>	100	97	98	89

*Index of R&D*

Period	FY2015	FY2016	FY2017	FY2018
<b>R&amp;D Expenditure (\$)</b>	100	205	0	135

*Index of Revenue \$*

Period	FY2015	FY2016	FY2017	FY2018
<b>Revenue (\$)</b>	100	100	108	143

*Index of Return on Investment*

Period	FY2015	FY2016	FY2017	FY2018
<b>Net Gain/Loss (%)</b>	100	143	-1094	339

*Index of Capacity*

Period	FY2015	FY2016	FY2017	FY2018
<b>Tonnes Capacity* (max.)</b>	100	107	106	113

\* Rod & Bar

*Index of Capacity Utilisation*

**PUBLIC RECORD**

Period	FY2015	FY2016	FY2017	FY2018
Capacity Utilisation (Like Goods, %)	100	103	114	108
Capacity Utilisation (Other, %)	100	100	101	113
Capacity Utilisation (Total*, %)	100	101	106	111

\* Rod & Bar

*Index of Employment*

Period	FY2015	FY2016	FY2017	FY2018
Employment (headcount)	100	100	99	106

*Index of Productivity*

Period	FY2015	FY2016	FY2017	FY2018
Tonnes Per Shift	100	112	111	118

*Index of Stock Holding*

Period	FY2015	FY2016	FY2017	FY2018
Closing Stock (Tonnes)	100	73	87	153
Closing Stock (Tonnes) "Like Goods"	100	79	95	177

*Index of Cash Flow Measures*

Period	FY2015	FY2016	FY2017	FY2018
Working Capital	100	-60	-146	-151
Inventory	100	415	-333	-1542
Total Cash Flow	100	360	-1814	-882

**PUBLIC RECORD**

*Index of Wages*

Period	FY2015	FY2016	FY2017	FY2018
Wages (Like Goods, \$)	100	109	114	116

*Index of Funding*

Period	FY2015	FY2016	FY2017	FY2018
Financing Costs (Like Goods, \$)	100	131	67	0

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

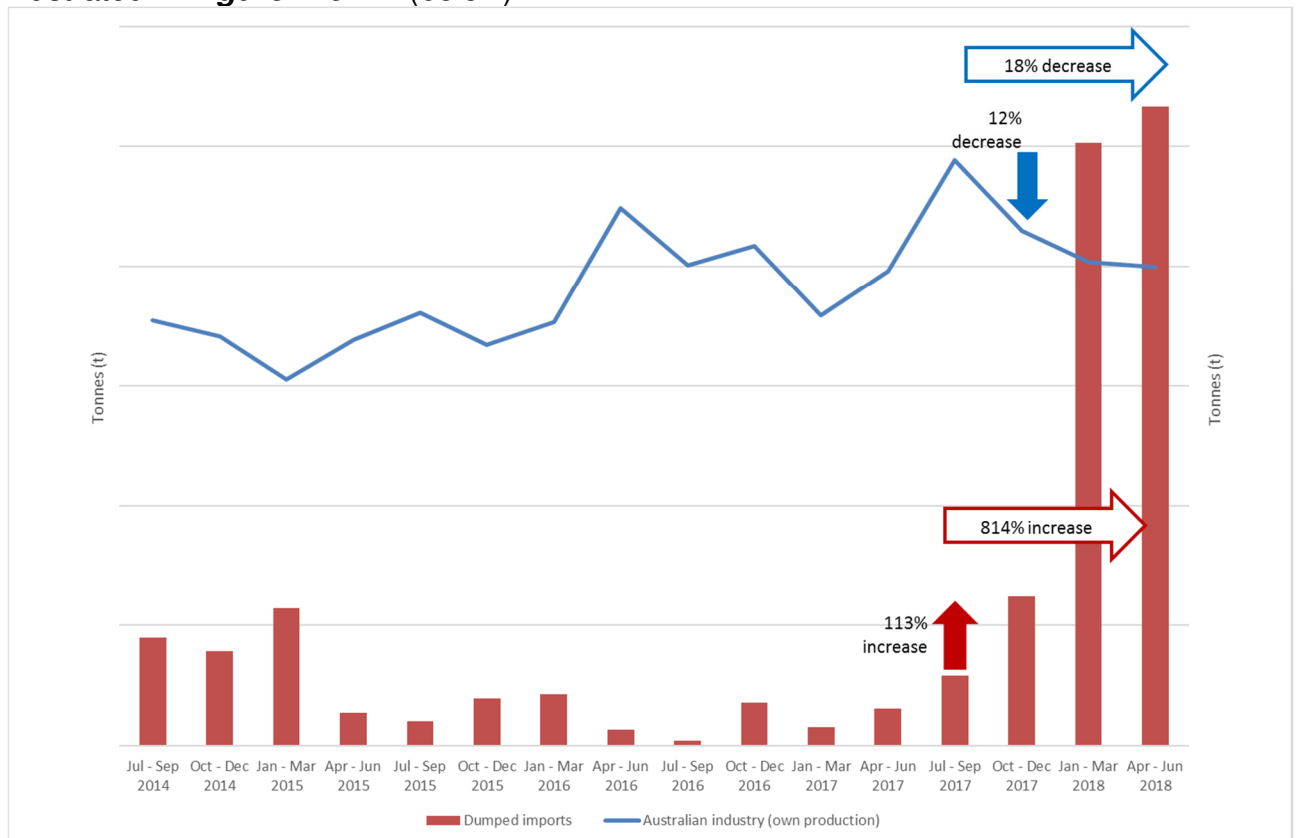
To establish grounds to initiate an investigation there must be evidence of a relationship between the injury and the alleged dumping. This section provides for an applicant to analyse the data provided in the application to establish this link. It is not necessary that injury be shown for each economic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

There is a direct correlation between the increase in volumes of rebar imported from Turkey and the Australian industry's quarterly sales volume and market share for the like goods. The quarterly sales volume and market share movements of rebar have been considered.

### 1.1 Influence on quarterly sales volume

In the case of the Australian industry's sales volume, the influence of the dumped imports from Turkey commenced in the December 2017 quarter, when the volume of dumped imports increased by 113 per cent, when compared to the previous quarter, and the sales volume of the Australian industry's own production declined by 12 per cent, across the same period. The influence of the dumped imports on the Australian industry's quarterly sales volume is illustrated in **Figure A-9.1.1** (below).

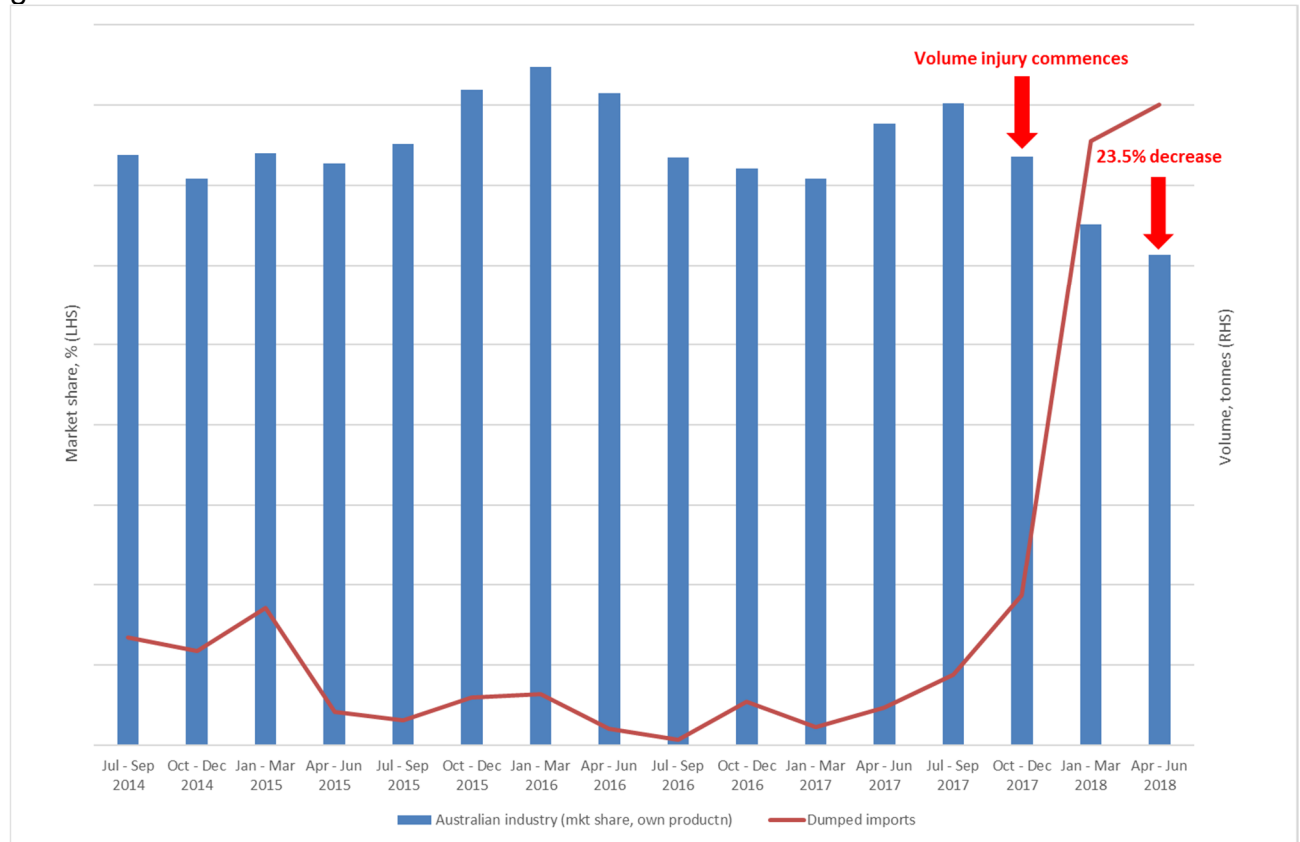


**Figure A-9.1.1** Influence of the volume of dumped imports from Turkey on quarterly sales volume of Australian industry sales of own production of total rebar (DBIL + DBIC) (Source: [appendix A2](#))

In summary, by the end of the proposed investigation period (when compared to the September 2017 quarter), quarterly dumped imports from Turkey **increased by 814 per cent**, while quarterly Australian industry sales **decreased by 18 per cent**.

## 1.2 Influence on quarterly market share

The influence of dumped imports from Turkey on the Australian industry's quarterly market share was felt in the December 2017 quarter and continued for each remaining quarter of the investigation period. **Figure A-9.1.2** (below) illustrates the correlation between the increases in quarterly dumped import volumes and the Australian industry's market share for the like goods.



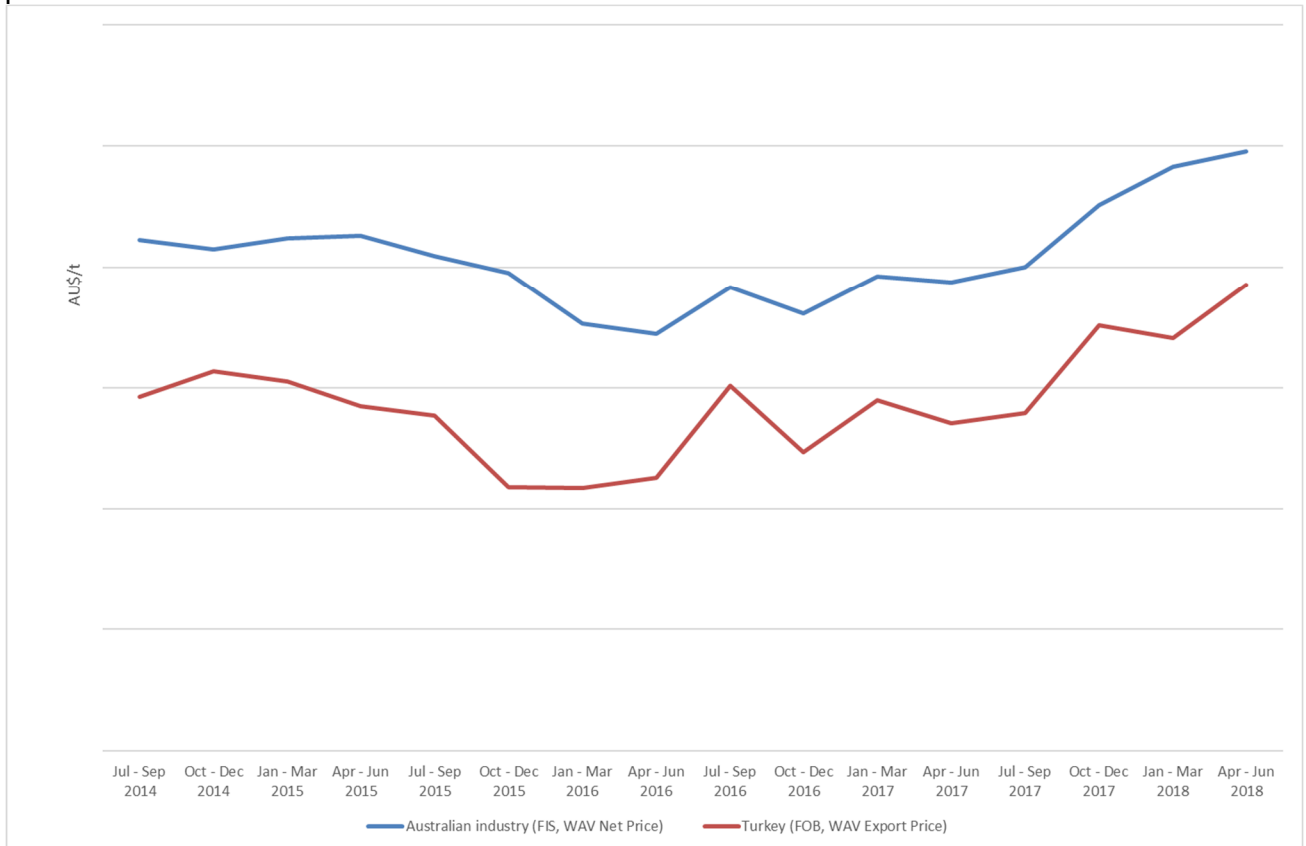
**Figure A-9.1.2** Influence of the volume of dumped imports on quarterly market share of Australian industry sales of the like goods (Source: [appendix A2](#))

In summary, by the end of the proposed investigation period (when compared to the September 2017 quarter), quarterly dumped imports **increased by 814 per cent** resulting in a deterioration of the Australian industry's market share for like goods by **23.5 per cent**.

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.

## 2.1 Price effects

The Australian industry applicant considers that the prices of the dumped imports from Turkey have applied downwards pressure on its prices so that it was unable to raise them sufficiently. This influence is demonstrated in **Figure A-9.2.1.1** (below), which illustrates the strong correlation between the Australian industry's quarterly sales prices for the like goods and the quarterly FOB export prices of the dumped imports from Turkey across the injury analysis period.



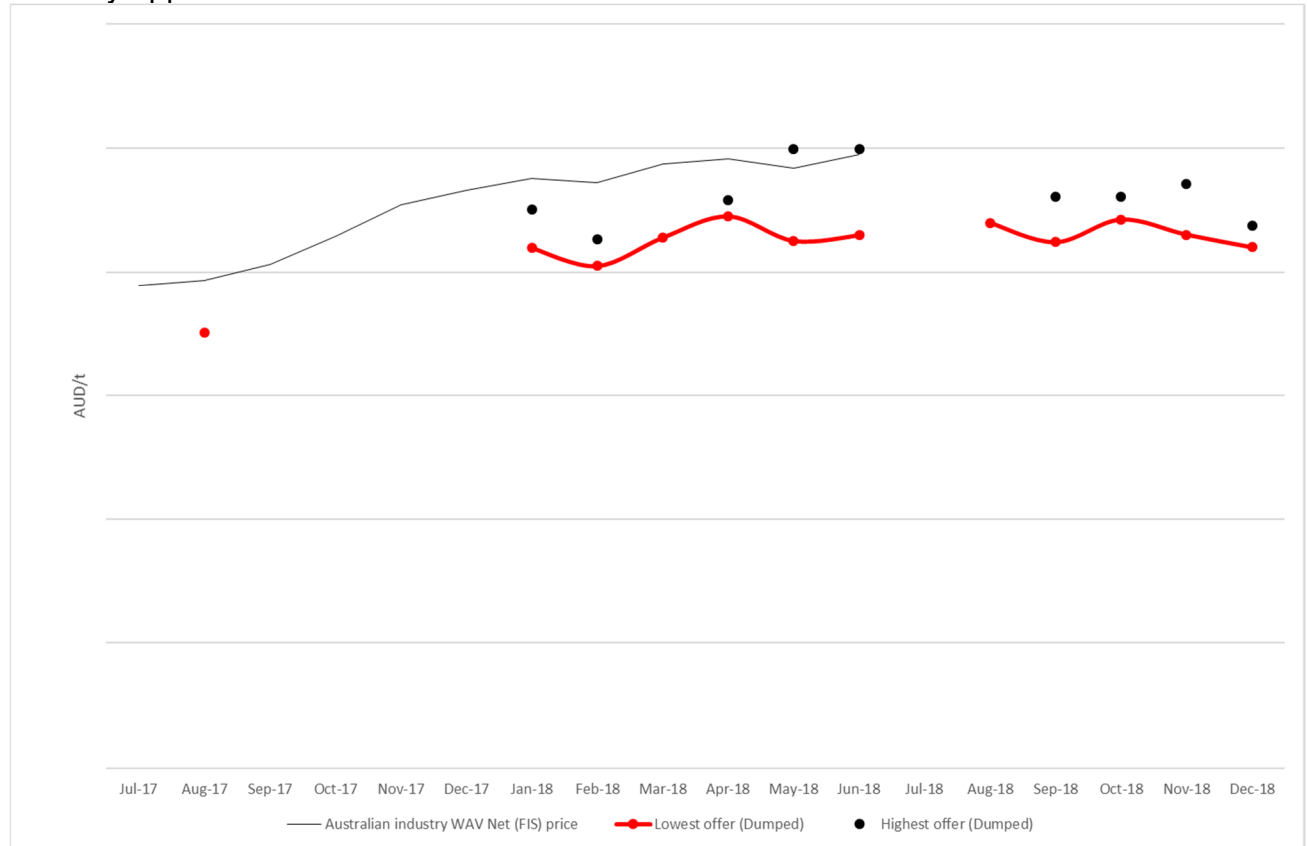
**Figure A-9.2.1.1** Influence of the price of imports from Turkey on quarterly net FIS prices of Australian industry sales of own production of the like goods (Source: [appendix A2](#))

The correlation between the Australian industry's quarterly sales prices for the like goods and the quarterly FOB export prices of the dumped imports across the injury analysis period exists because the industry applicant's prices were heavily influenced by the prices of the dumped imports. This occurs because the industry applicant maintains a market based pricing policy for unrelated and related customers. Specifically, since the commencement of the material injury from the dumped imports from Turkey, the industry applicant has responded to price undercutting (by importers of the dumped goods) by reducing its prices for like goods to its customers based on its market intelligence regarding import offers that were being received by these customers.

The market intelligence relied upon by the industry applicant included:

- monthly FIS import offers (**CONFIDENTIAL ATTACHMENT A-9.2.1**); and
- supporting evidence used to negotiate prices during the investigation period (**CONFIDENTIAL ATTACHMENT A-9.2.2**).

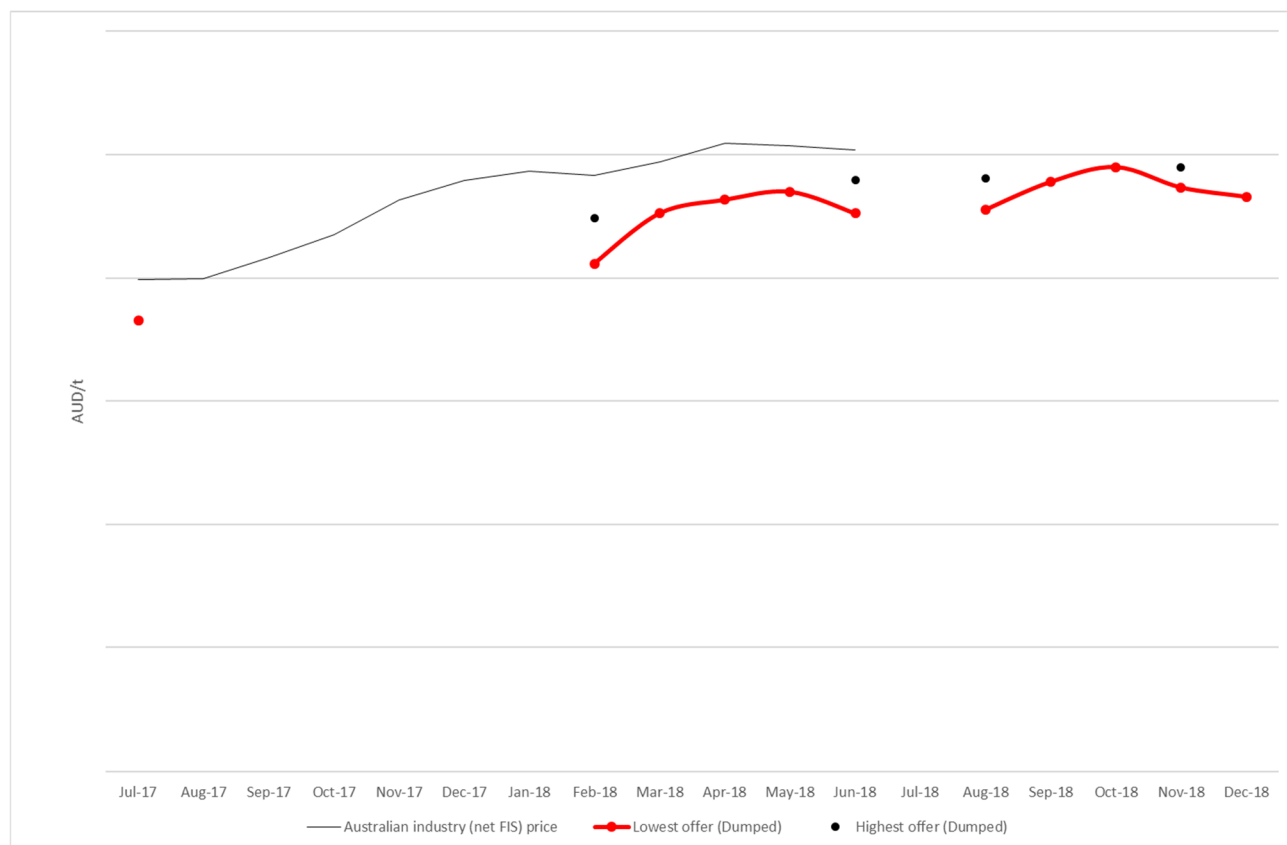
Whereas **Figure A-9.2.1.1** (above) demonstrates the correlation between the Australian industry's quarterly sales prices for the like goods and the quarterly FOB export prices of the dumped imports, **Figures A-9.2.1.2** and **A-9.2.1.3** (below) analyse the existence of a correlation between the FIS import offers from Turkey and the net FIS price realised by the industry applicant.



**Figure A-9.2.1.2 Pricing over investigation period – DBIL** (Sources: appendix A6.1 and **CONFIDENTIAL ATTACHMENT A-9.2.1**)

**Figure A-9.2.1.2** (above) indicates that import offers for DBIL from Turkey were lower than the industry applicant's weighted average price consistently across the investigation period (in those periods for which market intelligence of import price offers from Turkey were known to the applicant industry).





**Figure A-9.2.1.3 Pricing over investigation period – DBIC** (Sources: appendix A6.1 and [CONFIDENTIAL ATTACHMENT A-9.2.1](#))

**Figure A-9.2.1.3** (above) indicates that import offers for DBIC from Turkey were lower than the industry applicant's weighted average price consistently across the investigation period (in those periods for which market intelligence of import price offers from Turkey were known to the applicant industry).

The market based pricing analysis above indicates the extent to which import offers received by individual customers are leveraged by those customers to negotiate prices with the industry applicant – as a result movements in the lowest import offers from Turkey correlate with movements in the industry applicant's realised net prices.

Therefore, the analysis presented in **Figures A-9.2.1.2** and **A-9.2.1.3** (above) indicates that the industry applicant's prices during the investigation period correlates with the FIS import offers that it claims it responds to based on its market intelligence. The evidence provided in [CONFIDENTIAL ATTACHMENTS A-9.2.1](#) and [A-9.2.2](#) directly indicates that price offers from Turkey influenced the industry applicant's prices. The evidence properly supports a finding that the industry applicant implemented a market based pricing policy. When the overall price undercutting profile of the import offers from Turkey is also considered in light of all other import offers (analysis below), then there is direct evidence that import offers from Turkey were exerting a downward pressure on the industry applicant's prices during the investigation period – in other words, there is a causal relationship between its prices and the FIS import offers for goods exported from Turkey and alleged to be dumped.

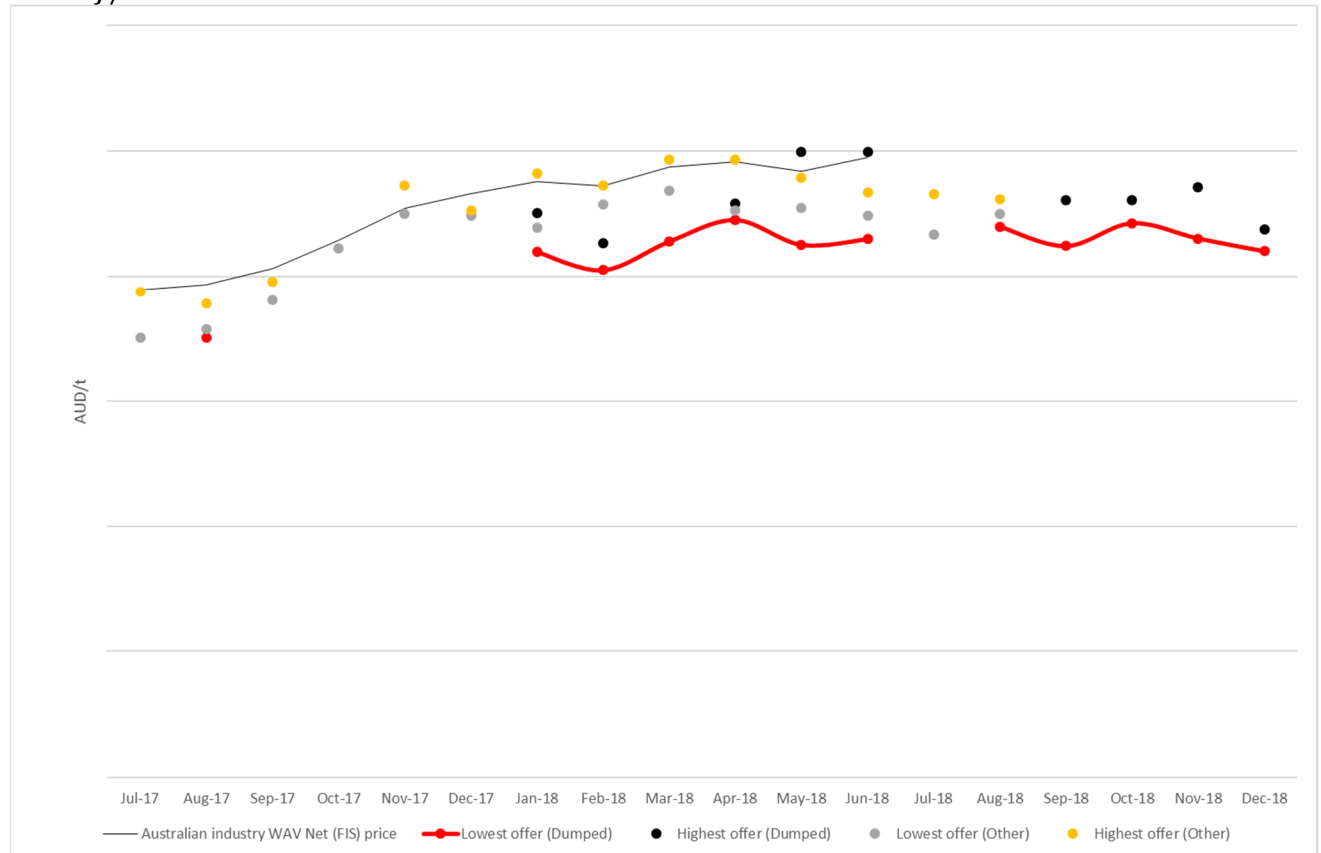
### 2.1.1 Price undercutting

The industry applicant's prices are being undercut by the dumped goods. Price undercutting occurs when imported goods are sold at a price below that of the Australian produced like goods.

Based on its market intelligence of import offers from Turkey (at the FIS price level), the industry applicant has compared the lowest and highest FIS price offers for rebar in straight lengths (DBIL) and rebar in coil form (DBIC) originating from exporters subject to this application during the proposed investigation period with its own actual realised weighted net average FIS prices over the same period. The industry applicant has also examined the lowest and highest FIS price offers for DBIL and DBIC originating from exporters not subject to this application. The industry applicant's domestic sales of imported goods were excluded from the analysis. For DBIL; noting that imported lengths exceeding 6 metres command a premium and are priced higher; only the standard 6 metre lengths were included in the analysis.

#### 2.1.1.1 Rebar in straight lengths (DBIL)

**Figure A-9.2.1.4** (below) show that import price offers from Turkey undercut the applicant's prices for DBIL together with the lowest price offers from all other sources across the entire investigation period, and continue to undercut all prices in the Australian market for the remainder of the 2018 calendar year (where market intelligence exists for price offers from Turkey).



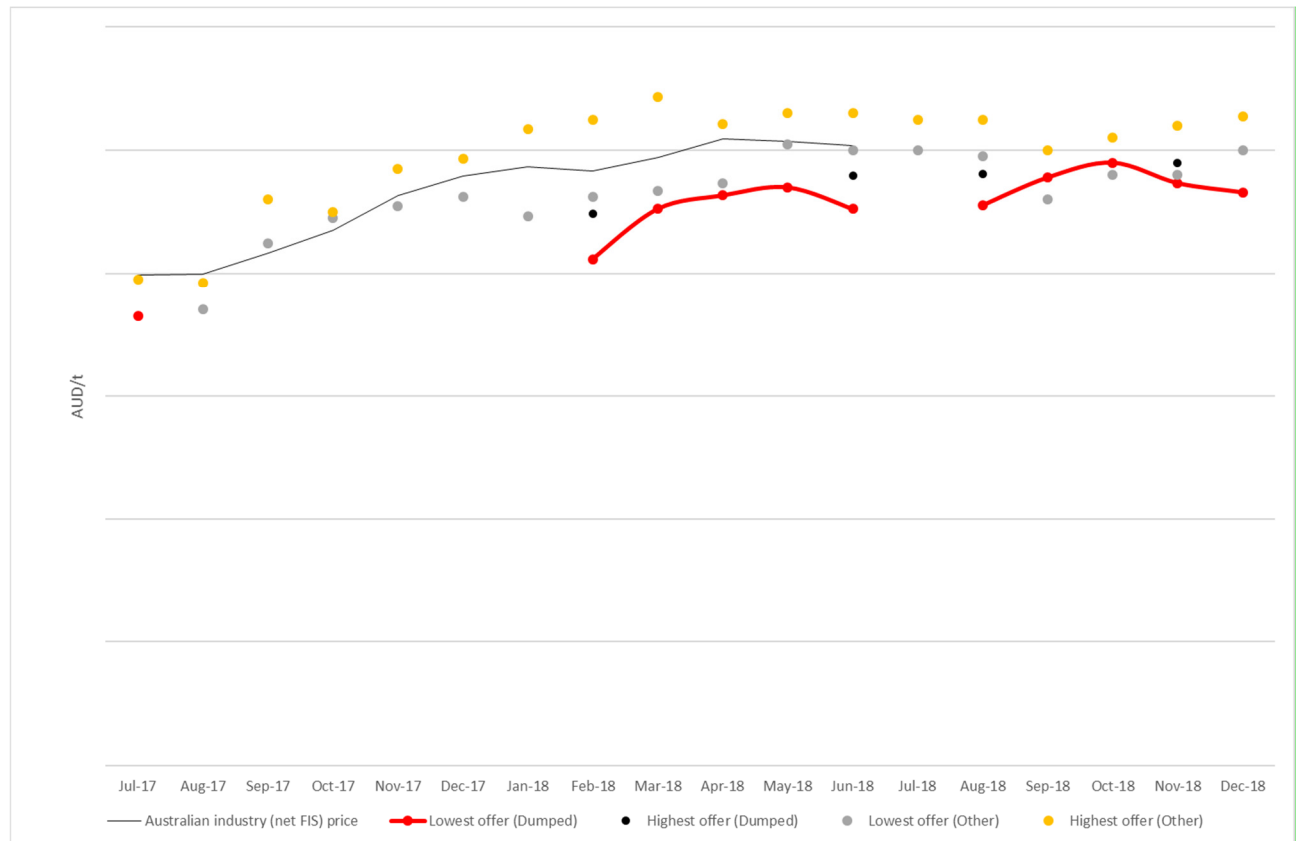
**Figure A-9.2.1.4 Pricing over investigation period and 2018 calendar year – DBIL** (Sources: appendix A6.1 and CONFIDENTIAL ATTACHMENT A-9.2.1)

In summary, the evidence contained in CONFIDENTIAL ATTACHMENT A-9.2.1 indicates that during the investigation period the applicant industry's prices for DBIC were undercut by:

- price offers for goods exported from Turkey in every month for which the industry applicant held market intelligence for such offers;
- between 9.5 to 14.2 per cent by exports from Turkey; and
- between 1.0 to 9.5 per cent by export from countries not the subject of this application.

### 2.1.1.2 Rebar in coil form (DBIC)

**Figure A-9.2.1.5** (below) show that import price offers from the subject country undercut the applicant industry's prices for DBIC and the lowest price offers from all other sources across the entire investigation period and continue to undercut all prices (in all but two months) of the Australian market for the remainder of the 2018 calendar year (where market intelligence exists for price offers for goods from Turkey).



**Figure A-9.2.1.5** Pricing over investigation period and 2018 calendar year – DBIC (Sources: appendix A6.1 and CONFIDENTIAL ATTACHMENT A-9.2.1)

In summary, the evidence contained in CONFIDENTIAL ATTACHMENT A-9.2.1 indicates that during the investigation period the applicant industry's prices for DBIC were undercut by:

- price offers for goods exported from Turkey in every month for which the industry applicant held market intelligence;
- between 7.3 to 14.8 per cent by exports from Turkey; and
- between 0.4 to 8.6 per cent by export from countries not the subject of this application.

#### 2.1.1.3 Price undercutting - Summary

The presence of import offers from Turkey that were the lowest offer in the market during the investigation period have had a downward impact on the industry applicant's realised prices during the investigation period.

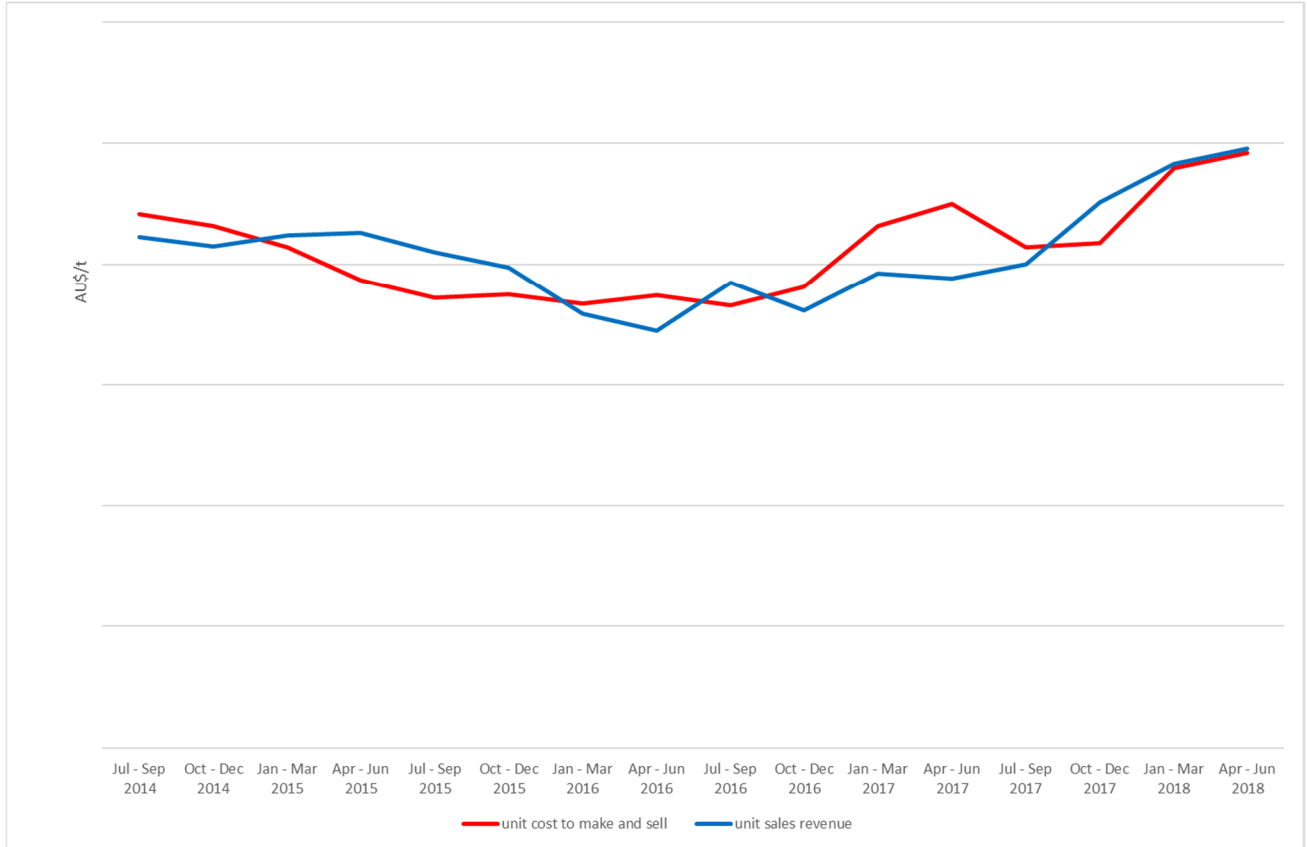
The applicant industry again refers the Commission to its market based pricing policy which means that import offers from Turkey alleged to be dumped (even if not always the absolute lowest offer in the market during the investigation period) will have a downward impact on the applicant's prices during the investigation period.

Therefore, the applicant industry submits that the above price undercutting analysis supports a conclusion that it experienced price suppression during the proposed investigation period due to the *prima facie* dumped prices of goods from Turkey.

## 2.2 Profit effects

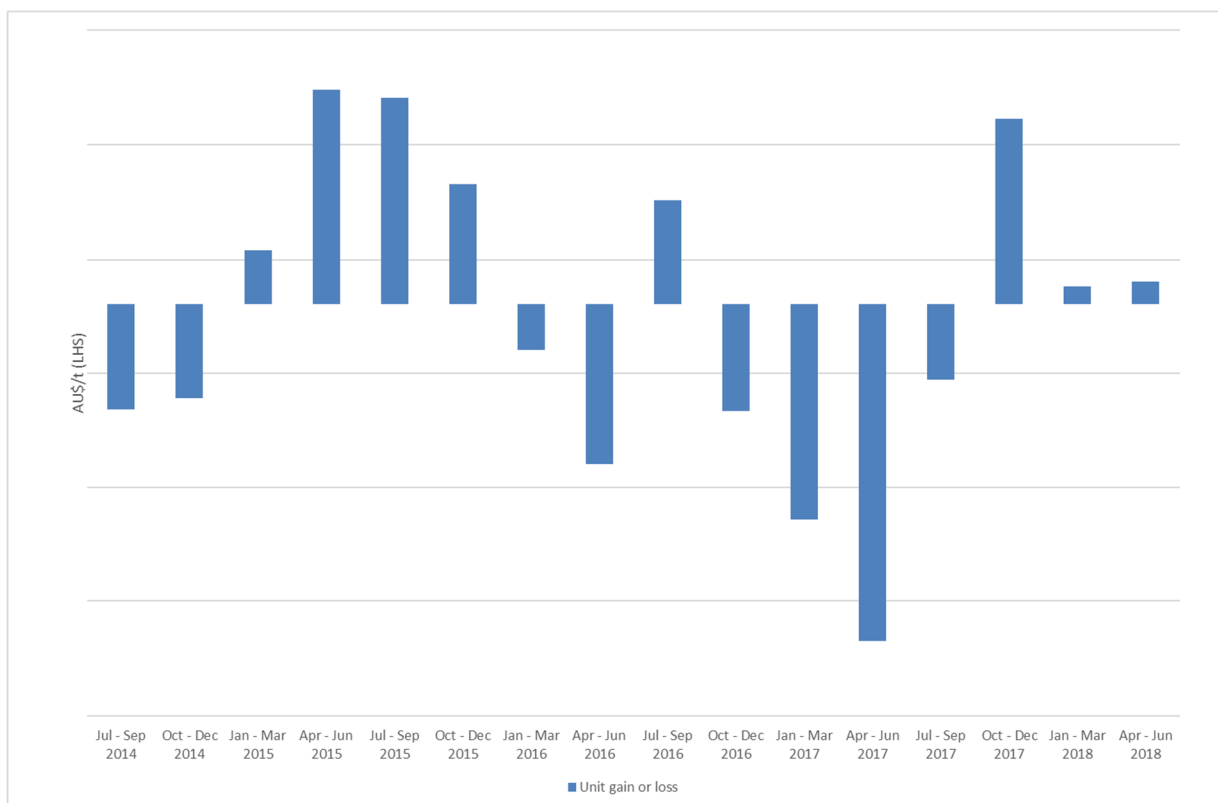
### 2.2.1 Observations

The above price undercutting analysis supports a conclusion that the industry applicant experienced price suppression during the investigation period due to the *prima facie* dumped prices of goods from Turkey. Price suppression occurs when price increases, which otherwise would have occurred have been prevented – an indicator of price suppression may be the margin between revenues and costs. **Figure A-9.2.2.1** (below), indicates the suppression of margin between the industry applicant's weighted average prices for the like goods across the injury analysis period and the unit cost to make and sell of the like goods.

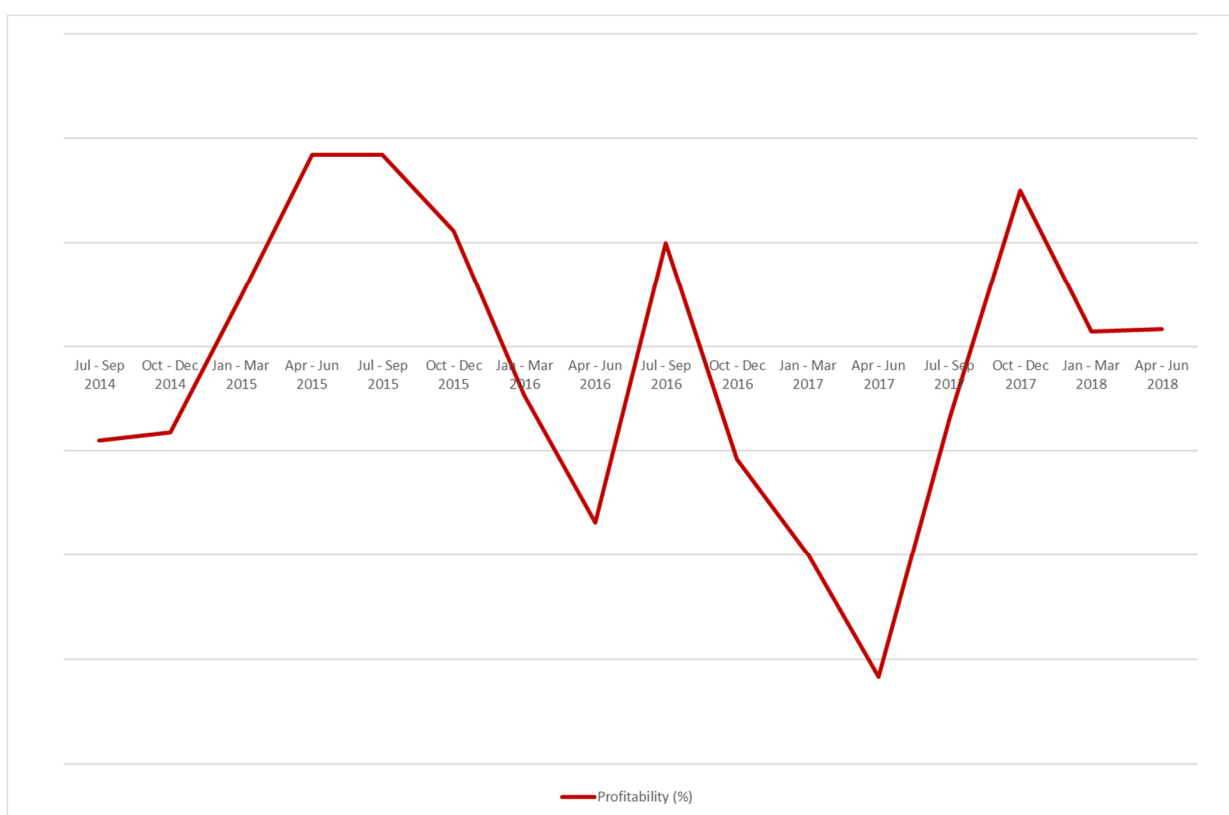


**Figure A-9.2.2.1** Industry applicant's quarterly unit CTMS and unit net sales revenue for the like goods (own production of DBIL + DBIC) across the injury analysis period (Source: [appendix A6.1](#))

The above **Figure A-9.2.2.1** indicates that during the proposed investigation period, the applicant industry experienced price suppression across three out of four quarters. This price suppression caused the industry applicant to experience negative profit and profitability in one quarter, and significant reductions in profit and profitability for two consecutive quarters of the proposed investigation period. These profit effects of the price suppression are observed in **Figures A-9.2.2.2** and **A-9.2.2.3** (below).



**Figure A-9.2.2.2** Industry applicant's quarterly unit gain or loss for own production of like goods (DBIL + DBIC) across the injury analysis period (Source: [appendix A6.1](#))

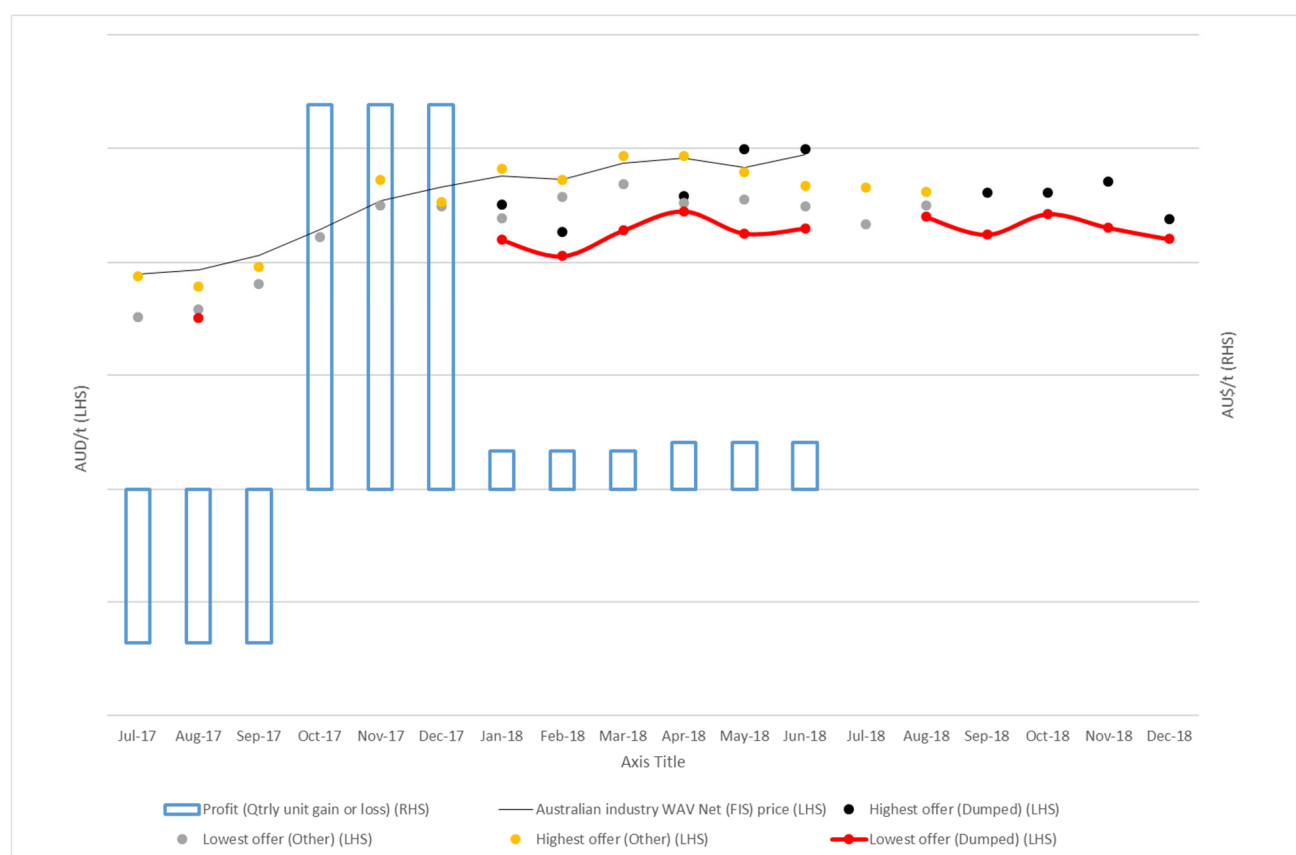


**Figure A-9.2.2.3** Industry applicant's quarterly profitability for own production of like goods (DBIL + DBIC) across the injury analysis period (Source: [appendix A6.1](#))

The influence of the *prima facie* dumped import offer prices from Turkey on the Australian industry's quarterly profit and profitability are clearly observed when compared to the evidence of price undercutting by Turkish imports in the corresponding quarters in the proposed investigation period. To demonstrate this, the profit of the industry applicant's sales of DBIL and DBIC are compared to the industry applicant's market intelligence indicating price undercutting.

## 2.2.2 Profit effects and price undercutting – DBIL

**Figure A-9.2.2.4** (below) indicates the influence of the monthly low price offers for the goods from Turkey on the industry applicant's quarterly profit for DBIL across the proposed investigation period.

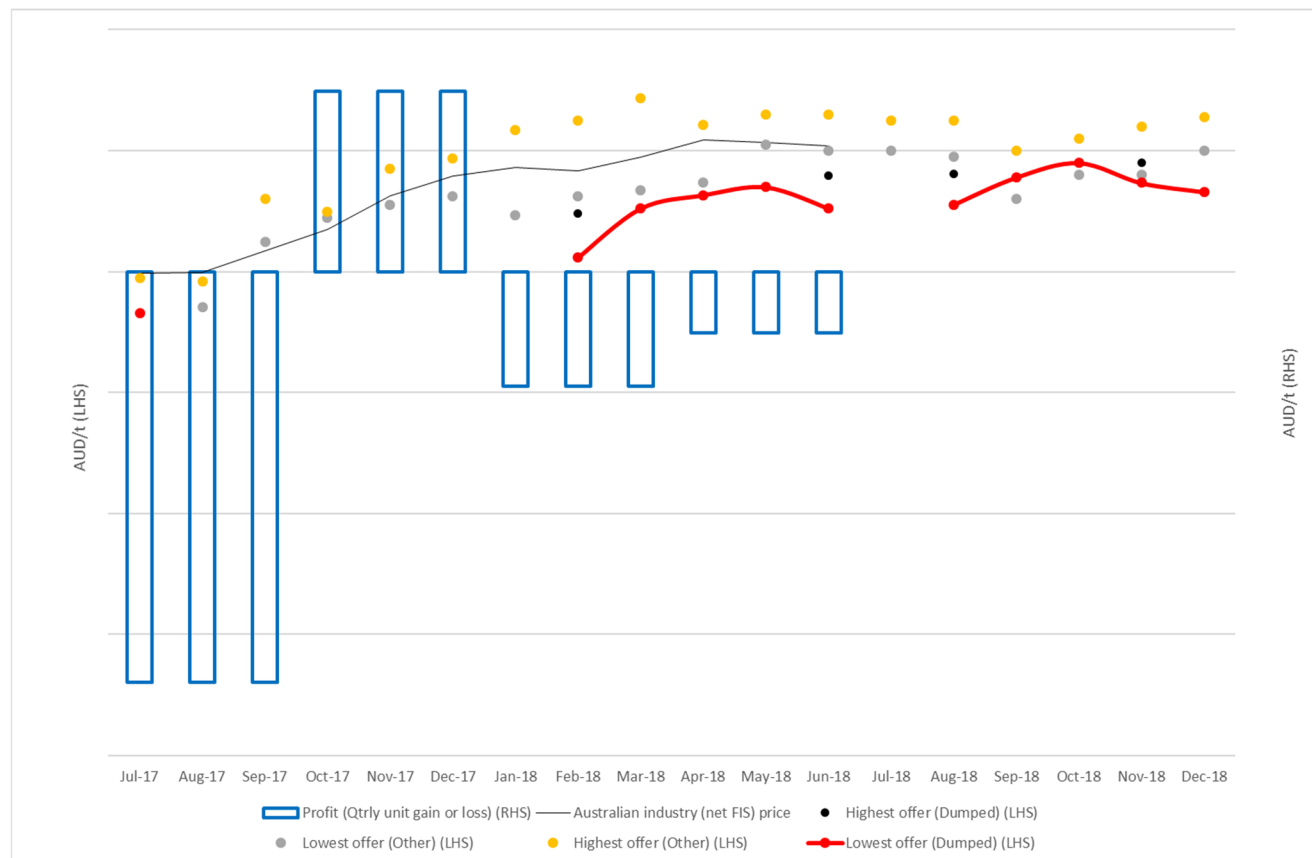


**Figure A-9.2.2.4** Influence of pricing over investigation period and 2018 calendar year – DBIL on industry applicant's quarterly profit for own production of like goods (DBIL) (Sources: appendix A6.1 and CONFIDENTIAL ATTACHMENT A-9.2.1)

As may be observed above, for those quarters in which monthly price offers for goods exported from Turkey were present, the result was either a negative or significantly reduced unit profit result for the industry applicant's sales of DBIL. This resulted from the price suppression caused by the price offers for the goods exported from Turkey.

### 2.2.3 Profit effects and price undercutting – DBIC

**Figure A-9.2.2.5** (below) indicates the influence of the monthly low price offers for the goods exported from Turkey on the industry applicant's quarterly profit for DBIC across the proposed investigation period.



**Figure A-9.2.2.5** Influence of pricing over investigation period and 2018 calendar year – DBIC on industry applicant's quarterly profit for own production of like goods (DBIC) (Sources: appendix A6.1 and CONFIDENTIAL ATTACHMENT A-9.2.1)

As may be observed above, for those quarters in which monthly price offers for Turkish exports were present, the result was a negative reduced unit profit result for the industry applicant's sales of DBIC. This resulted from the price suppression caused by the price offers for the goods exported from Turkey.

### 2.2.4 Profit effects - Summary

The industry applicant considers that there is a high degree of substitutability between its own domestically produced rebar and imported rebar and that price is a major determinant of purchasing decisions. Due to these factors, the industry applicant considers that it is unable to raise its prices independent of the market price without suffering lost sales, and lost revenue. The analysis above indicates that the industry applicant's inability to hold its prices at consistent levels over its CTMS during the investigation period coincided with the presence of price undercutting by importers of the dumped imports from Turkey in the market. The industry applicant considers that those price offers suppressed the prices that it might otherwise have realised and that as a result it experienced price suppression due to exports



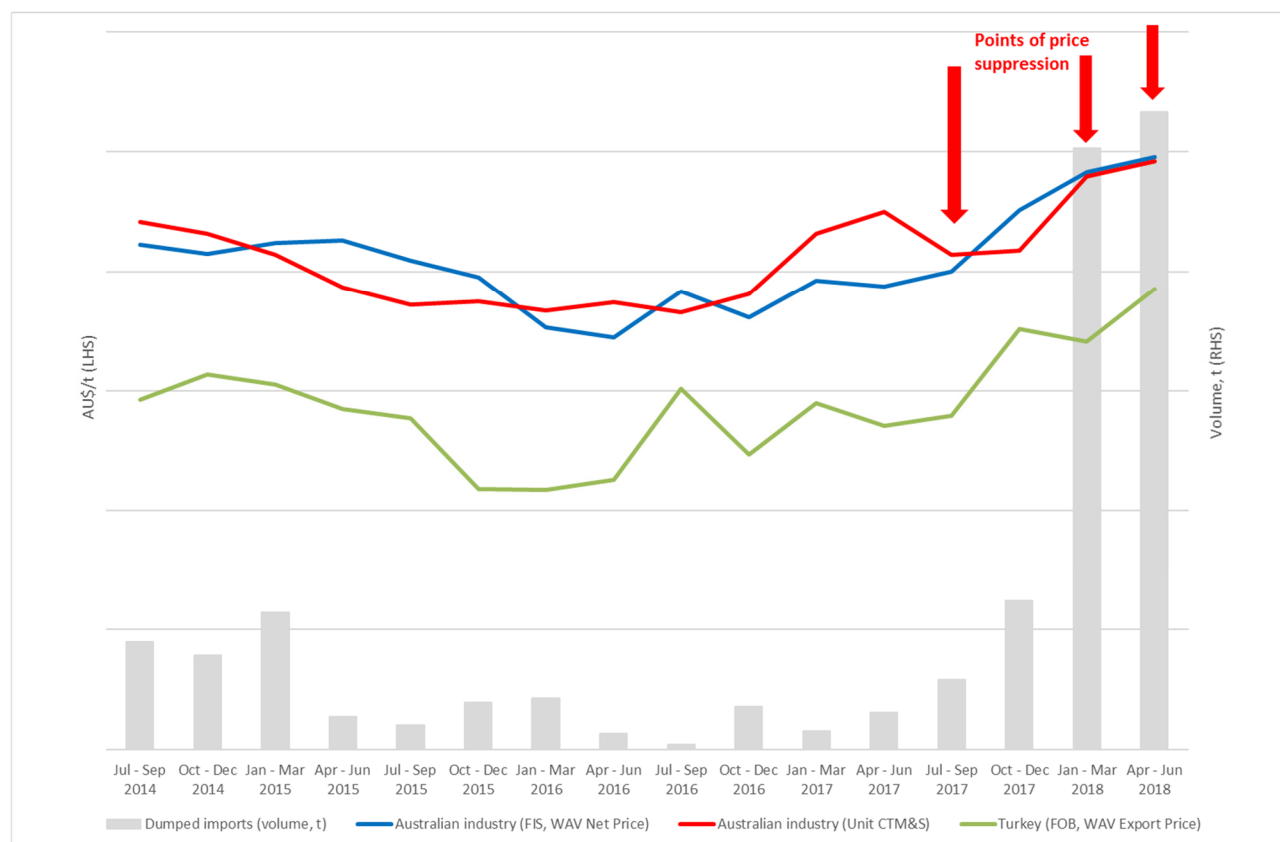
from Turkey and this has caused it to experience lower profitability during the investigation period, resulting in reduced profits for the Australian industry than it might otherwise have realised.

The Australian industry contends that at the very least, if not for the price undercutting by the importers of the dumped imports from Turkey, it would have expected to maintain the profitability it achieved in the December 2017 quarter, of [REDACTED] per cent for DBIL and [REDACTED] per cent for DBIC across the entire proposed investigation period. Instead, the industry applicant experienced profitability of only [REDACTED] per cent and [REDACTED] per cent, respectively on a weighted average basis across the proposed investigation period (refer appendix A6.1).

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).

**Section A-9.2** (above) demonstrates the occurrence of price suppression. **Figure A-9.3.1** (below) indicates that following a decline in its unit CTMS in the September 2017 quarter (when compared to the previous quarter), the industry applicant was unable to increase its unit sales revenue by a sufficient amount. It is observed that in the September 2017 quarter the Australian industry's unit sales revenue increased by the same proportion as the export price of the dumped imports from Turkey (approximately, 3 per cent), when compared to the previous June 2017 quarter. Across the same period, the volume of the dumped goods exported from Turkey also increased significantly, specifically, by 88 per cent. In these circumstances, the flat export price signals and significant market volume growth of the dumped goods exported from Turkey exerted a downward pressure on the industry applicant's prices, resulting in price increases that would otherwise have occurred, being prevented.

On the other hand, the significant export price increase for the dumped goods (25.9 per cent) in the December 2017 quarter (compared to the previous quarter), together with the sizeable increase in export volume observed (113 per cent) across the same period, supported, a modest increase in the unit sales revenue of the industry applicant (12.8 per cent), which was sufficient to cover a modest increase in its unit CTMS (< 1 per cent).



**Figure A-9.3.1** Influence of the volume and export prices of imports from Turkey on quarterly net prices of Australian industry own production of rebar in straight lengths (DBIL), together with dumped imports (volume, t)

with unit variable manufacturing costs of Australian industry own production (Sources: [appendix A2](#) and [appendix A6.1](#))

However, in the March 2018 quarter, when faced again with a 3 per cent decline in the export price of dumped goods from Turkey, the industry applicant was unable to raise its unit sales revenue by a sufficient amount to maintain its margin from the previous quarter. As such, the industry applicant could only increase its unit sales revenue by 7.0 per cent in the context of a 14.8 per cent increase in its unit costs. During this period, the industry applicant observed a further surge in export volume of dumped imports from the subject countries (305 per cent in the March 2018 quarter when compared to the previous quarter).

In the June 2018 quarter, the quarterly export volume of the dumped goods (now 1,619 per cent higher when compared to the June 2017 quarter) meant that even though the export price of the dumped goods demonstrated significant growth (13.1 per cent when compared to the previous quarter), the Australian industry was only able to increase unit sales revenue by the same proportion as its unit CTMS (2.6 per cent). As such, again it was unable to restore its margin to the levels achieved in the December 2017 quarter.

There is a high degree of substitutability between domestically produced like goods and the imported goods and price is a major determinant of customers' purchasing decisions. Due to these factors, the Australian industry is generally unable to raise its prices independent of the market price without suffering lost sales, and lost revenue. The industry applicant's analysis in **Figure A-9.3.1** (above) indicates that its inability to raise its prices at consistent levels over its CTMS during the investigation period coincided with increased volume of dumped imports from Turkey in the market.

**Section A-9.2** (above) demonstrates that the import offers in the market that were influencing the Australian industry's prices suppressed the prices that it might otherwise have realised.

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.

#### 4.1 Volume effects of dumped imports on other economic factors

The industry applicant considers that the link between the dumped imports from Turkey and the injury suffered by it in the form of reduced market share and lost sales volume have caused it injury in the form of:

- increased stock-on-hand;
- increased inventory holding costs;
- reduced available working capital; and
- reduced cashflow.

The applicant industry's reduced market share has resulted in its closing stock-on-hand position increasing by 87 per cent during the proposed investigation period when compared to the previous 12-month period, and by 77 per cent across the injury analysis period (when compared to FY 2015).

In turn, the increased stock-on-hand position of the like goods, has resulted in a reduction in the industry applicant's working capital and cashflow, specifically a reduction of -251 per cent and -982 per cent, respectively across the injury analysis period.

These conclusions are borne out of the following analysis presented in **Table A-9.4.1.1** (below). Assuming that the Australian industry's volume injury commenced in the December 2017 quarter, then by taking the industry applicant's market share position in the September 2017 quarter as a benchmark, it is possible to extrapolate the sales volume lost by it due its loss of market share across each quarter of the remainder of the proposed investigation period, up to the maximum amount of injurious import volumes.

	Jul - Sep 2017	Oct - Dec 2017	Jan - Mar 2018	Apr - Jun 2018	Investigation period
Australian industry (sales volume, actual)					
Australian industry (mkt share, own productn)					
Aust Mkt (Total)					
Australian industry (sales volume @ Jul/Sep 2017 mkt share)					
Difference (lost sale volume)					
less Australian industry imports					
Net lost sales volume (less Aust imports)					
Maximum volume injury (dumped imports)					
Injury (lost sales volume)					

**Table A-9.4.1.1** Calculation of sales volume injury caused by loss of market share  
(Source: appendix A2)

In summary, the industry applicant calculates the impact of lost market share in the amount of [REDACTED] tonnes across the proposed investigation period. The impact of the lost sales volume to flow from the lost market share may be seen in the following analysis, which compares these other economic factors with and without the injury (lost sales volume).

In the case of the industry's stock holding position, the inclusion of the lost sales volume improves its stock holding position by reduced stock on hand by **46 per cent** (refer **Table A-9.4.1.2** (below)):

Index of Stock Holding (without injury)					Index of Stock Holding (includes injury)				
Period	FY2015	FY2016	FY2017	FY2018	Period	FY2015	FY2016	FY2017	FY2018
Closing Stock (Tonnes)	100	73	87	129	Closing Stock (Tonnes)	100	73	87	153
Closing Stock (Tonnes) "Like Goods"	100	79	95	95	Closing Stock (Tonnes) "Like Goods"	100	79	95	177

**Table A-9.4.1.2** Analysis of stock on hand position with and without the impact of lost sales volume (Source: [appendix A7](#))

In the case of the impact of the lost sales volume on the industry's inventory and working capital, the results are significant, with inventory holding costs decreasing by **30 per cent**, and available working capital increasing by **36 per cent** (refer **Table A-9.4.1.3** (below)):

Index of Cash Flow Measures (without injury)					Index of Cash Flow Measures (includes injury)				
Period	FY2015	FY2016	FY2017	FY2018	Period	FY2015	FY2016	FY2017	FY2018
Working Capital	100	-60	-146	-96	Working Capital	100	-60	-146	-151
Inventory	100	415	-333	-1079	Inventory	100	415	-333	-1542

**Table A-9.4.1.3** Analysis of value of working capital and inventory with and without the impact of lost sales volume (Source: [appendix A7](#))

The impact of the lost sales volume and lost profit are considered below in **Table A-9.4.2.2**.

## 4.2 Price effects of dumped imports on other economic factors

The industry applicant considers that the link between the dumped imports from Turkey and the injury suffered by it in the form of price suppression, reduced profits and profitability have caused it injury in the form of:

- reduced return on investment;
- reduced revenue; and
- reduced cashflow.

In **Table A-9.5.3.3** (below), the industry applicant calculated its loss of profit and reduced profitability caused by the price suppression experienced. In summary, it found that its profitability was reduced by 6.1 percentage points, and that it lost \$ [REDACTED] in total profit for sales of the like goods across the injury analysis period.

Assuming that it did not experience the price suppression caused by the dumped imports,

and that it was able to regain the lost profits, the industry applicant has calculated the impact of the lost profit across the proposed investigation period on these other economic factors by comparing the actual results, with a calculation reflecting the economic position without the profit injury caused by the price suppression.

In the case of the industry's return on investment, the inclusion of the lost profit improves its financial position by **445 per cent** (refer **Table A-9.4.2.1** (below)):

Index of Return on Investment (without injury)					Index of Return on Investment (includes injury)				
Period	FY2015	FY2016	FY2017	FY2018	Period	FY2015	FY2016	FY2017	FY2018
Net Gain/Loss (%)	100	143	-1094	1846	Net Gain/Loss (%)	100	143	-1094	339

**Table A-9.4.2.1** Analysis of return on investment with and without the impact of lost sales volume (Source: [appendix A7](#))

In the case of the industry's total cash flow, the inclusion of the lost profit improves its financial position by **505 per cent** (refer **Table A-9.4.2.2** (below)):

Index of Cash Flow Measures (without injury)					Index of Cash Flow Measures (includes injury)				
Period	FY2015	FY2016	FY2017	FY2018	Period	FY2015	FY2016	FY2017	FY2018
Working Capital	100	-60	-146	-96	Working Capital	100	-60	-146	-151
Inventory	100	415	-333	-1079	Inventory (aggregate of monthly positions)	100	415	-333	-1542
Total Cash Flow	100	360	-1814	3570	Total Cash Flow	100	360	-1814	-882

**Table A-9.4.2.2** Analysis of total cash flow with and without the impact of lost sales volume (Source: [appendix A7](#))

In the case of the industry's total revenue, the inclusion of the lost profit improves its financial position by **5.6 per cent** (refer **Table A-9.4.2.3** (below)):

Index of Revenue \$ (without injury)					Index of Revenue \$ (includes injury)				
Period	FY2015	FY2016	FY2017	FY2018	Period	FY2015	FY2016	FY2017	FY2018
Revenue (\$)	100	100	108	152	Revenue (\$)	100	100	108	143

**Table A-9.4.2.3** Analysis of revenue with and without the impact of lost sales volume (Source: [appendix A7](#))

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

The Australian industry considered that it has experienced material injury during the proposed investigation period in the form of:

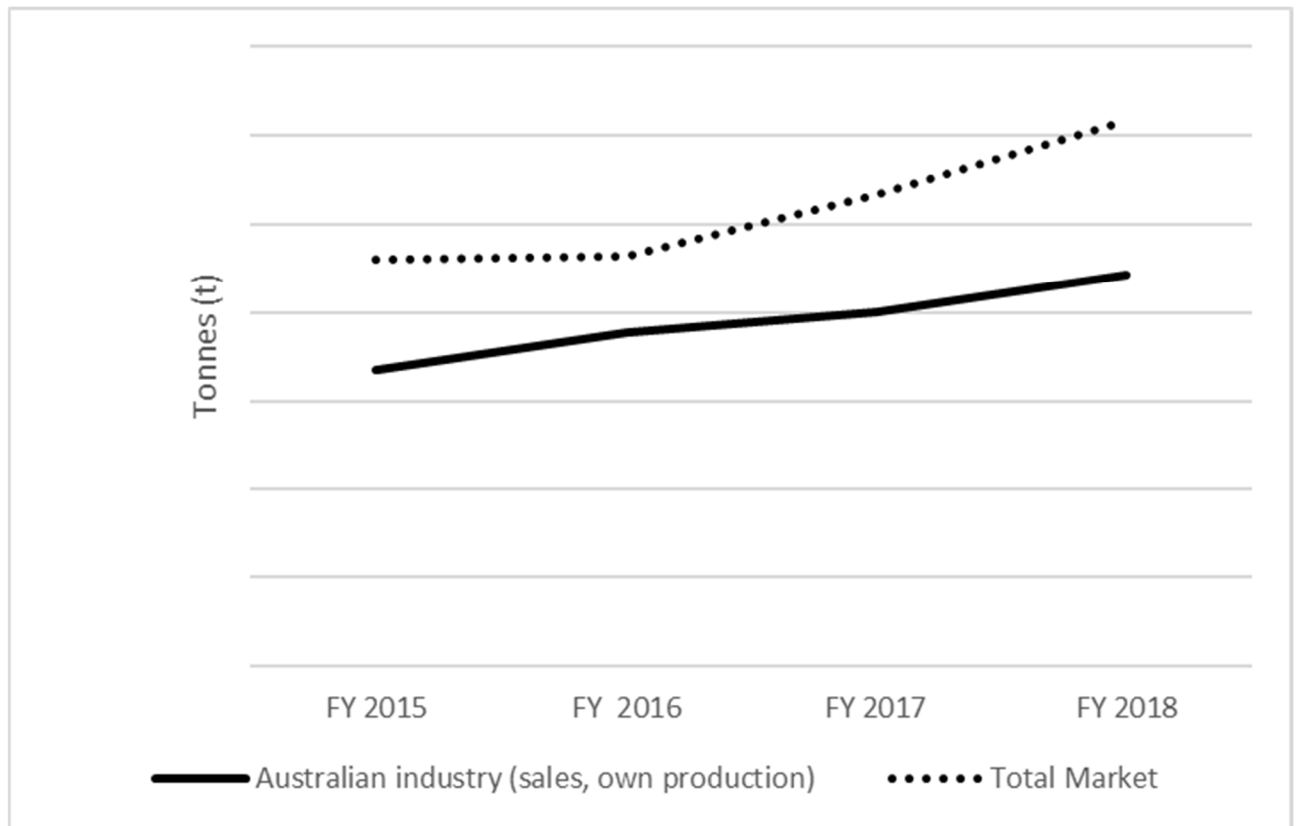
- loss of market share;
- price suppression;
- loss of profits;
- reduced profitability;
- reduced return on investment;
- reduced investment in the industry by way of:
  - reductions in R&D expenditure across the injury analysis period; and
  - reductions in the value of assets allocated to the production of the like goods.
- reduced utilisation of the capacity of the industry to produce the like goods;
- increased quantities of like goods produced which are held as stock on hand;
- reduced cash flow in the industry; and
- lost revenue.

### 5.1 Volume injury

While the Australian industry has been able to maintain sales volumes across the investigation period in trend terms, it has lost sales volume to goods from Turkey and this is reflected in its loss of market share over the investigation period.

#### 5.1.1 Sales volume

**Figure A-9.5.1** (below) shows the Australian industry's total domestic sales volume for rebar in the Australian market since FY 2015 relative to the overall size of the market. The Australian industry's volumes have increased year on year over the injury analysis period. The Australian market for rebar increased by approximately 15 per cent in FY 2018 as compared to FY 2017. During this time the Australian industry's sales volumes increased by only approximately 10 per cent.

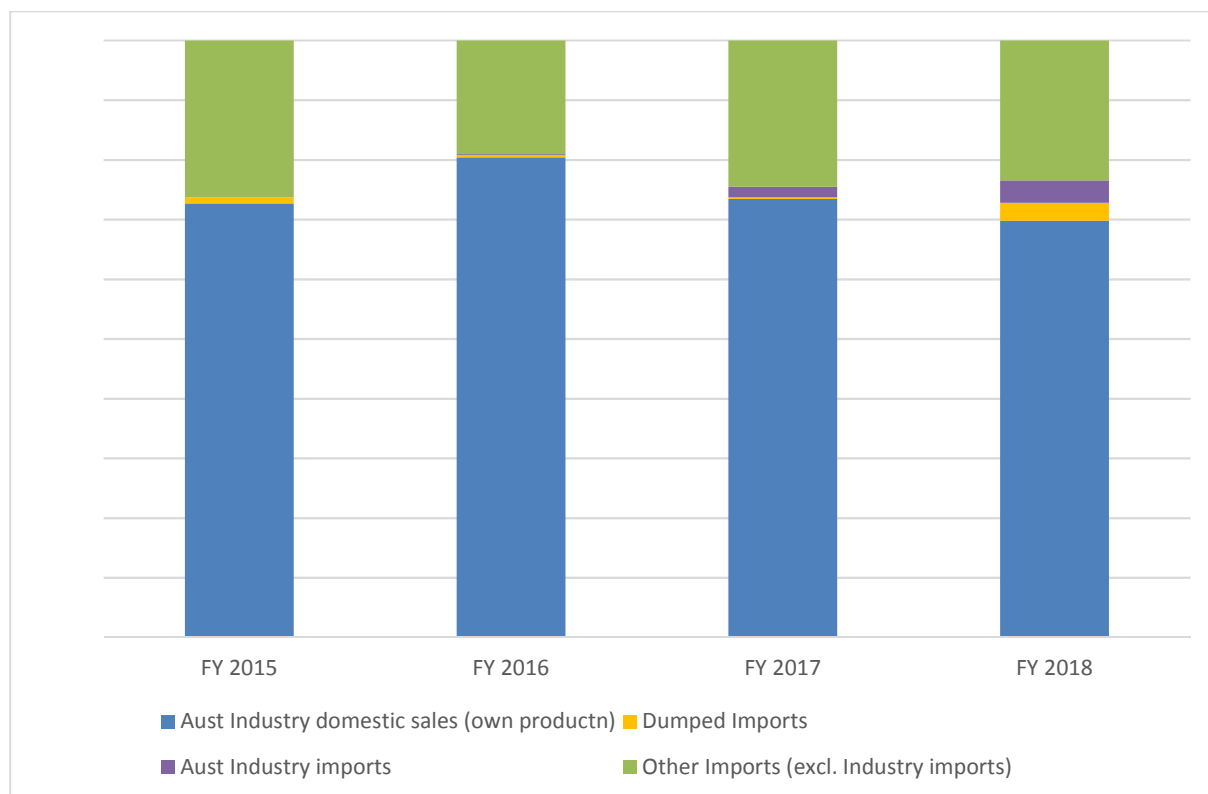


**Figure A-9.5.1** Australian industry's total domestic sales volume for (own production) rebar relative to the size of the Australian market (Source: [appendix A2](#))

### 5.1.2 Market share

**Figure A-9.5.1.2** (below) illustrates the market share of Australian industry, dumped goods from Turkey, imports from other countries and imports by the Australian industry during the injury analysis period.





**Figure A-9.5.1.2 Market share - Australian rebar market** (Source: [appendix A2](#))

In summary, **Figure A-9.5.1.2** (above) demonstrates that Australian market shares for rebar have during the proposed investigation period (FY 2018) when compared to FY 2017:

- declined for the Australian industry by **5.0 per cent**;
- increased sharply (**1,128.0 per cent**) for imports from Turkey;
- declined **4.0 per cent** for countries that are not subject to this investigation, including countries that are currently subject to measures.

The Australian industry has separately considered the effect of the volume of its own imports of the goods on the Australian industry's market share for like goods (that is, own production), and has confirmed that the decline in market share experienced by the Australian industry is still evident when the domestic industry's own imports are excluded from the analysis – that is to say, that the Australian industry's market share **declined by 3.0 per cent** during the proposed investigation period (FY 2018), when compared to FY 2017 (refer **Tables A-9.5.1.2(a) and (b)** (below)).

Market Share	Aust Ind. (own prodn)	Aust Ind. Imports	Aust Ind. Total Sales	Dumped Imports	Other Imports
FY 2015					
FY 2016					
FY 2017					
FY 2018					
% change from FY 2017	-5.0%		-2.2%	1127.6%	-4.4%

**Table A-9.5.1.2(a)** Market share – Australian rebar market (including Australian industry imports) and changes in investigation period when compared to the previous fiscal period (Source: appendix A2)

Market Share	Aust Ind. (own prodn)	Aust Ind. Imports	Aust Ind. Total Sales	Dumped Imports	Other Imports
FY 2015		0.0%			
FY 2016		0.0%			
FY 2017		0.0%			
FY 2018		0.0%			
% change from FY 2017	-3.0%	0.0%	-3.0%	1153.1%	-2.4%

**Table A-9.5.1.2(b)** Market share – Australian rebar market (excluding Australian industry imports) and changes in investigation period when compared to the previous fiscal period (Source: appendix A2)

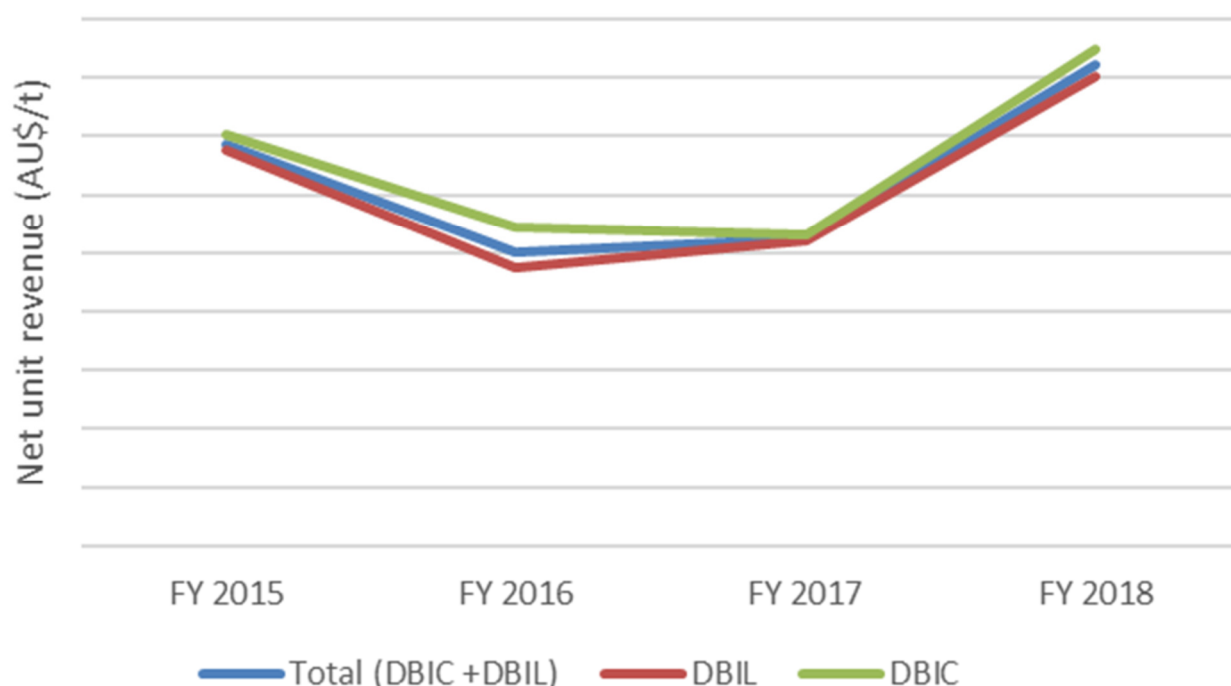
### 5.1.3 Volume injury - Summary

The Australian industry contends that the evidence outlined above supports a finding that while the domestic industry's overall sales volume may have increased over the investigation period, it has lost market share to dumped imports from Turkey.

## 5.2 Price injury

In **Section A-9.2** (above), the Australian industry demonstrated the close correlation between the FOB export price of dumped imports from Turkey and the Australian industry's prices for rebar in straight lengths and in coils sold into the Australian market (net FIS prices).

**Figure A-9.5.2.1** (below) indicates movements in the Australian industry's net FIS prices across the injury analysis period. The below figure (A-9.5.2.1) also indicates the strong correlation between the prices of rebar according to product form (DBIL and DBIC).

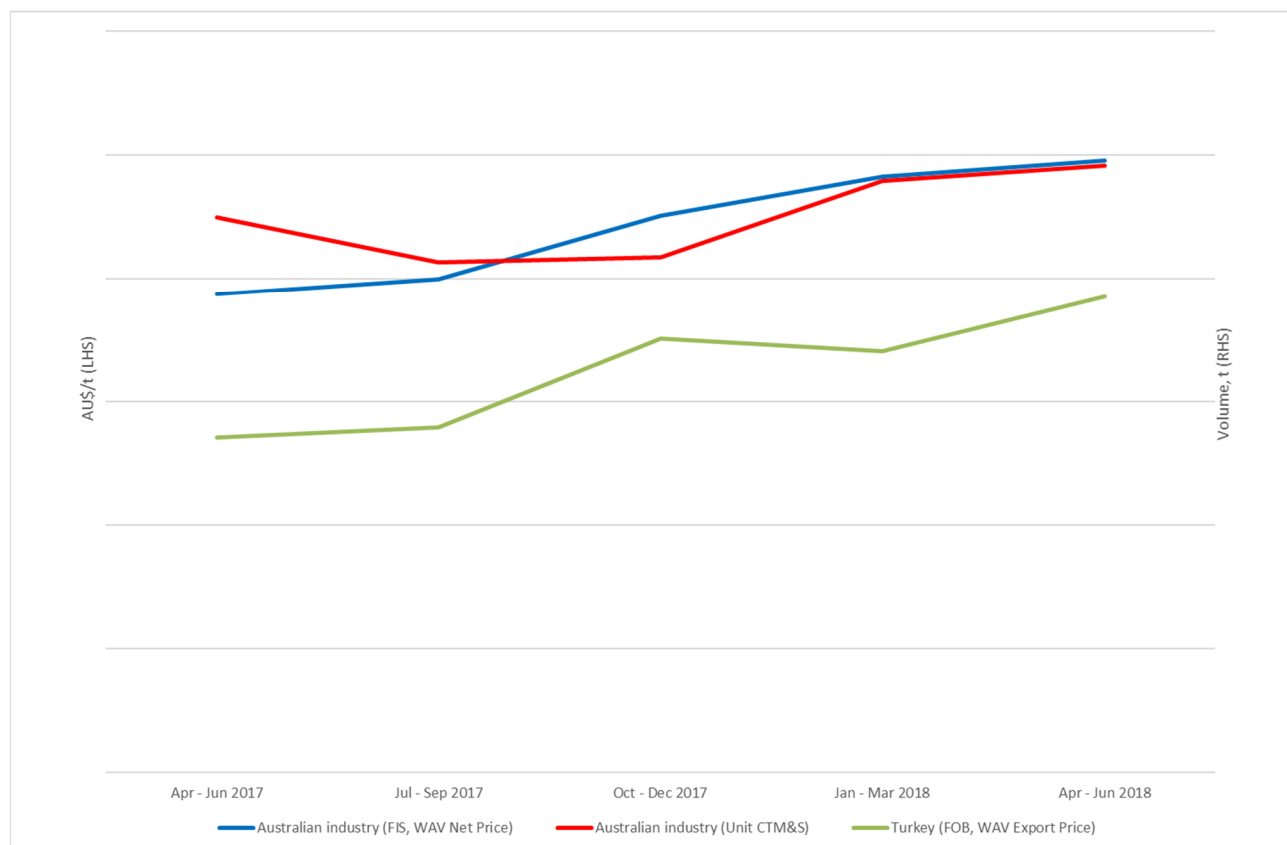


**Figure A-9.5.2.1** Unit sales revenue for own production by Australian industry across proposed injury analysis period by product form and total (Source: appendix A6.1)

The Australian industry has been able to increase its prices across the investigation period in trend terms. However, in the September 2017 quarter it was unable to increase prices sufficiently to cover its unit cost to make and sell (**CTMS**) for the like goods as the export prices of imports from Turkey remained stable. On the other hand, when the export prices of imports from Turkey increased sharply in the December 2017 quarter (increase of 26 per cent), the Australian industry was able to also increase its prices, albeit by a lesser percentage (increase of only 13 per cent). As the industry's unit CTMS also declined in the December 2017 quarter, the Australian industry was able to cover its unit CTMS.

However, as the export prices of imports from Turkey again declined in the March 2018 quarter, the Australian industry was only able to increase its prices sufficiently to marginally cover (< 1 per cent) its significantly increased unit CTMS in that quarter – whereas the industry's unit CTMS increased by 15 per cent in the March 2018 quarter, the industry's prices only increased by 7 per cent.

Similarly, in the June 2018 quarter, in spite of the increase in the export prices of imports from Turkey (13 per cent), the significant volume of the dumped imports in the market introduced in both the March and June 2018 quarters (accounting collectively for [REDACTED] per cent of market share in each quarter) meant that the Australian industry increased its prices only slightly (2.7 per cent) to, again, only marginally (< 1 per cent) cover its unit CTMS. The correlation between the export price of imports from Turkey and the Australian industry's prices in comparison to its quarterly unit CTMS is reproduced below in **Figure A-9.5.2.2**.

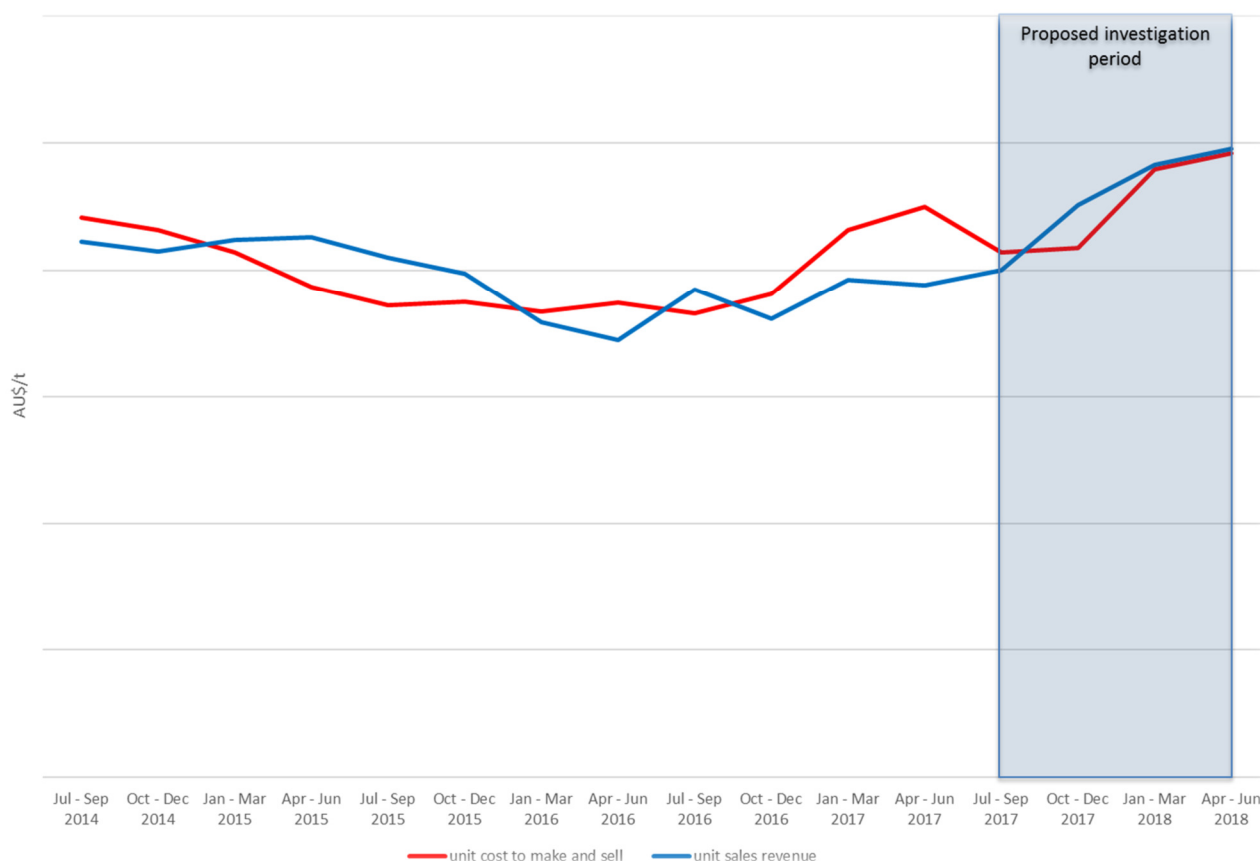


**Figure A-9.5.2.2** Unit sales revenue and CTMS for own production of rebar by Australian industry between 1 April 2017 and 30 June 2018 (Source: appendix A6.1) and FOB export prices for imports from Turkey (appendix A2)

### 5.2.1 Price suppression

Price suppression occurs when price increases, which otherwise would have occurred, have been prevented. An indicator of price suppression may be the margin between revenues and costs.

**Figure A-9.5.2.3** (below) illustrates movements in the industry applicant's quarterly unit CTMS and unit sales revenue for rebar during the injury analysis period.



**Figure A-9.5.2.3** Australian industry's unit CTMS and unit revenue for rebar (total, own production) (Source: appendix A6.1)

**Figure A-9.5.2.3** (above) indicates that the applicant industry's unit sales revenue showed a declining trend over the injury analysis period - though there was an increase in unit sales revenue across the investigation period.

On the other hand, the applicant industry's unit CTMS showed a declining trend over the injury analysis period until the September 2016 quarter, when it began to increase at a faster rate than increases in the applicant industry's unit sales revenue. The industry's unit CTMS continued to increase until the June 2017 quarter, when it declined sharply in the September 2017 quarter, remained stable in the December 2017 quarter, before again increasing rapidly in the March and June 2018 quarters.

Price suppression was therefore observed in the first (September 2017) and last two (March and June 2018) quarters of the proposed investigation period. This occurred because though there was an increase in both unit CTMS and unit sales revenue during these quarters within the investigation period, the amount by which the unit CTMS increased exceeded the rate by which the industry could increase prices, thus resulting in unit net losses, or marginal (< 1 per cent) unit net gains.

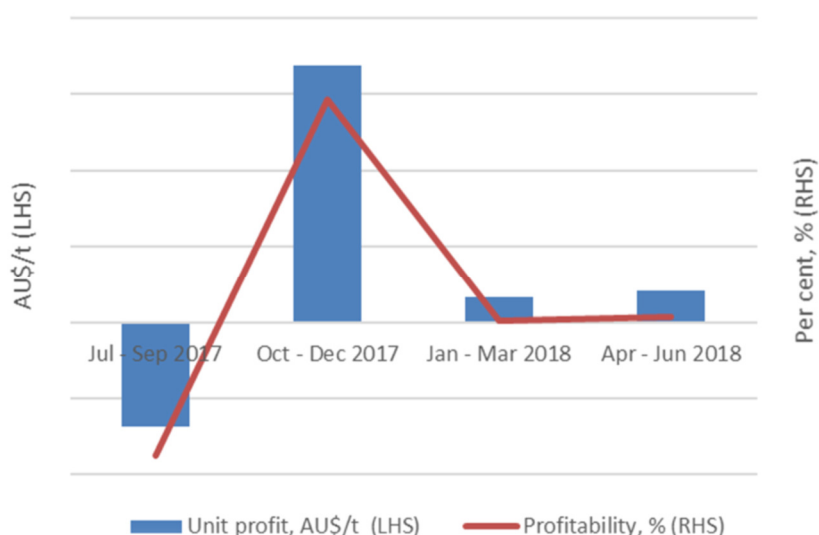
The materiality of the price suppression may be seen below in (**Table A-9.5.3.3**) in terms of the impact of the price suppression across the proposed investigation period on the industry applicant's calculation of lost profits and reduced profitability.

## 5.2.2 Contention – price effects

It is the Australian industry's contention that it experienced price suppression as it was unable to increase prices in a manner consistent with increases in its unit CTMS for the like goods during the investigation period, and that this was due to the prices of dumped imports from Turkey (see **Section A-9.2** (above)).

## 5.3 Profits and profitability

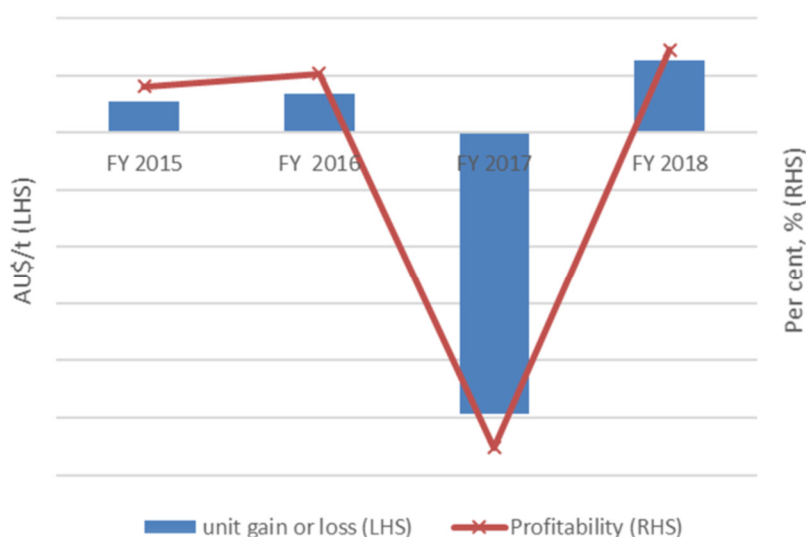
The industry applicant has experienced injury during the proposed investigation period in the form of loss of profits and reduced profitability. This is observed in **Figure A-9.5.3.1** (below), which follows the quarterly profit and profitability of the Australian industry's sales of like goods in the Australian market.



**Figure A-9.5.3.1** Australian industry's quarterly profit and profitability across the proposed investigation period (Source: [appendix A6.1](#))

**Figure A-9.5.3.1** (above) shows that during the investigation period, although the Australian industry's quarterly profit improve in the December 2017 quarter (when compared to the September 2017 quarter), it then proceeded to deteriorate by up to 90 per cent (in the case of profit) and 91 per cent (in the case of profitability) in the subsequent quarters of the proposed investigation period.

As claimed in **Section A-9.2.2** (above), the deterioration in quarterly profit correlates precisely with the presence of import offers from Turkey at significant margins of price undercutting. Therefore, although across the injury analysis period, the Australian industry's profits and profitability may appear to have improved in trend terms (refer **Figure A-9.5.3.2** (below)), the industry applicant asserts that would have been more prosperous (i.e. achieved higher profits and greater rates of profitability) if not for the presence of the dumped and/or subsidised imports from Turkey.



**Figure A-9.5.3.2** Australian industry's profits and profitability across the injury analysis period (Source: [appendix A6.1](#))

The injury experienced by the Australian industry during the proposed investigation period in the form of loss of profits and reduced profitability was material. If the profit and profitability achieved by the industry applicant during the December quarter 2017 was applied to each other quarter of the proposed investigation period, then the Australian industry has experienced the following loss of profits and reduced profitability (refer **Table A-9.5.3.3** (below)).

	Jul - Sep 2017	Oct - Dec 2017	Jan - Mar 2018	Apr - Jun 2018	Investigation Period
<i>Sales Quantity</i>					
<i>unit sales revenue (Actual)</i>					
<i>unit gain or loss (Actual)</i>					
<i>Profitability (Actual)</i>					
<i>Profitability (Lost)</i>	10.9%	0.0%	6.8%	6.7%	6.1%
<i>unit gain (Lost)</i>					
<i>Profit (lost)</i>					

**Table A-9.5.3.3** Summary of loss of profits and reduced profitability based on December 2017 quarter performance

### 5.3.1 Profits and profitability - Summary

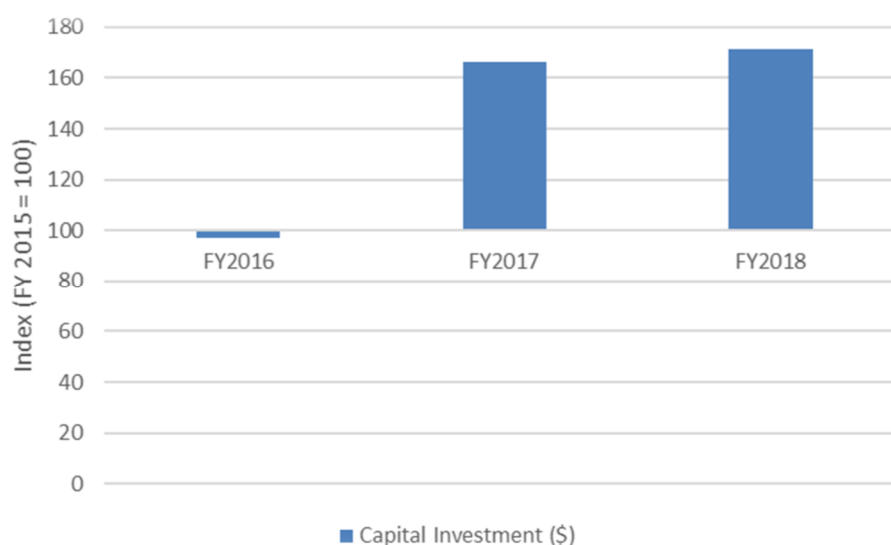
The applicant industry considers that it has experienced reduced profits and profitability during the investigation period due to the prices of imports from Turkey. In summary, based on its performance in the December 2017 quarter, when the industry applicant achieved a rate of profitability of [REDACTED] per cent, it considers that across the investigation period it has suffered material injury in the form of lost profits in the sum of \$[REDACTED] and 6.1 per cent in reduced profitability.

## 5.4 Other economic factors

The industry applicant completed [appendix A7](#) for the injury analysis period to support its claims in terms of certain other injury factors.

### 5.4.1 Capital investment

The industry applicant has provided its capital investment expenditure over the injury analysis period, allocating the total amount to the like goods based on the percentage of like goods production. As indicated in **Figure A-9.5.4.1** (below) that there was a decline in capital investment in the FY 2016, followed by increases in FY 2017 and the investigation period.

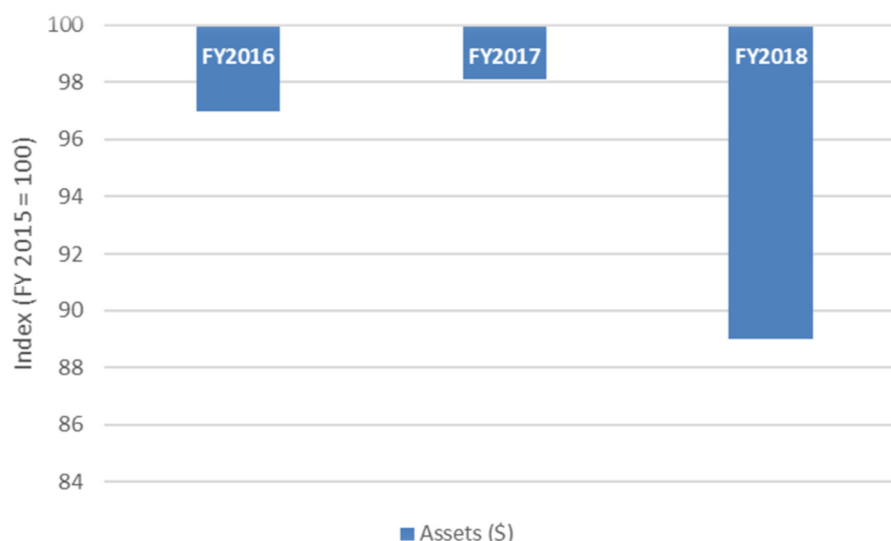


**Figure A-9.5.4.1** Index of capital investment in the Australian industry for like goods (Source: [appendix A7](#)).

### 5.4.2 Value of assets allocated to the production of like goods

The industry applicant has provided data indicating the property, plant and equipment asset total that was allocated to the production of like goods. The data provided was for the injury analysis period. **Figure A-9.5.4.2** (below) indicates that the value of the total asset allocated to the production of rebar has declined overall during the injury analysis period, with the greatest decline occurring during investigation period.



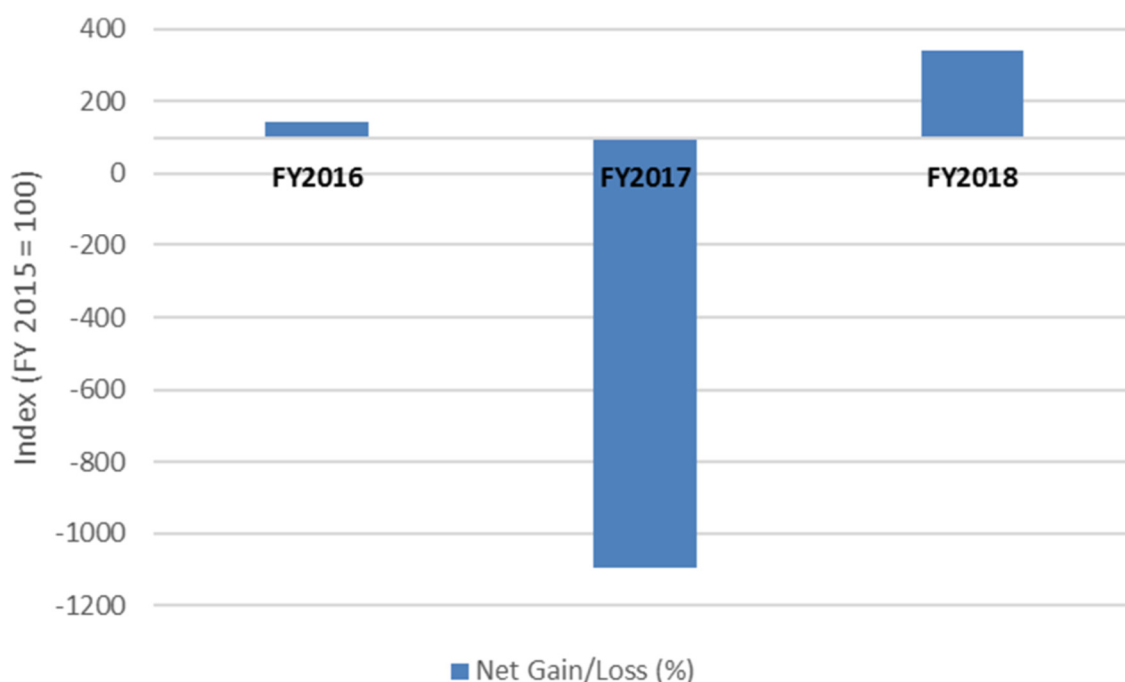


**Figure A-9.5.4.2** Index of value of assets allocated to the production of like goods (Source: [appendix A7](#)).

### 5.4.3 Return on investment

To demonstrate changes in its return on investment across the injury analysis period, the industry applicant has divided its net gain or loss from its domestic sales of like goods by the 'like goods' asset, and allocated it based on production volumes of the like goods. Data is provided in appendix A7 for FY 2015 to FY 2018. The data indicates that the industry applicant's return on investment shows an improvement in FY 2016 as compared to the previous financial year, but then takes a significant decline in FY 2017, before recovering in the investigation period. The industry applicant observes that this is consistent with its view concerning its loss of profits and reduced profitability during the injury analysis period.

**Figure A-9.5.4.3** (below) illustrates changes across the industry applicant's return on investment across the injury analysis period.



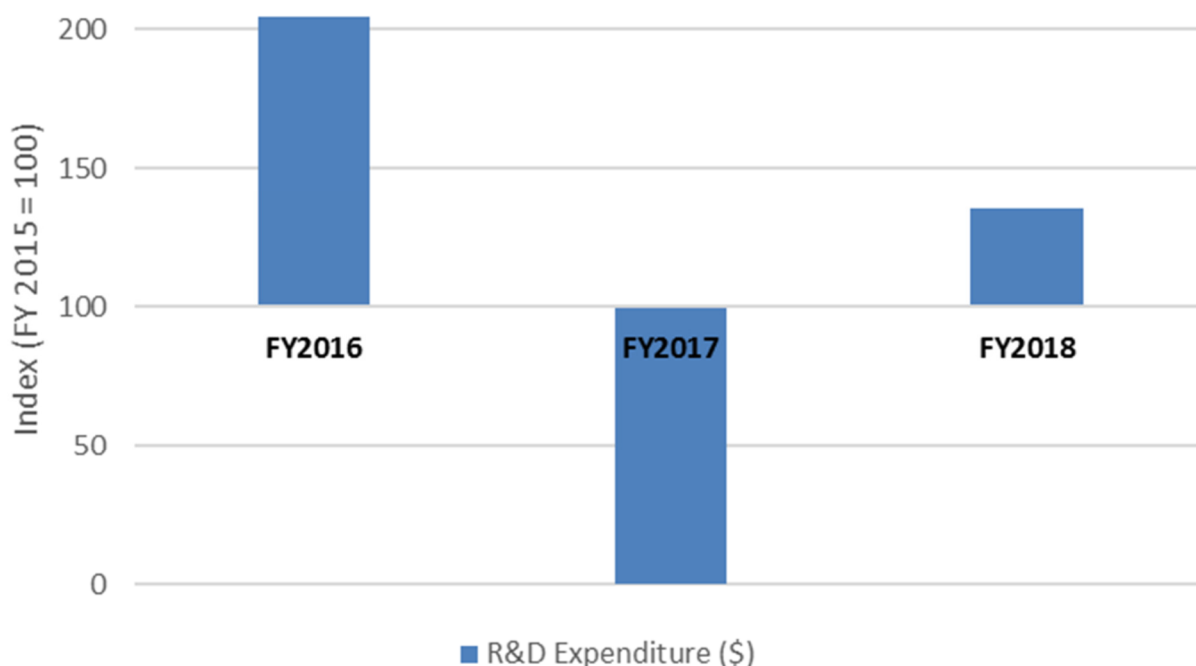
**Figure A-9.5.4.3** Index of Australian industry's return on investment (Source: appendix A7).

In spite, of the improvement in its return on investment during the proposed investigation period, the industry applicant still claims material injury in the form of loss of return on investment (refer **Section A-9.4.2** (above)). This conclusion is consistent with the *Ministerial Direction on Material Injury 2012 dated 27 April 2012 (the Ministerial Direction)*, insofar as the Australian industry asserts that it would have been more prosperous if not for the presence of the dumped and/or subsidised imports.

#### 5.4.4 Research and Development (R&D) expenditure

**Figure A-9.5.4.4** (below) illustrates changes in the industry applicant's expenditure on research and development across the injury analysis period.

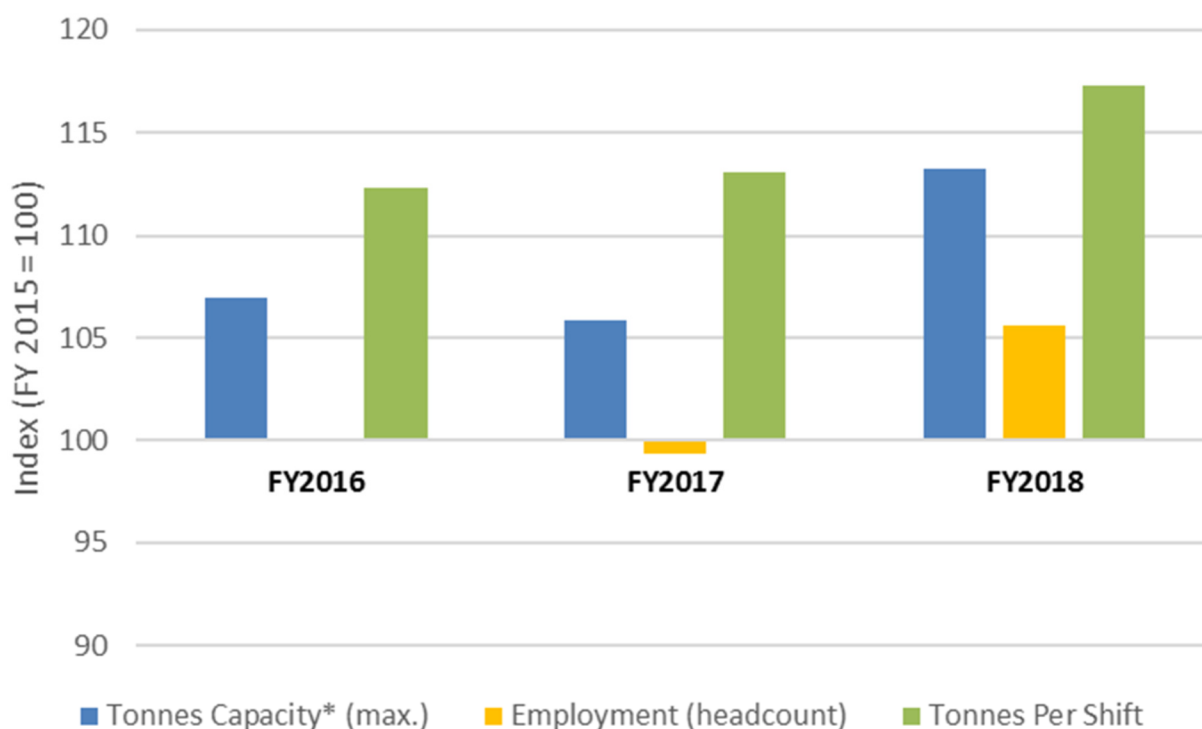
Following an increase in R&D expenditure in FY 2016 as compared to the previous financial year, in FY 2017 it collapsed altogether, before recovering in FY 2018 to levels greater than FY 2015, but significantly less than FY 2016.



**Figure A-9.5.4.4** Index of Australian industry's R&D expenditure (Source: appendix A7).

#### 5.4.5 Capacity, employment and productivity

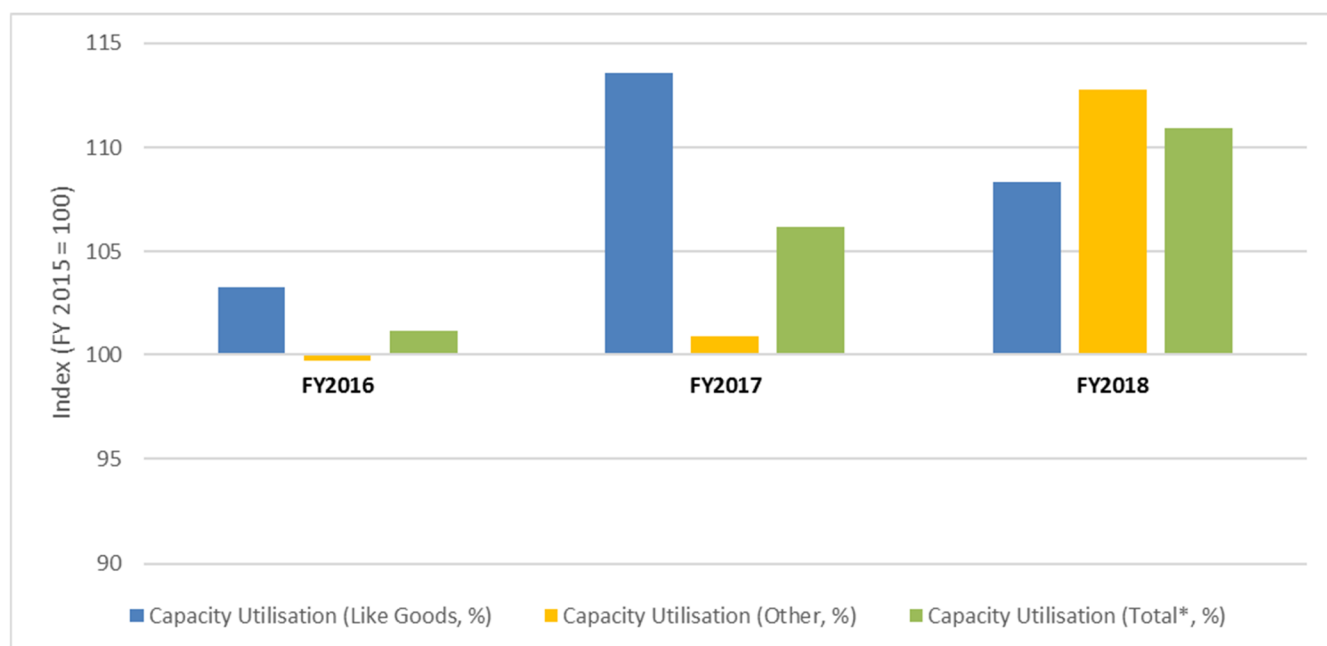
**Figure A-9.5.4.5** (below) indicates the Australian industry's improvements in capacity achieved through increased employment numbers (following the introduction of an additional shift) and the improvement in productivity (calculated in terms of tonnes produced per shift) in the production of the like goods.



**Figure A-9.5.4.5** Index of Australian industry's capacity, employment levels and productivity for the like goods (Source: appendix A7).

#### 5.4.6 Capacity utilisation

The industry applicant has experienced material injury in the form of lost capacity utilisation. **Figure A-9.5.4.6** (below) indicates that although the capacity utilisation of the like goods has increased in trend terms across the injury analysis period, during the proposed investigation period it has failed to keep pace with the capacity utilisation rates for 'other' goods produced by the industry applicant.



**Figure A-9.5.4.6** Capacity utilisation rates of the industry applicant for the like goods, other production and total (inclusive of like goods) production (Source: [appendix A7](#)).

As a measure of the materiality of the injury experienced by the industry applicant, had the capacity utilisation rate for the like goods kept pace with 'other' production (not the like goods), then an additional [REDACTED] tonnes of the like goods could have been produced, increasing the industry applicant's capacity utilisation rate for the like goods by 16 per cent, and increasing overall capacity utilisation by [REDACTED] per cent. The analysis is contained below:

	Actual	Non-injurious	Injury
Capacity (total, all production)	[REDACTED]	[REDACTED]	[REDACTED]
Like goods (production)	[REDACTED]	[REDACTED]	[REDACTED]
Like goods (utilisation rate)	[REDACTED]	[REDACTED]	16%
Other goods (utilisation rate)	[REDACTED]	[REDACTED]	[REDACTED]
Total (utilisation rate)	[REDACTED]	100%	[REDACTED]

#### 5.4.7 Growing stock on hand

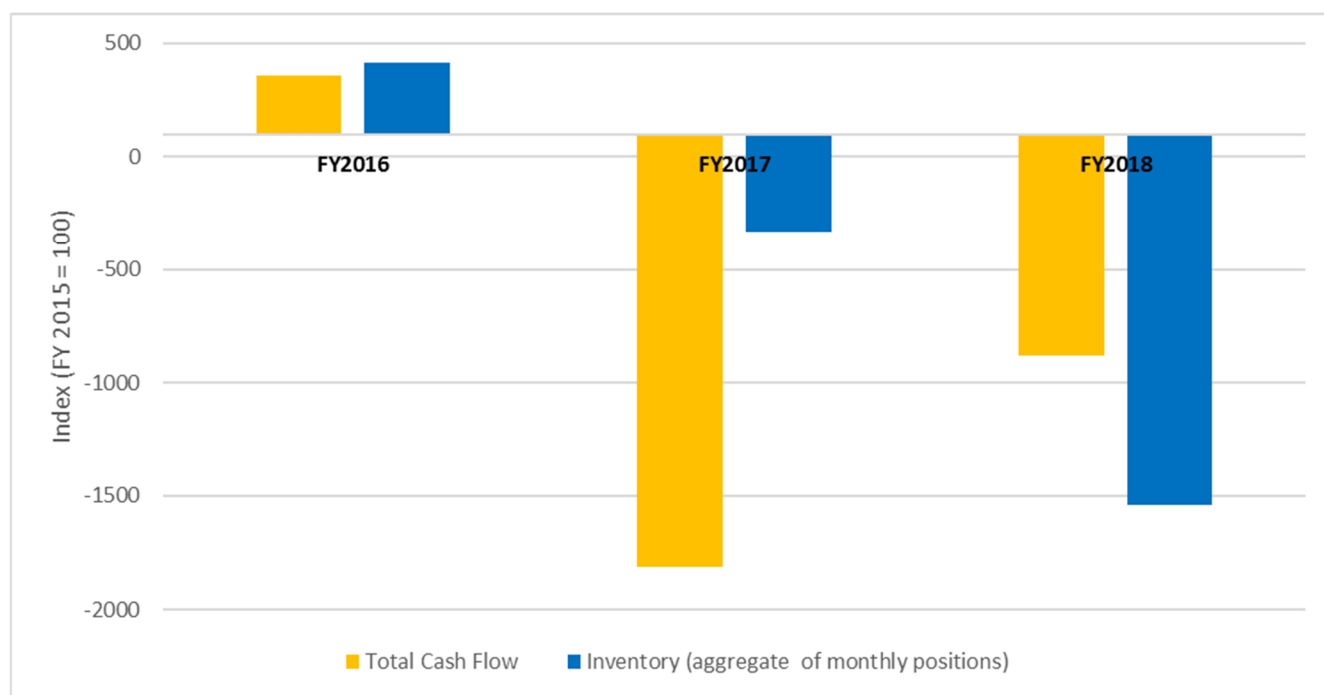
**Figure A-9.5.4.7** (below) indicates significant growth in rebar stock on hand in the proposed investigation period. The growth of stock on hand is consistent with the industry applicant's view regarding its loss of market share.



**Figure A-9.5.4.7** Closing stock on hand position of the industry applicant for the like goods and all own production (Source: [appendix A7](#)).

#### 5.4.8 Cash flow measures

Consistent with its contention regarding the growth in its closing stock holding position for the like goods, the industry applicant's inventory position (comprising the annual aggregate of monthly movements in raw materials, work-in-progress and finished goods) also deteriorated significantly across the injury analysis period, with -363 per cent decline in the investigation period, when compared to the previous financial year (FY 2017). **Figure A-9.5.4.8** (below) illustrates how the deterioration in the industry's inventory position during the investigation period leads the overall negative trend in the industry's net cashflow position.



**Figure A-9.5.4.8** Changes in the Australian industry's cash flow measures across the injury analysis period

#### 5.4.9 Other economic factors - Summary

The industry applicant considers that it has also experienced material injury to several other relevant economic factors set out in s. 269TAE(3),<sup>6</sup> specifically, injury in the form of:

- reduced return on investment;
- reduced investment in the industry by way of:
  - reductions in R&D expenditure across the injury analysis period; and
  - reductions in the value of assets allocated to the production of the like goods.
- reduced utilisation of the capacity of the industry to produce the like goods;
- increased quantities of like goods produced which are held as stock on hand; and
- reduced cash flow in the industry.

#### 5.5 Materiality of injury

In the context of a growing Australian rebar market, the industry applicant contends that the injury suffered by it (and caused by the dumped and/or subsidised imports from Turkey) is greater than that likely to occur in the normal ebb and flow of business.

The industry applicant has lost market share in a growing market and has experienced price suppression during the investigation period. When considered as a whole, these factors have adversely impacted on its profits and profitability in relation to rebar, collectively and not in isolation, and when also taking into account all relevant economic factors, the Australian industry has experienced injury from dumped and/or subsidised imports from Turkey, and that this injury is material.

<sup>6</sup> Unless otherwise specified all legislative references herein are to the *Customs Act 1901*.

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.

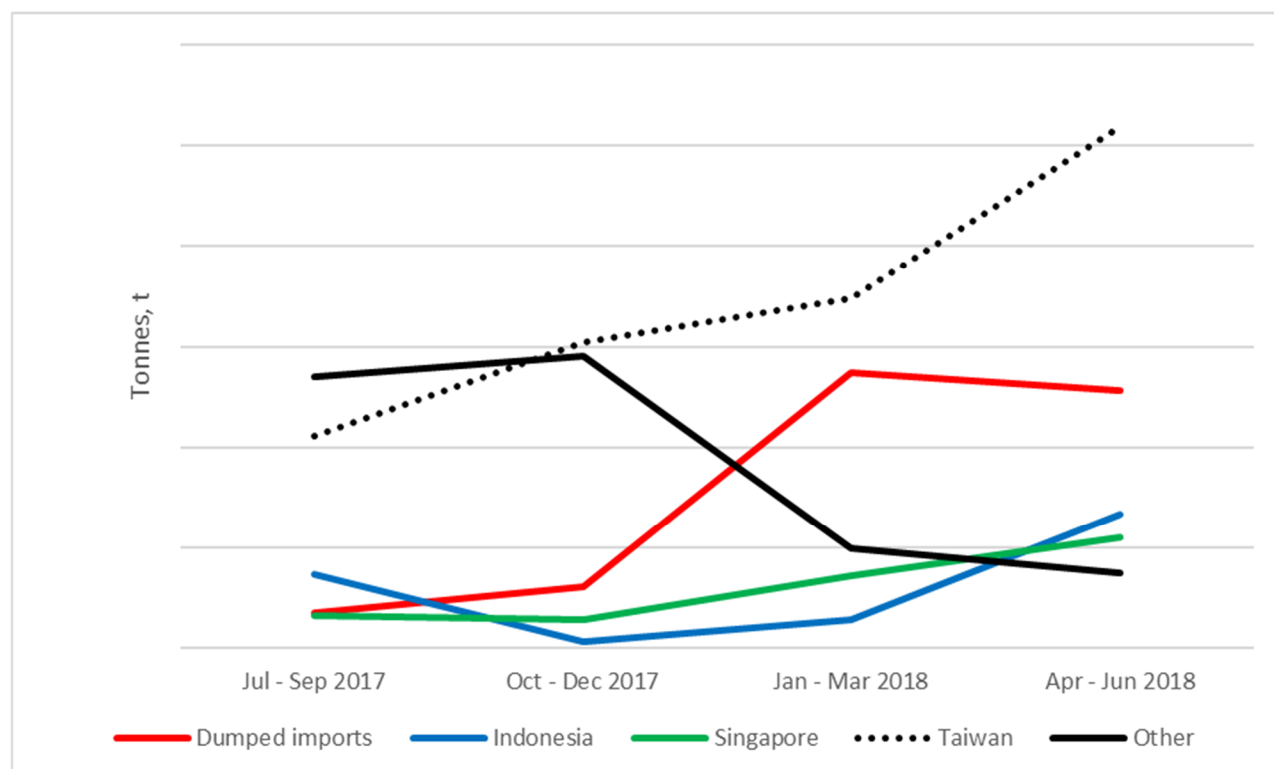
Subsection 269TAE(2A) contains a list of factors that the Parliamentary Secretary must have regard to when considering whether injury is being caused by factors other than exportation of the dumped goods, but it is not an exhaustive list.

## 6.1 the volume and prices of imported like goods that are not dumped and/or subsidised

**Figures A-9.6.1** and **A-9.6.2** (below) indicate the volumes and prices of the goods exported from Turkey and like goods exported from certain other countries. The volumes and values are presented for the goods and like goods in terms of their form (DBIL or DBIC).

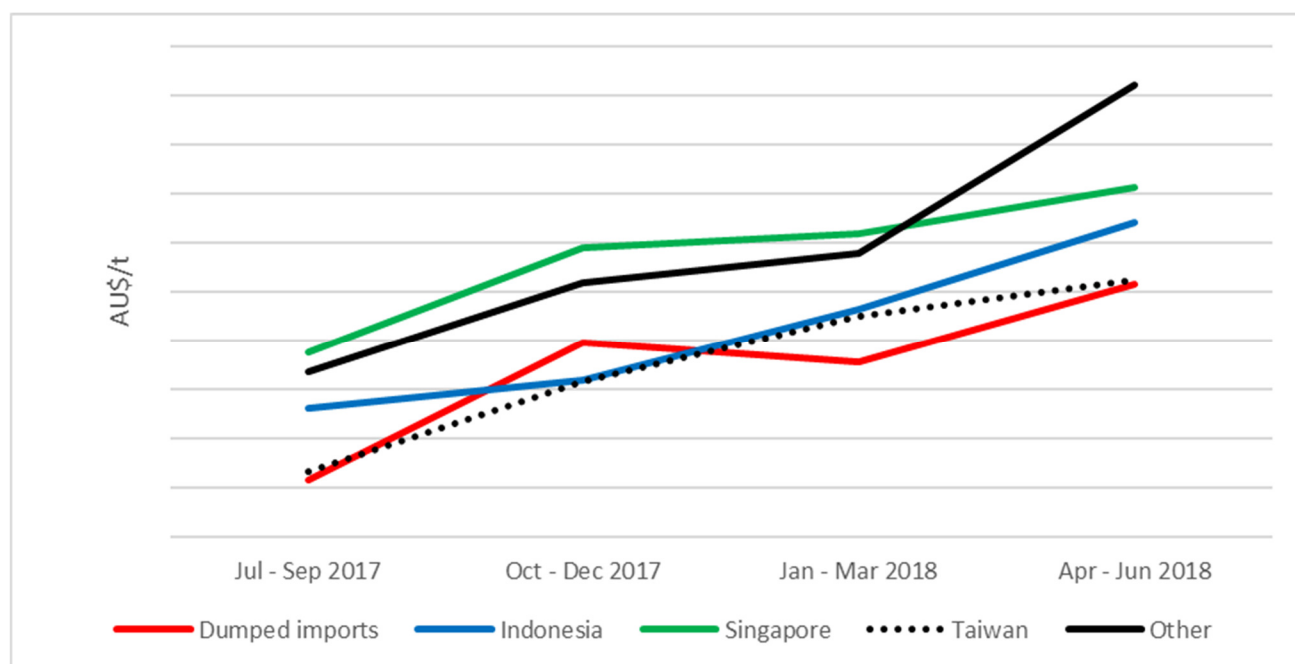
### 6.1.1 Rebar in straight lengths (DBIL)

**Figures A-9.6.1(a) and (b)** (below) indicate that imports from Turkey, although not the single largest source (by volume) of DBIL imported to Australia, amounted to approximately 20 per cent of overall imports of DBIL into Australia over the investigation period. The export price of DBIL exported from Turkey constituted the lowest export price in three of the four quarters of the investigation period.



**Figure A-9.6.1(a)** DBIL: Volume of imports from Turkey and other sources (Source: [appendix A2](#))

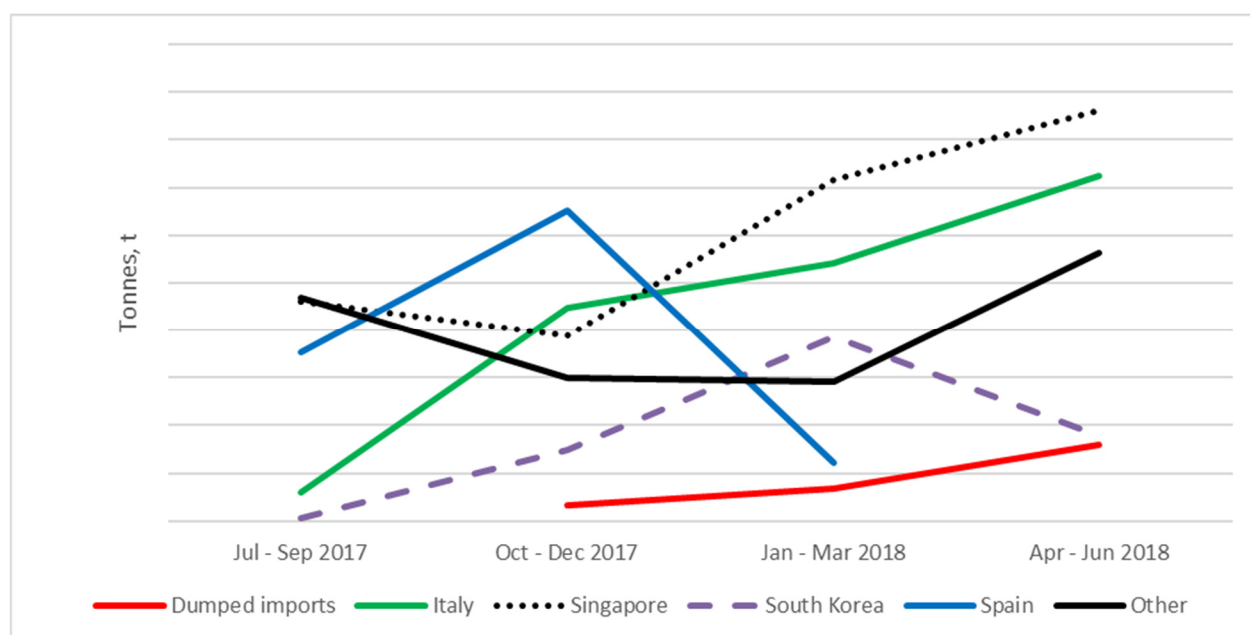




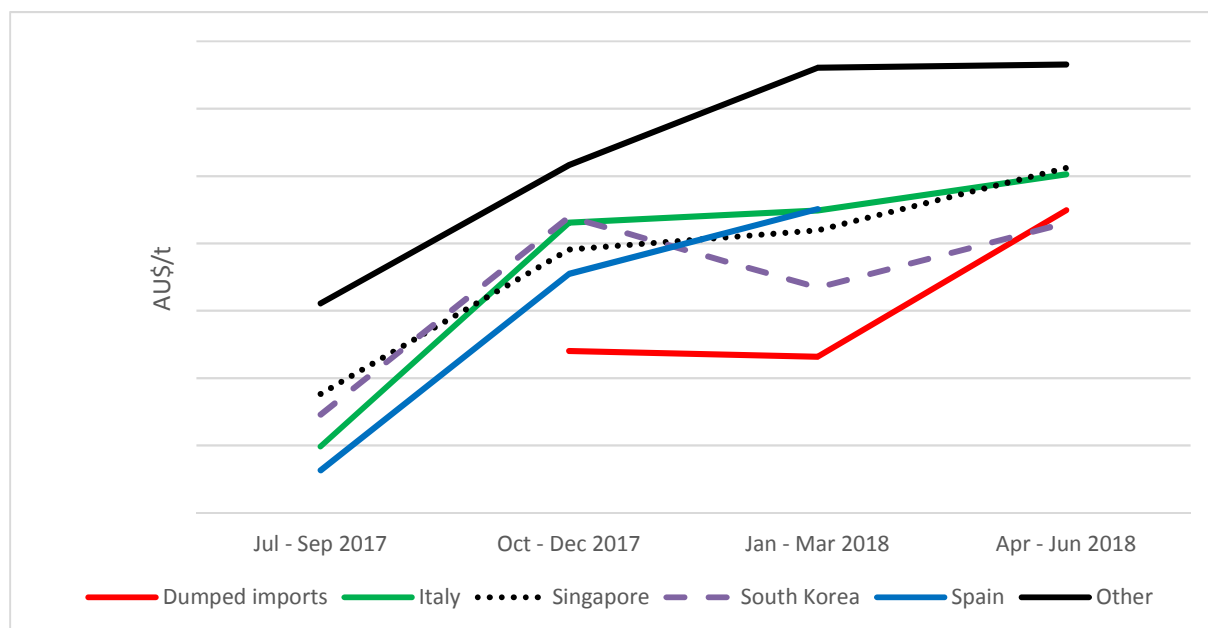
**Figure A-9.6.1(b)** DBIL: Weighted average FOB export prices of imports from Turkey and imports from other sources (Source: [appendix A2](#))

### 6.1.2 Rebar in coil form (DBIC)

**Figures A-9.6.2(a) and (b)** (below) indicate that imports from Turkey, although not the single largest source (by volume) of DBIL imported to Australia, amounted to approximately 7 per cent of overall imports of DBIC into Australia over the investigation period. The export price of DBIC exported from Turkey constituted the lowest export price in every quarter of the investigation period in which it was imported.



**Figure A-9.6.2(a)** DBIC: Volume of imports from Turkey and other sources (Source: [appendix A2](#))



**Figure A-9.6.2(b) DBIC: Weighted average FOB export prices of imports from Turkey and imports from other sources** (Source: [appendix A2](#))

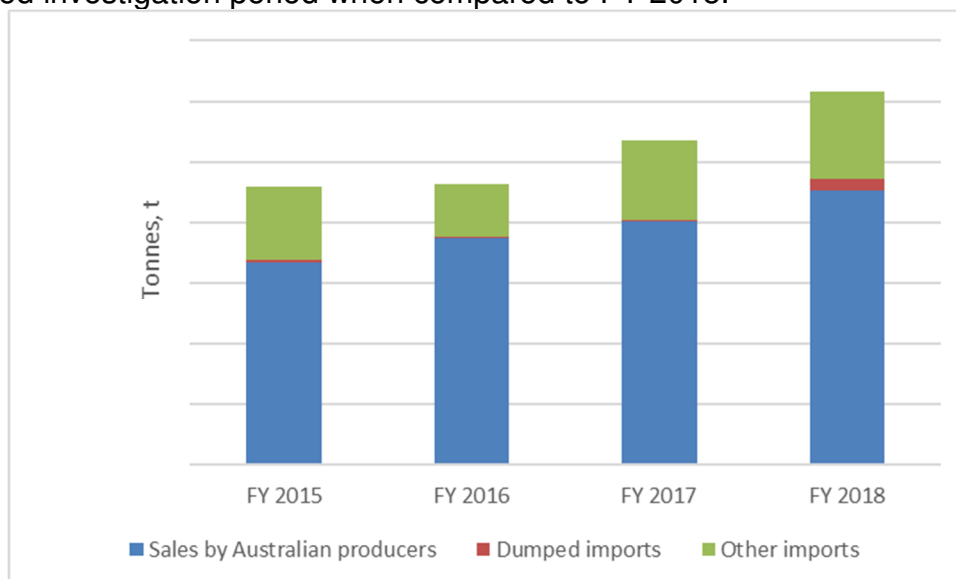
### 6.1.3 Summary

The industry applicant considers that while goods exported from sources other than Turkey were in the market and they undercut the industry applicant's prices, the imports from Turkey alleged to involve dumping and countervailable subsidisation<sup>7</sup> had a significant effect on the prices, market share, profits and profitability of the Australian industry. The industry applicant's price undercutting analysis (discussed at **Section A-9.2**, above) indicates that import offers from Turkey exerted a downward pressure on the industry applicant's prices for a majority of the investigation period. This downward price pressure was exerted across the proposed investigation period on the applicant's prices by the operation of its market price mechanism. The applicant sets its price to individual customers according to the lowest offer that an individual customer receives. It will be observed that during the proposed investigation period, offers from Turkey operated to consistently undercut the applicant's prices and caused the applicant to reduce or suppress its prices in order to attempt to maintain sales volume to the specific customer and overall market share. Therefore, exports from Turkey do not need to be the largest supplier in the market to cause injury to the Australian industry, but rather the prices at which the goods are offered into the Australian market need only undercut the applicant's price to its customers to cause it to suffer price injury and alternatively (where the sale is lost) volume injury. However, applied here, the applicant contends that Turkey exported sufficient volumes of rebar to Australia during the investigation period as compared to the export volumes from other sources to cause the industry applicant the material injury complained of. Therefore, despite the effect of the imports from other sources, the injury to the Australian industry caused by the goods from Turkey is material and significant.

<sup>7</sup> References in this application to goods or imports exported from Turkey that are "dumped" or to involve "dumping", shall include a reference to those goods being "dumped and subsidised" or to involve "dumping and countervailable subsidisation", as the context permits.

## 6.2 Contractions in demand or changes in patterns of consumption

**Figure A-9.6.2.1** (below) illustrates that the demand for the goods and like goods has not contracted across the injury analysis period, but has instead expanded by 17.4 per cent in the proposed investigation period when compared to FY 2015.



**Figure A-9-6.2.1** Australian rebar market (Source: [appendix A2](#))

The industry applicant is not aware of changes in patterns of consumption in the proposed investigation period such that reduced the demand for the goods and like goods in the Australian market.

## 6.3 Restrictive trade practices of, and competition between, foreign and Australian producers of like goods

The industry applicant does not supply like goods to all participants in the Australian market; rather it supplies rebar to customers who are larger distributors and who are willing to agree to the terms of its Supply Agreement. In this regard it is worth noting that the terms of its Supply Agreement have never been challenged or have ever been questioned by the Australian Competition and Consumer Commission. Absent any restrictive trade practices there is no prescribed 'other factor' to consider under paragraph 269TAE(2A)(d) and Article 3.5 of the Anti-dumping Agreement as a factor to be assessed in a non-attribution analysis. It may be that from time to time, there is an inability between parties to reach agreement (regarding the volume requirements imposed by the Australian industry and price).

Whether or not a domestic industry applicant is able to supply 100% of the domestic market is unremarkable both generally and in the context of an anti-dumping investigation. Indeed, an anti-dumping investigation is only possible in circumstances where the domestic industry does not supply 100% of the local market. Therefore, the fact that the industry applicant supplies less than 100% of the domestic rebar market does not, in itself, constitute an 'other factor' requiring consideration by the Commissioner.

## **6.4 Developments in technology**

The industry applicant is unaware of any developments in technology that would otherwise explain any aspect of the material injury experienced by the Australian industry.

## **6.5 Export performance and productivity of the Australian industry**

### **6.5.1 Export sales**

Given the small proportion of the industry applicant's export sales (< 2 per cent by volume), it cannot be a factor causing injury.

### **6.5.2 Productivity**

Figure A-9.5.4.5 (above) indicates that across the injury analysis period the industry applicant has improved its measure of productivity by 17 per cent.

## **6.6 Other factors – Australian industry own imports**

The industry applicant is an exclusive Australian importer and distributor of rebar manufactured by an exporter not subject to this investigation and that during the investigation period it had supplemented its supply with some imported rebar from sources other than Turkey.

For the purpose of assessing volume injury, the industry applicant has separately identified its volume of domestic sales of imported rebar. As its own imports cannot be considered to have caused it injury, none of the above injury analysis has included the Australian industry's domestic sales of imported rebar.

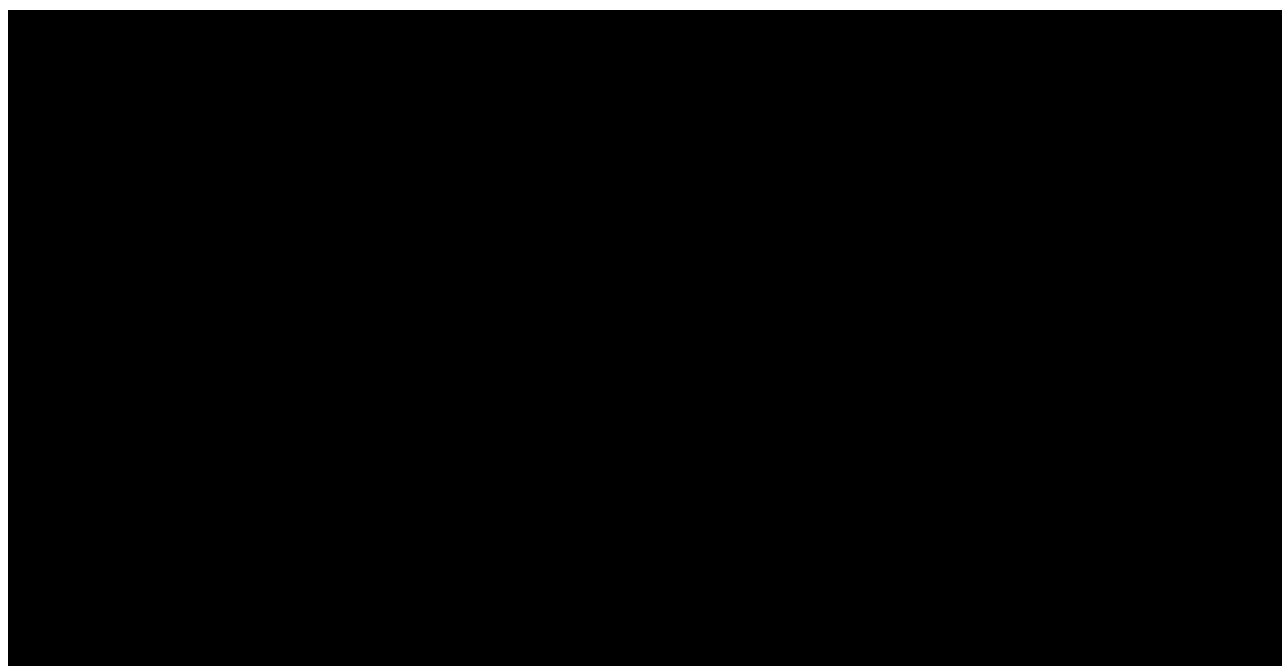
## **6.7 Causation**

For all the reasons discussed above, the industry applicant considers that the injury suffered by it is directly attributable to the alleged dumped exports from Turkey. It is not necessary that the dumping be the sole cause of injury to the Australian industry. It must however not be insignificant or immaterial.

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.

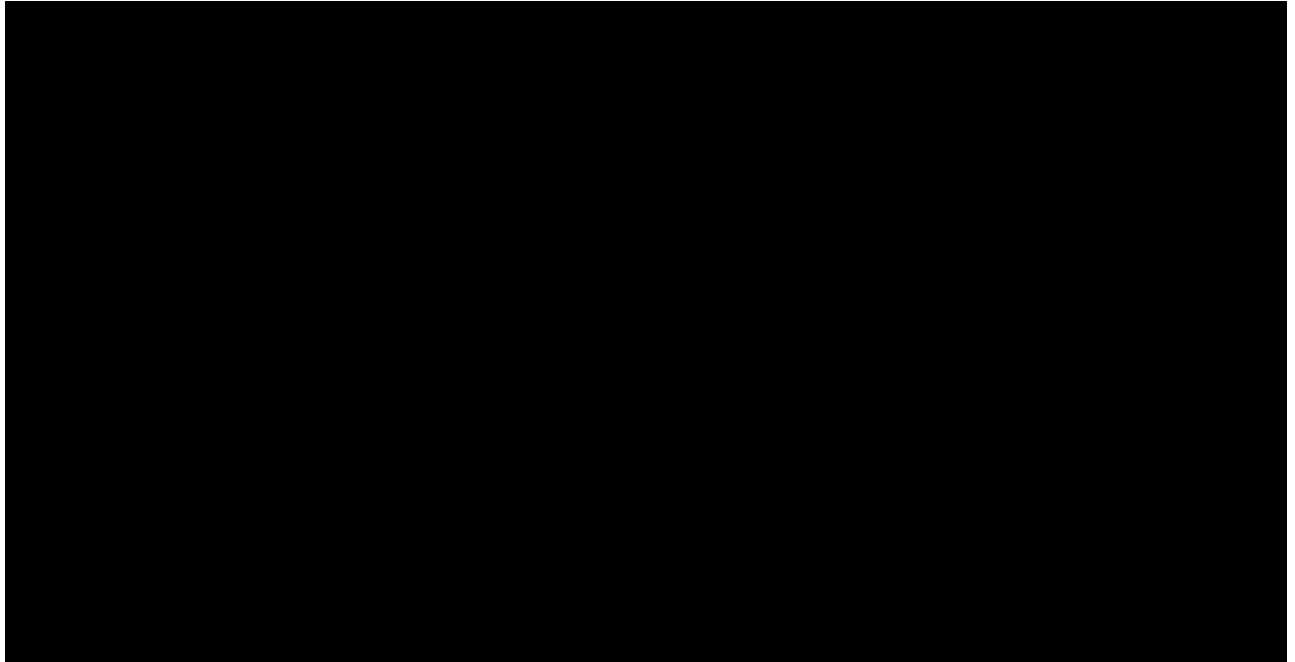
#### 7.1 Future volumes of dumped imports and their volume effects

**Confidential Figure A-9.7.1.1** (below) indicates the future volumes of DBIL bound to be imported into Australia in the period following the proposed investigation period (ending 30 June 2018)



**CONFIDENTIAL Figure A-9.7.1.1** Export volume and price of DBIL exported to Australia from Turkey (Source: [CONFIDENTIAL ATTACHMENT A-9.7.1](#))

When expressed as a percentage of total export volumes, exports of DBIL from Turkey for expected arrival (import clearance) in Australia in July, August and September 2018, increase from 36 per cent to 70 per cent of total export volumes of DBIL. This relationship is illustrated in **Confidential Figure A-9.7.1.2** (below).

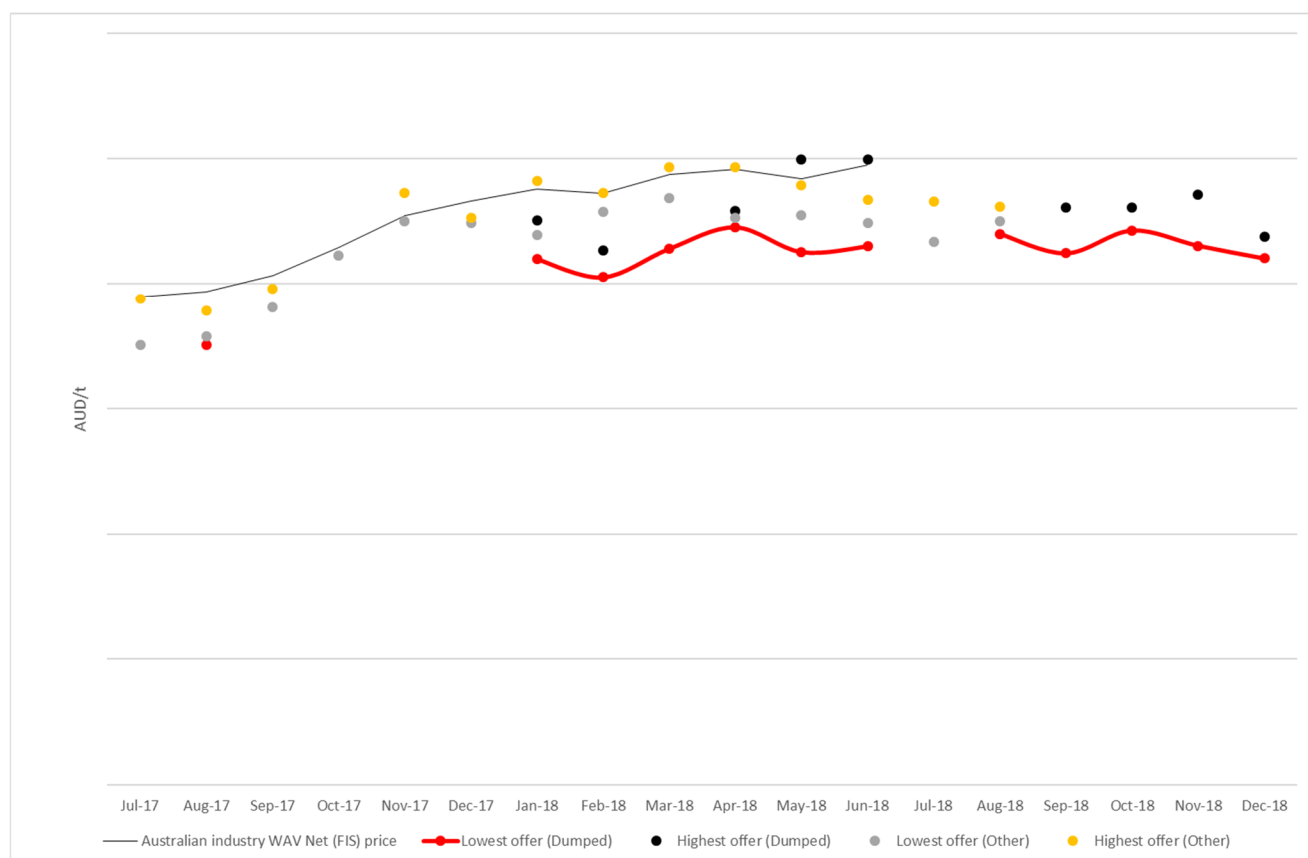


**CONFIDENTIAL Figure A-9.7.1.2** Export volume and price of DBIL exported to Australia from Turkey and all other sources (Source: [CONFIDENTIAL ATTACHMENT A-9.7.1](#))

Should imports from Turkey continue to be exported in the volumes anticipated, then the Australian industry expects that these volumes will continue to displace its domestic sales volume, resulting in sales volume loss and/or loss of market share.

## **7.2 Future prices of dumped imports and their price effects**

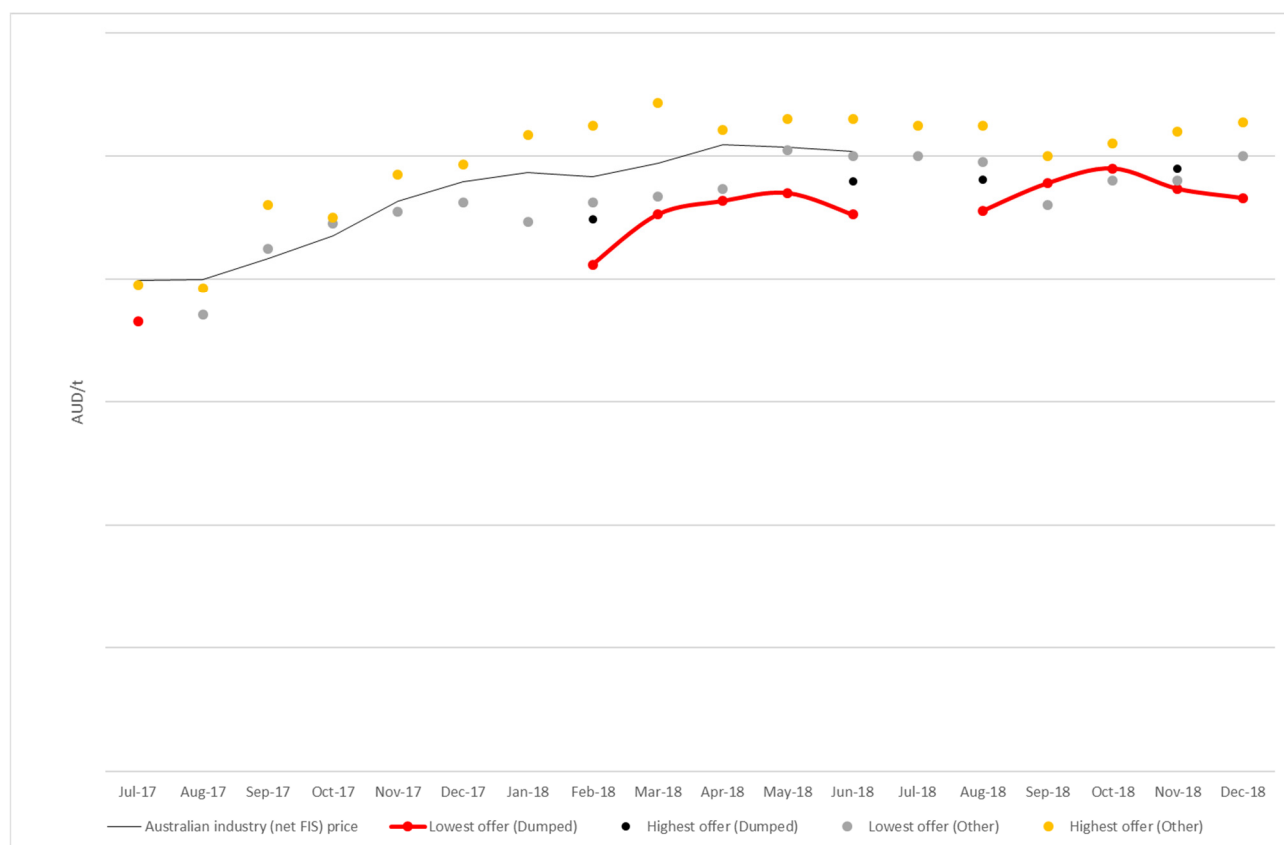
A reproduction (below) of **Figures A-9.2.1.4** and **A-9.2.1.5** indicate that in the period immediately following the proposed investigation period, price offers of dumped imports from Turkey continue to be made in the Australian market, in every month, except July 2018.



**Figure A-9.2.1.4 Pricing over investigation period and 2018 calendar year – DBIL** (Sources: appendix A6.1 and CONFIDENTIAL ATTACHMENT A-9.2.1)

In the case of DBIL, the price offers of the dumped imports from Turkey undercut the prices of all other sources in the Australian market.

In the case of DBIC, the price offers of the dumped imports undercut every other price offer in the market in all but two months (September and October 2018).



**Figure A-9.2.1.5** Pricing over investigation period and 2018 calendar year – DBIC (Sources: appendix A6.1 and CONFIDENTIAL ATTACHMENT A-9.2.1)

Given the Australian industry's market based pricing policy for both external and internal customers, it is to be expected that the price offers of the dumped imports from Turkey will continue to cause the industry applicant to respond to price undercutting by reducing its prices for like goods to its customers. In other words, the patterns of price suppression observed during the proposed investigation period will continue to apply.

**Figure A-9.7.1.2** (above), suggests that the export prices of the goods exported from Turkey continue to decline. Such a pattern in price behaviour designed to support the levels of price undercutting observed by the industry applicant will continue to cause price suppression, lost profits and reduced profitability.



# 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.

The goods the subject of this application are exported from Turkey.

2. Identify whether each country is also the country of origin of the imported goods. If not, provide details.

It is the applicant's understanding that the country of export is also the country of origin of the goods the subject of this application.

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.

Not applicable.

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.

The following entities are believed to be both the producers and exporters of the goods exported to Australia:

- (i) **Habas Sinai Ve Tibbi Gazlar Istihsal Endustrisi A.S. (Habas)**

[REDACTED]

TURKEY

Tel : [REDACTED]  
Fax : [REDACTED]

- (ii) **Diler Iron and Steel Co., Inc. (Diler)**

[REDACTED]

TURKEY

Tel : [REDACTED]  
Fax : [REDACTED]

(iii) **KROMAN ÇELİK SANAYİİ A.Ş. (Kroman Celik)**

[REDACTED]

TURKEY

Tel : [REDACTED]

Fax : [REDACTED]

(iv) **Çolakoğlu Metalurji A.Ş. (Colakoglu)**

[REDACTED]

TURKEY

Tel : [REDACTED]

Fax : [REDACTED]

The following entities are believed to be importers of the goods exported to Australia:

(i) **THYSSENKRUPP MANNEX PTY LTD**

[REDACTED]

AUSTRALIA

Tel : [REDACTED]

(ii) **DITH AUSTRALIA PTY LTD**

[REDACTED]

AUSTRALIA

(iii) **MACSTEEL INTERNATIONAL AUSTRALIA PTY LTD**

[REDACTED]

AUSTRALIA

Tel : [REDACTED]

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.

Refer to **Section B-1.6** (below).

## PUBLIC RECORD

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

Turkey is regarded a developing country subject to DCS rates of duty (Part 4, Schedule 1 of the *Customs Tariff*). As indicated at appendix A2 the import volume from Turkey exceeds 4% of all imports of the product into Australia.

## 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.

The FOB export prices of the imported goods have been provided for rebar in straight lengths (**DBIL**) and rebar in coil (**DBIC**), based on the HS code of the tariff reported at the 6-digit nomenclature, i.e. 7214.20 for DBIL, and 7213.10 for DBIC.

The published data is proprietary to the applicant, and cannot be disclosed under the terms of its user-license agreement. The data does not distinguish between grades for the imported goods, however, given the ACRS certification held by the named Turkish exporters, it is assumed that this is AS/NZS4671:2001 Grade 500N product of various diameters.<sup>8</sup>

The export prices of goods exported during the investigation period have been estimated under paragraph 269TAB(1)(a), as the price paid for the goods by the importer, less transport and other costs arising after exportation.

### 1.1 Export Price – Turkey - DBIL

<i>Date of Export</i>	<i>Sum of Qty (tonnes, t)</i>	<i>Total Value (US\$, FOB)</i>	<i>Export Price (FOB) Average US\$/t</i>
Jul-17			
Aug-17			
Sep-17			
Oct-17			
Nov-17			
Dec-17			
Jan-18			
Feb-18			
Mar-18			
Apr-18			
May-18			
Jun-18			

**Table B-2.1.1** Export volume, value and FOB price for DBIL (HS Code 7214.20) exported from Turkey during the proposed investigation period (Source: [CONFIDENTIAL ATTACHMENT B-2.1](#))

<sup>8</sup> In the case of DBIC produced by Kroman Çelik Sanayii AŞ, Grade 250N rebar in coil form has also been certified.

## 1.1.2 Export Price – Turkey - DBIC

<i>Date of Export</i>	<i>Sum of Qty (tonnes, t)</i>	<i>Total Value (US\$, FOB)</i>	<i>Export Price (FOB) Average US\$/t</i>
Jul-17			
Aug-17			
Sep-17			
Oct-17			
Nov-17			
Dec-17			
Jan-18			
Feb-18			
Mar-18			
Apr-18			
May-18			
Jun-18			

**Table B-2.1.1** Export volume, value and FOB price for DBIC (HS Code 7213.10) exported from Turkey during the proposed investigation period (Source: [CONFIDENTIAL ATTACHMENT B-2.1](#))

**2. Specify the terms and conditions of the sale, where known.**

The published export prices for the imported goods from Turkey are at the Free-On-Board, country of export point of sale (i.e. at wharf in country of export).

The applicant understands that the FOB export prices will therefore include an amount for inland freight to the port of lading.

**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.**

The published export prices for Turkey are considered adequate for the purposes of this application. However, the applicant notes that if following the initiation of the investigation, either it or the Commission becomes aware of any circumstances which renders the determination of an export price under paragraph 269TAB(1)(a), inappropriate, then the applicant reserves the right to request the Commission to determine the export price for any one or more of the exporters under alternate provisions of the Act.

**PUBLIC RECORD**

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.

Refer to CONFIDENTIAL ATTACHMENT B-2.4 for all evidence supporting the calculation of export prices of the imported goods from Turkey.

The applicant considers that DBIC (rebar in coil) may in some instances be classified as DBIL (rebar straights) and vice versa for export. Due to the high levels of confidentiality restrictions (“no commodity details” and “selected country details”) being applied to the relevant ABS import statistics HS codes, the applicant has had no choice but to rely on alternative data sources in this instance.

**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.

The EXW domestic selling prices of the like goods in Turkey have been provided for rebar in straight lengths (**DBIL**). Licensed market price research survey material providing information on the domestic selling prices are only available for DBIL, and not rebar in coil (**DBIC**) – Table B-3.1 (below) refers:

<i>Domestic Sale Period</i>	<i>Average (EXW) Domestic Value (TRY/t)</i>
Jul-17	
Aug-17	
Sep-17	
Oct-17	
Nov-17	
Dec-17	
Jan-18	
Feb-18	
Mar-18	
Apr-18	
May-18	
Jun-18	

**Table B-3.1** Ex-works domestic sell price for DBIL in Turkey across the proposed investigation period (Source: [CONFIDENTIAL ATTACHMENT B-3.3](#))

2. Specify the terms and conditions of the sale, where known.

In summary, the specifications of the like goods and the terms and conditions of the sale forming the licensed market price research survey are:

- Commercial grades as per ASTM A615/A615 M, BS 4449 or equivalent, i.e. Grade 500 (see note 1, below);
- 12 mm diameter model;
- 6 metre lengths;
- Standard order sizes of 100 metric tonnes per diameter model;
- Ex-warehouse (**EXW**) delivery terms;
- Three to six week delivery lead times;
- Payment upon delivery;
- Exclusive of 18% VAT (value added tax);
- Actual weight invoicing basis; and
- Price quoted in Turkish Lira per metric tonnes.



**Note 1:** *BS 4449: 2005 Steel for the reinforcement of concrete weldable reinforcing steel, bar, coil and decoiled product* represents a full revision of the standard and defines three grades of reinforcement conforming to BS EN 10080; B500A, B500B and the 'new' B500C. The characteristic yield strength has been increased from 460 MPa to 500 MPa.

3. Provide supporting documentary evidence.

Refer to CONFIDENTIAL ATTACHMENT B-3.3.

4. List the names and contact details of other known sellers of like goods in the domestic market of the exporting country.

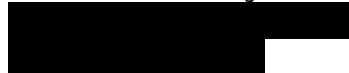
Refer to the producers identified in **Section B-1.4** (above).

Other known Turkish reinforcing bar producers (who do not currently hold ACRS certification for rebar) include:

**İstanbul Çelik Demir İzabe Sanayi Inc. (İÇDAŞ)**



**Karabük demir çelik sanayi ve ticaret a.ş (KARDEMİR)**



#### **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).

The licensed market price research survey for domestic selling prices in Turkey for the DBIL model of the goods is considered adequate for the purposes of this application.

In the absence of reliable, complete domestic selling price information for the DBIC model of the goods, the industry applicant has estimated its normal value by using the cost to make the exported goods plus the selling and administration costs (as if they were sold in the exporters' domestic market).

To assist with calculating the constructed cost to make, the applicant has obtained (on a subscription basis) production cost economics for an exporter from Turkey. The cost economics data is sourced from [REDACTED] and monthly data for 2017 and 2018 has been used in the calculations. [REDACTED] analyses and reports on steel prices, steelmakers' costs, steel supply/demand and steel finances. The cost economics data used in completing appendix B2 is based on the production of rod in coils and is considered by the applicant to be representative of production cost for rebar in coils as a rod mill is used to produce both products.

Details concerning [REDACTED] form CONFIDENTIAL ATTACHMENT B-4.1.

2. Provide supporting documentary evidence.

Refer appendix B2 and CONFIDENTIAL ATTACHMENT B-4.2.

## **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.

### **1.1 Adjustments: Export packaging, inland transport and export handling fees**

The published export data is for FOB (free on board) prices (i.e. include local internal freight to wharf). It is also expected that the FOB price includes a containerisation charge. Appropriate adjustments to the normal value have been made for the purpose of this application.

### **1.2 Minimum Yield Strength (as per relevant Standard requirements)**

The minimum yield strength (or grade) of rebar sold domestically will need to be carefully model matched to ensure that the most appropriate domestic grades are compared to the grade of rebar being exported to Australia (AS/NZS 4671 Grade 500N i.e. minimum yield strength of 500MPa). Lower strength rebar grades i.e. minimum yield strength of 420MPa are known to occur in the Turkish domestic market. If sales of these lower strength grades are made by the exporters, the higher strength (500MPa) rebar would likely command a PRICE premium over the 420MPa rebar and adjustments would need to be made accordingly. The reason customers are prepared to pay a premium for higher strength rebar is that they require less steel in the construction to obtain the same strength.

The available information is not specific enough to quantify the amount of the adjustments for the purposes of the application, as such no adjustment has been made.

### **1.3 Manufacturing processes**

Rebar that has attained the required yield strength through a chemical addition at the steelmaking stage of a microalloy e.g. ferrovanadium or ferroniobium, will be more expensive to produce (due to the special alloy addition) than rebar that has been exposed to a thermo-mechanical (water quench) process in order to attain the strength required, and may command a price premium to the latter. This may affect fair price comparison and require adjustment.

The available information is not specific enough to quantify the amount of the adjustments for the purposes of the application, as such no adjustment has been made.

#### 1.4 Mass tolerance adjustment

Given the deformed (ribbed) nature of a reinforcing bar exterior, rebar Standards stipulate a mass per meter weight tolerance which varies depending on the Standard and according to the nominal cross-sectional diameter of rebar produced. As such, rebar may be sold by certain other sellers on a theoretical weight basis, as a sale may deliver less actual steel mass to a customer (can be typically 3-5% less) than the actual weight ordered and still comply with the Standard specifications. Thus there is a legitimate incentive for mills to “roll light” on rebar, thereby improving their steel yield while still fulfilling the customer requirements within the applicable Standard allowances.

The basis of sales for both domestic and export sales will need to be established for comparison purposes to ensure that theoretical weight priced domestic sales are converted to actual weight pricing via a mass tolerance adjustment for comparison to actual weight export sales as a 3-5% adjustment on volumes will significantly impact pricing comparisons.

The applicant provides a recent subscription-based article citing sales by Turkey on a theoretical weight basis with the conversion to actual weight basis pricing indicating a (typical) █████% upwards adjustment to the normal value should be made to appropriate exporters. Refer CONFIDENTIAL ATTACHMENT B-5.1.1.

#### 1.5 Currency conversion

Section 269TAF relates to the fair comparison of export price and normal value when a currency conversion is required. Applied here, it is necessary to convert the normal values from Turkish Lira (**TRY**) to United States Dollars (**USD**) to permit a comparison to the export prices denominated in USD.

During the proposed investigation period, the applicant observed fluctuations in the TRY/USD exchange rate. In order to ensure fair comparison between the normal values and export prices for the purpose of determining a dumping margin, it is necessary to consider the operation of s. 269TAF(3), namely that:

*If:*

- (a) the comparison referred to in subsection (1) requires the conversion of currencies;*
- and*
- (b) the rate of exchange between those currencies has undergone a short-term fluctuation;*

*the Minister may, for the purpose of that comparison, disregard that fluctuation.*

In *Dumping Investigation No. 240 (Rod in coils exported from Indonesia, Korea and Turkey)*, the Commission consider the operation of s. 269TAF(3) in relation to “short-term fluctuations” and found as follows:

*The Commission considers that the [USITC<sup>9</sup>] model specified in Policy Bulletin 96-1 provides a framework for assessing both short-term fluctuations independently of the underlying legislative and policy landscape. In the absence of an established practice the Commission believes it is reasonable to employ a methodology in use in a comparable jurisdiction for the purposes of conducting its analysis.*

*The Commission is satisfied that the model employed was reasonable for the purposes of conducting an analysis of currency movements.*

*The Commission has therefore maintained, for the purposes of this investigation, the position detailed in SEF 240 in regard short term currency fluctuations. The method applied in SEF 240 for determining short-term fluctuations in respect of Ispat is as follows:*

- an eight week moving average for the IDR against the USD was established for the investigation period;*
- daily actual rates were compared to the 8 week moving average and a daily variance benchmark was established; and*
- where the actual daily rate varied from the benchmark rate by more than two and a quarter per cent the actual daily rate was classified as fluctuating.*

*Where the daily rate was classified as a fluctuation the actual daily rate was set aside in favour of the benchmark rate pursuant to subsection 269TAF(3).<sup>10</sup>*

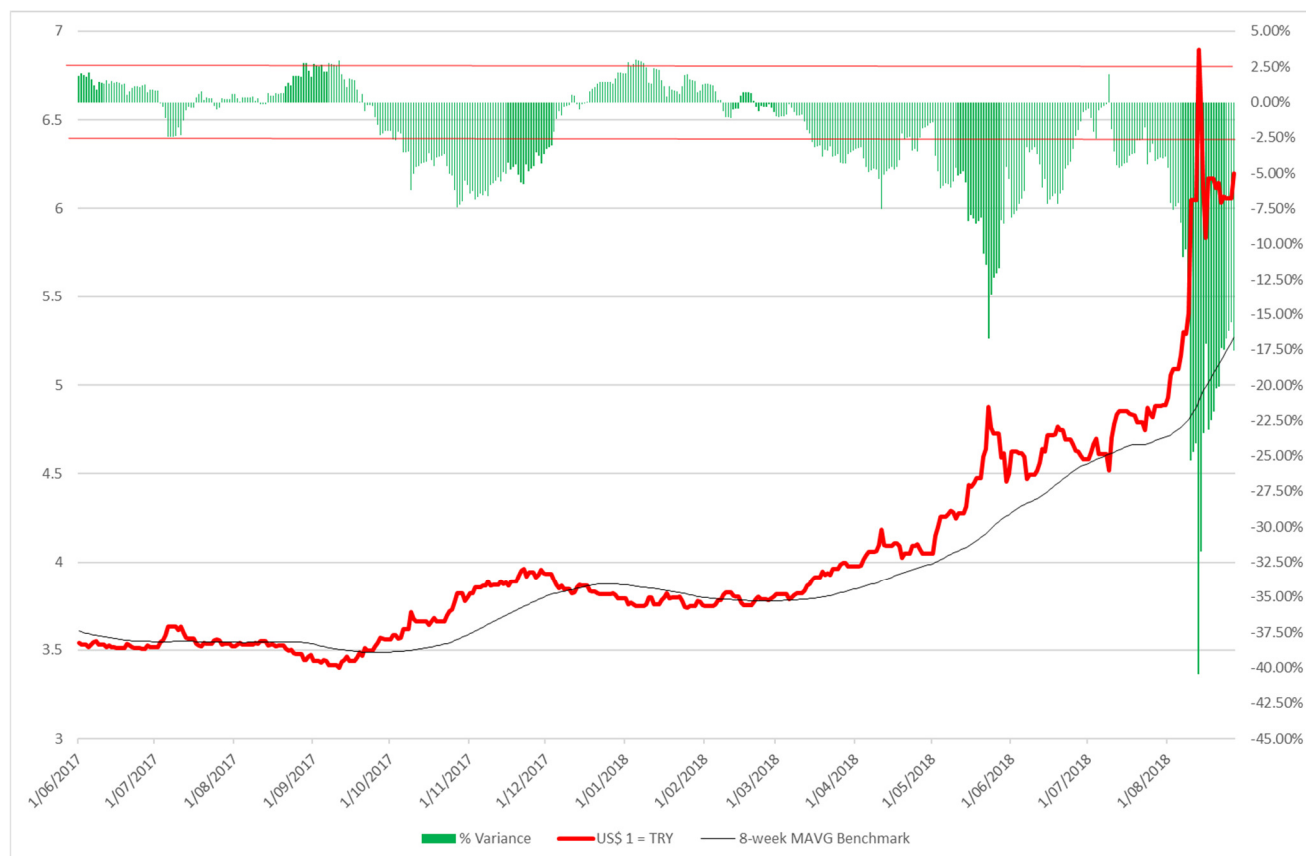
Applied here, the applicant has found that the TRY against the USD has demonstrated short-term fluctuations within the meaning of s. 269TAF(3). This is demonstrated in **Figure B-5.1** (below):

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<sup>9</sup> United States International Trade Commission

<sup>10</sup> REP 240 at p. 28.

## PUBLIC RECORD



**Figure B-5.1** Turkish Lira (TRY) against United States Dollar (USD) daily rate (LHS), eight-week moving average (**benchmark**) (LHS) and percentage variance between daily rate and benchmark (RHS) (Source: [CONFIDENTIAL ATTACHMENT B-5.1](#))

Accordingly, the applicant seeks the Commissioner, for the purpose of the comparison (between the normal values and export prices), disregard the short-term fluctuations between the TRY against the USD.

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.

The advice of [REDACTED], a global transport and logistics agency with representative offices in Turkey, has advised of the following additional costs to export sales of the goods from the EXW to FOB levels of trade:

Container pickup (& stuffing) to Izmir port:	USD [REDACTED]/container
Local charges (documentation, loading & customs fees):	USD [REDACTED]/container
VGM (verified gross mass required for all containers before loading):	USD [REDACTED]/container
<b>TOTAL:</b>	<b>USD [REDACTED]/container</b>

Based on 25 tonnes of rebar per 20 foot container an upward adjustment of **USD [REDACTED]** per ton containerisation, domestic transport to port and customs costs is required to the normal value. Evidence supporting this adjustment is contained in [CONFIDENTIAL ATTACHMENT B-5.2.1](#).

**PUBLIC RECORD**

In terms of the conversion of currency, the applicant has applied the approach outlined in REP 240, and calculated a revised currency exchange rate (disregarding daily rates affected by short-term fluctuations of more than 2.25%). The revised exchange rates are produced in **Table B-5.2** (below).

Monthly Average	US\$ 1 = TRY
<i>May-17</i>	3.58786
<i>Jun-17</i>	3.52201
<i>Jul-17</i>	3.54755
<i>Aug-17</i>	3.51894
<i>Sep-17</i>	3.49431
<i>Oct-17</i>	3.52911
<i>Nov-17</i>	3.69802
<i>Dec-17</i>	3.83310
<i>Jan-18</i>	3.80696
<i>Feb-18</i>	3.78164
<i>Mar-18</i>	3.81768
<i>Apr-18</i>	3.92902
<i>May-18</i>	4.11750
<i>Jun-18</i>	4.42038
<i>Jul-18</i>	4.64998
<i>Aug-18</i>	4.95051

**Table B-5.2** Revised exchange rates pursuant to s. 269TAF(3)

**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).

**1.1 Rebar straights (DBIL)**

Adjustment for fair comparison has been made to the exchange rate under s. 269TAF(3) and for price comparability under s. 269TAC(8).

Date of Export	Date of Domestic sale	Sum of Qty, tonnes (t)	Total FOB Export Value USD	Average FOB Export Price USD/t	Average EXW Domestic Value (Turkish Lira) TRY/t	TAF(3) Adjusted Exchange Rate USD/TRY	Average EXW Domestic Price USD/t	ADD EXW to FOB Adjustment USD/t	Adjust Normal Value USD/t	Unit Dumping Margin USD/t	Total Dumping Margin USD
Jul-17	Jul-17					3.5476					
Aug-17	Aug-17					3.5189					
Sep-17	Sep-17					3.4943					
Oct-17	Oct-17					3.5291					
Nov-17	Nov-17					3.6980					
Dec-17	Dec-17					3.8331					
Jan-18	Jan-18					3.8070					
Feb-18	Feb-18					3.7816					
Mar-18	Mar-18					3.8177					
Apr-18	Apr-18					3.9290					
May-18	May-18					4.1175					
Jun-18	Jun-18					4.4204					
Total											

**Table B-6.1.1** Dumping margin calculation for DBIL model of rebar (Source: CONFIDENTIAL ATTACHMENT B-6)

**1.2 Rebar in coiled form (DBIC)**

Adjustment for price comparability under s. 269TAC(8) has been made.

Date of Export	Date of Domestic sale	Sum of Qty, tonnes (t)	Total FOB Export Value USD	Average FOB Export Price USD/t	Average EXW Domestic Price USD/t	ADD EXW to FOB Adjustment USD/t	Adjust Normal Value USD/t	Unit Dumping Margin USD/t	Total Dumping Margin USD
Jul-17	Jul-17								
Aug-17	Aug-17								
Sep-17	Sep-17								
Oct-17	Oct-17								
Nov-17	Nov-17								
Dec-17	Dec-17								
Jan-18	Jan-18								
Feb-18	Feb-18								
Mar-18	Mar-18								
Apr-18	Apr-18								
May-18	May-18								
Jun-18	Jun-18								
Total									

**Table B-6.1.2** Dumping margin calculation for DBIC model of rebar (Source: CONFIDENTIAL ATTACHMENT B-6)



**PUBLIC RECORD**

2. Show dumping margins as a percentage of the export price.

<i>Model</i>	<i>Dumping Margin</i>	<i>FOB Export Value</i>
DBIL		
DBIC		
TOTAL, USD		
Percentage, %	8.2%	

**Table B-6.2** Dumping product margin calculation expressed as a percentage of the FOB export value for the goods (Source: [CONFIDENTIAL ATTACHMENT B-6](#))

# 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.

### Background

The United States International Trade Commission (**USITC**) imposed countervailing measures against exporters of rebar from Turkey in 2014 and 2017.

The 2014 investigation imposed measures against all Turkish exporters except for Habas. Habas and Icdas Celik Enerji Tersane ve Ulasim Sanayi A.S. (**Icdas**) were the two mandatory respondents to the investigation. A *de minimis* rate was found for Habas.

The 2017 investigation imposed measures against Habas, the only Turkish exporter not originally subject to the 2014 measures.

The supporting evidence for the subsidies found in the 2017 investigation is contained in the *Preliminary Determination* at NON-CONFIDENTIAL ATTACHMENT C-1.1.

Details on the final subsidies found are in the *Final Determination* at NON-CONFIDENTIAL ATTACHMENT C-1.2.

A countervailable subsidy rate of 16.21 per cent was found for Habas, this was subsequently revised to 15.99 per cent due to ministerial errors NON-CONFIDENTIAL ATTACHMENT C-1.3.

The 2017 investigation is the most recent investigation into countervailable subsidies applying to rebar exported from Turkey. Countervailing measures remain in force for all exporters of rebar from Turkey to the US.

The concurrent US investigation into dumping found that there were 32 exporters of rebar to the US market. Not all of the exporters were named but Habas, Diler and Colakoglu are three of the identified exporters who are currently active in the

Australian market and are identified by the applicant as exporters of the goods the subject of this investigation.

The applicant considers that the subsidies findings in the US investigation are timely, relevant and applicable to exports of rebar from Turkey to Australia.

Exporters receiving subsidies.

Exporters of the goods to Australia believed to receive government subsidies are:

- Habas;
- Diler;
- Colakoglu; and
- Kroman Celik.

**A. The nature and title of the subsidy programs: Findings of the US Investigations**

The US preliminarily determined four programs to be countervailable, the preliminary determinations of countervailability were confirmed in the final determination.

***Program 1 - Natural Gas for Less than Adequate Remuneration***

Turkish steel producers with vertically integrated power plants received countervailable subsidies by purchasing natural gas at discounted prices from Boru Hatlari ile Petrol Taşıma A.Ş. (**BOTAS**).

Habas owns and operates three power plants, one of which was operational during the POI and generated electricity for steel production.

The government of Turkey (**GOT**) reported that BOTAS was founded by the Ministry of Energy and Natural Resources as a “State Economic Enterprise.” Therefore, in accordance with Decree Law No. 233, all of BOTAS’s board members are appointed by the Turkish President and the Turkish Prime Minister. Furthermore, all investment decisions must be approved by the GOT’s Council of Ministers and “in line with determined government programs.” All of BOTAS’s profits are “transferred to the Treasury.”

The US found BOTAS to be a government authority providing a financial contribution in the form of goods or services.

The US found that because power producers consumed 39.61 per cent of natural gas during the applicable period of investigation (**POI**), it determined that the natural gas sold by BOTAS is predominantly used by and specific to power producers, including Habas,

The US determined a program benefit based on the Organisation for Economic Co-operation and Development (OECD) Europe natural gas prices for 2015, as published by International Energy Agency (IEA).

To calculate the program benefit, the US compared the benchmark per-unit delivered price to the per-unit delivered price Habas actually paid BOTAS for natural gas during the POI. Where the benchmark price was greater than the actual price paid to BOTAS, it multiplied the difference by the quantity of natural gas purchased from BOTAS under that invoice to determine the benefit. It then summed the benefits and divided the total amount by Habas's total sales for the POI.<sup>11</sup>

The subsidy rate was there calculated at **1.99 per cent** in the final determination following adjustments to the benchmark price.<sup>12</sup>

The applicant considers that the above demonstrates that the subsidy is specific and evidences a government authority providing a measurable financial benefit.

The applicant considers the subsidy is still current and that the levels found in the US investigation are relevant to the application. The applicant notes that BOTAS recently increased its gas prices by 50% to power generators, such as Habas, indicating that such prices have continued to be provided by BOTAS at discounted levels.<sup>13</sup>

### ***Program 2 - Deductions from Taxable Income for Export Revenue***

Turkish taxpayers are allowed to deduct 0.5 per cent of income derived from export activities from their corporate income taxes.

As explained by the GOT, Addendum 4108 of Article 40 of Income Tax Law No. 193 allows exporters to claim a lump sum deduction from gross income from export, construction, maintenance, assembly, and transportation activities abroad at a rate of 0.5 per cent of the exporters' foreign exchange earnings from such activities.

This deduction is presumed to cover expenditures without documentation and appears as a lump sum on the participating exporter's annual income tax return. The tax program is administered by the GOT's Ministry of Finance.

The income tax deduction constitutes a financial contribution because it is revenue forgone by the GOT.

As receipt of the deduction is contingent upon export revenue, the US preliminarily determined that the program is specific.

The benefit received is equal to the amount of tax savings to the company (i.e. the amount of additional taxes that would have been paid absent the program).<sup>14</sup>

The US determined that Habas received a net countervailable subsidy rate of **0.18 per cent** under this program in the final determination.<sup>15</sup>

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<sup>11</sup> NON-CONFIDENTIAL ATTACHMENT C-1.1 at pp. 9 -13.

<sup>12</sup> NON-CONFIDENTIAL ATTACHMENT C-1.2 at pp. 8 – 12.

<sup>13</sup> NON-CONFIDENTIAL ATTACHMENT C-1.4.

<sup>14</sup> NON-CONFIDENTIAL ATTACHMENT C-1.1 at pp. 13 – 14.

<sup>15</sup> NON-CONFIDENTIAL ATTACHMENT C-1.2 at p. 12.

The applicant considers that the above demonstrates that the subsidy is specific and evidences a government authority providing a measurable financial benefit.

The applicant considers the subsidy is still current and that the levels found in the US investigation are relevant to the application.

### ***Program 3 - Assistance to Offset Costs Related to AD/CVD Investigations***

The Turkish Exporters' Assembly (**TEA**) provides financial support for legal fees incurred by Turkish exporters subject to foreign trade investigations.

According to the GOT, the TEA was created under "Turkish Law No. 5910 Regarding the Establishment of Turkish Exporters' Assembly and Exporters' Associations" (**Law No. 5910**), which places all exporters associations within the jurisdiction of the TEA and stipulates that they must carry out activities to defend the interests of their members. Moreover, under Article 4 of the law, exporters are legally bound to join such associations, pay various specified contributions, and to comply with the decisions of the association.

The TEA works in conjunction with the Ministry of Economy to approve, audit, and oversee industry-specific exporters' associations, such as the Turkish Steel Exporters' Association (**TSEA**) of which Habas, Diler and Kroman Celik are members.

During the POI, two TEA directives instructing such exporters' associations to provide assistance to members participating in foreign trade remedy proceedings, such as Habas, were in effect:

"The Directive Regarding the Supports Provided to Companies for Advocacy and Legal Counselling Services Purchased in Trade Remedy Investigations and Generalized System of Preferences Practices" and "Procedures and Principles Regarding the Supports Provided to Companies for Advocacy and Legal Counselling Services Purchased in Trade Remedy Investigations and Generalized System of Preferences Practices" (collectively, **the Directives**). Habas applied for and received such assistance from the TSEA.

A financial contribution is provided by a government authority or, alternatively, when a government authority entrusts or directs a private entity to make a financial contribution, if providing the contribution would normally be vested in the government and the practice does not differ in substance from the practices normally followed by governments.

Pursuant to Law No. 5910, the TEA has jurisdiction over creation and regulation of all exporters' associations in Turkey, and as noted, exporters are legally required to join, and pay contributions to, such associations.

Within the framework of Law No. 5910, the TEA delegated its authority to assist exporters via the Directives. Accordingly, the authority to provide a financial contribution to exporters in the form of a direct transfer of funds, which would

normally be vested in the GOT, was entrusted or directed to the private exporters' associations, including the TSEA, using funds from statutorily mandated contributions from members.

The US found the financial assistance received under this program constitutes a financial contribution because the TEA entrusted or directed, via the Directives, Turkish exporters' associations to make financial contributions to their members.

Because this program is only available to exporters, the US determined that it is specific and the benefit received is equal to the amount of the financial assistance.<sup>16</sup>

The US determined that Habas received a net countervailable subsidy rate of **0.02%** under this program in the final determination.<sup>17</sup>

The applicant considers that the above demonstrates that the subsidy is specific and evidences a government authority providing a measurable financial benefit.

The applicant considers the subsidy is still current and that the levels found in the US investigation are relevant to the application.

#### ***Program 4 - Rediscount Program***

The Turk Eximbank, a "fully state-owned bank acting as the [GOT's] major export incentive instrument," provides various forms of countervailable export assistance to Turkish exporters.

As explained by the GOT, the 'Rediscount Program', which was previously known as the "Short-Term Pre-Shipment Rediscount Program," was established in 1999 and designed to support Turkish manufacturer-exporters producing goods for export or for use by exporters.

The program is administered by the Turk Eximbank and contingent upon export commitment. Upon the Turk Eximbank's approval of an exporter's program application, the Turk Eximbank instructs the Central Bank of the Republic of Turkey (**CBRT**) to disburse the approved Turkish Lira (**TRY**) loan amount, minus interest, to the recipient.

Exporters can repay the principle value of the loan in either TRY or the foreign currency equivalent at any time prior to maturity. Habas reported receiving loans under the Rediscount during the POI.

The US found that the Rediscount Program loans constitute a financial contribution in the form of a direct transfer of funds from the GOT, via the Turk Eximbank and CBRT.

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<sup>16</sup> NON-CONFIDENTIAL ATTACHMENT C-1.1 at pp. 14 – 16.

<sup>17</sup> NON-CONFIDENTIAL ATTACHMENT C-1.2 at p. 13.

The program is specific because it is contingent upon export commitment. The benefit received is equal to the difference between the amount Habas paid on the loans during the POI and the amount Habas would have paid on comparable commercial loans

In calculating the benefit received under this program, the US applied a discounted benchmark interest rate.<sup>18</sup>

The US determined that Habas received a net countervailable subsidy rate of **0.01 per cent** under this program.<sup>19</sup>

The applicant considers that the above demonstrates that the subsidy is specific and evidences a government authority providing a measurable financial benefit.

The applicant considers the subsidy is still current and that the levels found in the US investigation are relevant to the application. The applicant notes that Turkey recently increased its benchmark interest rate to 17.75%<sup>20</sup> when comparable rates were around 7% during the US investigation, which implies a higher subsidy benefit would be applicable for this investigation.

***Program 5 - Import duty rebates/drawbacks under Article 22 of Turkey's Domestic Processing Regime (RDP) Resolution 2005/839 (RDP duty drawback program).***

Habas stated that, during the POI, it participated in, and received benefits in the form of, import duty rebates/drawbacks under Article 22 of Turkey's Domestic Processing Regime (**RDP**) Resolution 2005/839 (**RDP duty drawback program**).

In the 2017 investigation, Habas did not report its use of this subsidy in its questionnaire responses. Consequently, the record information indicated that Habas used, and, thus, benefited from, a subsidy or subsidies during the applicable POI that it failed to report in a timely manner in response to the US Department's requests for information.

The US determined that the application of adverse facts available (**AFA**) was warranted with respect to Habas' failure to timely report government assistance received under the RDP duty drawback program

It is the US' practice in CVD proceedings to compute an AFA rate for non-cooperating companies using the highest calculated program-specific rates determined for a cooperating respondent in the same investigation or, if such rates are not available, rates calculated in prior CVD cases involving the same country.

Specifically, pursuant to an established hierarchy for selecting AFA rates, the US applies the highest calculated rate for the identical subsidy program in the

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<sup>18</sup> NON-CONFIDENTIAL ATTACHMENT C-1.1 at pp. 16 – 17.

<sup>19</sup> NON-CONFIDENTIAL ATTACHMENT C-1.1 at pp. 13.

<sup>20</sup> NON-CONFIDENTIAL ATTACHMENT C-1.5..



investigation if a responding company used the identical program and the rate is not zero.

If there is no identical program match within the investigation, or if the rate is zero, the US uses the highest non-*de minimis* rate calculated for the identical program in a CVD proceeding involving the same country. If no such rate is available, the US will use the highest non-*de minimis* rate for a similar program, based on treatment of the benefit, in another CVD proceeding involving the same country. Absent an above-*de minimis* subsidy rate calculated for a similar program, the US applies the highest calculated subsidy rate for any program otherwise identified in a CVD case involving the same country that could conceivably be used by the non-cooperating companies.

Because Habas failed to act to the best of its ability in the investigation, the US made an adverse inference in selecting from the facts available that Habas benefited from the RDP duty drawback program.

As Habas was the only respondent in the investigation, there was no calculated rate for an identical program in the proceeding. Accordingly, as AFA, the US applied the **14.01 per cent** subsidy rate calculated for a similar program, *“Export Tax Rebate,” in Welded Pipe and Tube from Turkey*.

The US Department noted that it may use any countervailable subsidy rate applied for the same or similar program in a CVD proceeding involving the same country or, if there is no same or similar program, use a CVD rate for a subsidy program from a proceeding that the administering authority considers reasonable to use, including the highest of such rates.<sup>21</sup>

Whilst the applicant does not have the exact details on the type of subsidy that applied the applicant considers that the above demonstrates that the subsidy is specific and evidences a government authority providing a measurable financial benefit.

The applicant notes that the above program is similar to other programs that have been found to be specific and evidence a government authority providing a measurable financial benefit.

The treatment of the program and benefit is based on treatment of the benefit, in another CVD proceeding involving the same country.

The selected rate was based on verified information from another producer of steel in Turkey.

The applicant considers the subsidy is still current and that the levels found in the US investigation are relevant to the application.

The applicant notes that the US treatment of non-cooperation by Habas and use of AFA is similar in approach to that set out in s. 269TAACA.

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<sup>21</sup> NON-CONFIDENTIAL ATTACHMENT C-1.2 at pp. 5 - 8..

Subsection 269TAACA(1) provides in relevant part, that if:

- (b) the Commissioner is satisfied that an entity covered by subsection (2):*  
*(i) has not given the Commissioner information the Commissioner considers to be relevant to the investigation, review or inquiry within a period the Commissioner considers to be reasonable;*  
*then, in relation to the investigation, review or inquiry, in determining whether a countervailable subsidy has been received in respect of particular goods, or in determining the amount of a countervailable subsidy in respect of particular goods, the Commissioner or the Minister:*
- (c) may act on the basis of all the facts available to the Commissioner or the Minister (as the case may be); and*
- (d) may make such assumptions as the Commissioner or the Minister (as the case may be) considers reasonable.*

With the exception of Program 1, the identified subsidies above are available to all exporters of rebar from Turkey and it is likely that all exporters of rebar to Australia are availing themselves of such subsidies. The applicant does not have information that shows other exporters may have vertically integrated power plants that use natural gas purchased from BOTAS. Although Colakoglu operates its own power plant using natural gas there is no evidence to show the gas is purchased from BOTAS.

## **B. Other possibly countervailable programs**

### **(a) Programs Determined to Not Confer a Measurable Benefit During the POI**

The US investigation identified three programs that did not confer a measurable benefit during the POI.

Programs with non-measurable benefits (i.e., calculated rates of less than 0.005 per cent) were not included in the respondent's net subsidy rate calculation and as the benefits from these programs were non-measurable, determinations regarding financial contribution or specificity were not made.<sup>22</sup>

The three programs were:

Social Security Premium Support  
Investment Encouragement Program VAT and Import Duty Exemptions  
R&D Income Tax Deduction

The Australian industry applicant nevertheless asks that these programs be included in the request for information from the GOT and the exporters as though a finding

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<sup>22</sup> NON-CONFIDENTIAL ATTACHMENT C-1.1 at pp. 13.

was not made in regard to the above programs during the US investigation exporters may be availing themselves of such programs in their exports to Australia.

**(b) Programs Determined to be Not Used During the POI**

The US investigation identified and verified 17 programs that were not used by Habas during the POI:<sup>23</sup>

1. Land for Less than Adequate Remuneration
2. Pre-shipment Turkish Lira Export Credits
3. Pre-shipment Foreign Currency Export Credits
4. Foreign Trade Company Export Loans
5. Pre-export Credits
6. Short-term Export Credit Discounts
7. Regional Investment Scheme
8. Large-scale Investment Scheme
9. Investments Provided under Turkish Law No. 5746
10. Product Development R&D Support-UFT
11. Electricity for Less than Adequate Remuneration
12. Withholding of Income Tax on Wages and Salaries
13. Exemption from Property Tax
14. Employer's Share in Insurance Premiums Program
15. Tax, Duty, and Land Benefits for Turkish Rebar Producers Located in Free Zones
16. Turkish Development Bank Loans
17. Industrial R&D Projects Grant Program

The Australian industry applicant asks that the above programs be included in the request for information from the GOT and the exporters as though a finding was not made in regard to the programs during the US investigation exporters may be availing themselves of such programs in their exports to Australia.

**C. Other programs that are available to the exporters**

The following programs have been identified from other steel cases involving exporters from Turkey. The applicant asks that the programs be included in requests for information from the GOT and the exporters as exporters may be availing themselves of such programs in their exports to Australia.

***Investment Encouragement Program (IEP)***

Customs Duty and VAT Exemptions Council of Ministers' Decree 2012/3305, which has been in force since June 19, 2012, provides companies with investment incentive certificates to receive customs duty exemptions on imported machinery and equipment, as well as VAT exemptions for both imported and domestic purchases of machinery and equipment.

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<sup>23</sup> NON-CONFIDENTIAL ATTACHMENT C-1.2 at pp. 13 – 14.

The Ministry of Economy administers this program. According to the GOT, this program is designed to, inter alia, channel savings to value-added investments, and to increase the production and employment rates.

Kroman Celik, an exporter of the goods to Australia, likely made use of the program in recently upgrading its EAF facilities.<sup>24</sup>

### ***Property Tax Law 1319***

Exemption from Property Tax Article 4, Clause (m) of Property Tax Law 1319 provides a permanent exemption on taxes for buildings located in free zones. According to the GOT, the purpose of this program is to encourage companies to invest in free zones. The Ministry of Economy manages Turkey's free zones, and the Ministry of Finance is responsible for this program

### ***Inward Processing Certificate Exemption Program***

The Ministry of Economy is the authority responsible for granting the Inward Processing Certificate program (**IPC**). Under the IPC program, companies are exempt from paying customs duties and VAT on raw materials and intermediate unfinished goods that are imported and used in the production of exported goods. Companies may choose whether to be exempt from the applicable duties and taxes upon importation (i.e., the Suspension System) or have the duties and taxes reimbursed after exportation of the finished goods (i.e., the Drawback System). Under both systems, companies provide a letter of guarantee that is returned to them upon fulfilment of the export commitment.

The US has found that duty exemptions received on imported inputs under D-1 certificates of the IPC program, did not confer countervailable benefits as the exemptions were applied only to the imported inputs consumed in the production of the exported product, making normal allowance for waste. The VAT exemption did not confer countervailable benefits because the exemption does not exceed the amount levied with respect to the production and distribution of like products when sold for domestic consumption.

However, the US has found the receipt of D-3 certificates is contingent upon firms receiving an IPC and that, in issuing IPCs, the GOT takes into account firms' export levels. Thus, because the receipt of D-3 certificates is ultimately contingent upon export activities as a part of one or more conditions, the program is specific and countervailable.

### ***Free Zones Law 3218 (approved June 6, 1985)***

Free zones established under this law are located throughout Turkey; there are 18 free zones in the country. Interim Article 6 of Free Zones Law 3218 states that for customs purposes, free zones are considered outside the customs territory of Turkey.

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<sup>24</sup> NON-CONFIDENTIAL ATTACHMENT C-1.6.

Interim Article 3 of Free Zones Law 3218, which is administered by the Ministry of Finance, establishes the Corporate Income Tax Exemptions program. Pursuant to Interim Article 3, taxpayers located in free zones are exempted from income or corporate taxes on the earnings generated through their activities in free zones. This exemption is in effect until the end of the tax year in which Turkey becomes a full member of the European Union. Free Zones Law 3218 provides an exemption of income taxes or corporate taxes on earnings generated in free zones in Turkey. According to the GOT, all companies holding a free zone operating license are eligible to benefit from this program, and the use of this program is not contingent on export performance.

***Free Zones Law 3218: Exemption from Income Tax on Wages Paid to Workers***

As described above, Free Zones Law 3218 was approved on June 6, 1985. Interim Article 3 of Free Zones Law 3218, which is administered by the Ministry of Finance, establishes the Exemption from Income Tax on Wages Paid to Workers program. This exemption is in effect until the end of the tax year in which Turkey becomes a full member of the European Union.

***Law 6486: Social Security Premium Incentive***

Exemption from paying company share of insurance premiums under this program constitutes a financial contribution in the form of revenue forgone to the GOT. Companies benefit under this program in the amount of the insurance premiums that companies did not pay. Program is regionally-specific because it is limited to companies located in the eligible provinces.

***Provision of Lignite for Less than Adequate Remuneration***

State-owned enterprise Turkish Coal Enterprises (TKI), mines lignite, which is classified as a “brown coal.” TKI is a state-economic enterprise, established in 1957, whose board members and senior managers are government officials, and is responsible for selling lignite in Turkey.

TKI is a government-owned enterprise, a government authority that provides a financial contribution and the provision of lignite is specific because the lignite supplied by TKI is predominantly used by thermal power plants for energy generation, including such plants belonging to and operated by steel enterprises for generating power for use in their production.

TKI dominates the lignite market, the government’s significant involvement in the lignite market, the use of private producer prices in the Turkey would be akin to comparing the benchmark to itself (i.e. such a benchmark would reflect the distortions of the government’s presence).

For these reasons, prices stemming from private transactions for lignite within Turkey cannot give rise to a price that is sufficiently free from the effects of the GOT’s actions.

Both Diler and Çolakoğlu operate coal fired power plants and both likely benefit from the subsidy.<sup>25</sup>

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<sup>25</sup> NON-CONFIDENTIAL ATTACHMENT C-1.7 and NON-CONFIDENTIAL ATTACHMENT C-1.8..

## 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).

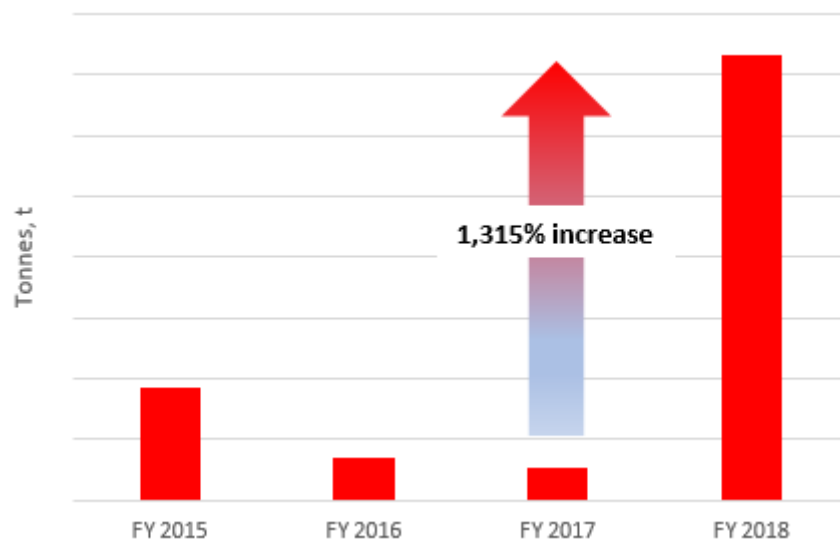
1. Identify the change in circumstances that has created a situation where threat of material injury to an Australian industry from dumping/subsidisation is foreseeable and imminent, for example by having regard to:
  1. the rate of increase of dumped/subsidised imports;
  2. changes to the available 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).

The industry applicant alleges that the dumped goods exported from Turkey have caused it actual and realised material injury. However, further or in the alternative, if material injury to the Australian industry is not yet evident, then the industry applicant alleges that the rapid increase in the volume of the dumped imports from Turkey, at increasingly higher rates of price undercutting will create a situation where the threat of material injury to the Australian industry is foreseeable and imminent.

Article 3.7 of the *Anti-dumping Agreement* and Article 15 of the *Subsidies and Countervailing Measures Agreement* set out a non-exhaustive list of factors to be considered in a determination of threat of material injury.

### 1. the rate of increase of dumped imports

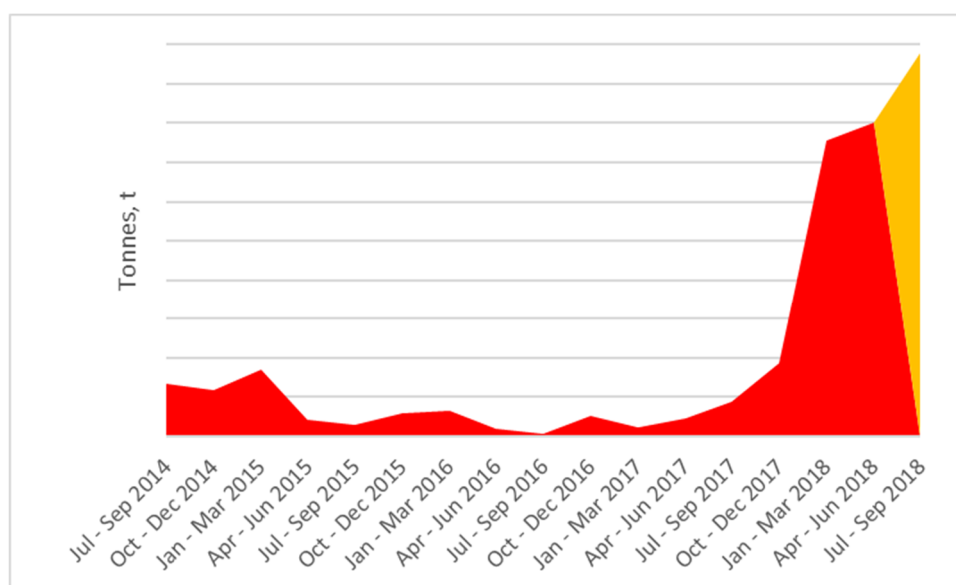
**Figure C-2.1.1** (below) indicates the significant rate of increase of dumped imports from Turkey into the domestic Australian market during the proposed investigation period.



**Figure C-2.1.1** Export volume of the goods from Turkey across the injury analysis period by financial year (Source: appendix A2)

The volume of dumped imports increased by a rate **1,315** per cent during the proposed investigation period when compared to the previous financial year.

The rate of increase of dumped imports from Turkey into the Australian domestic market has accelerated on a quarter by quarter basis both across the injury analysis period and within the proposed investigation period. In fact, the rate of increase has not subsided since the end of the investigation period, with the rate of increase in the September 2018 quarter exceeding all previous quarterly volumes as **Figure C-2.1.2** (below) indicates.



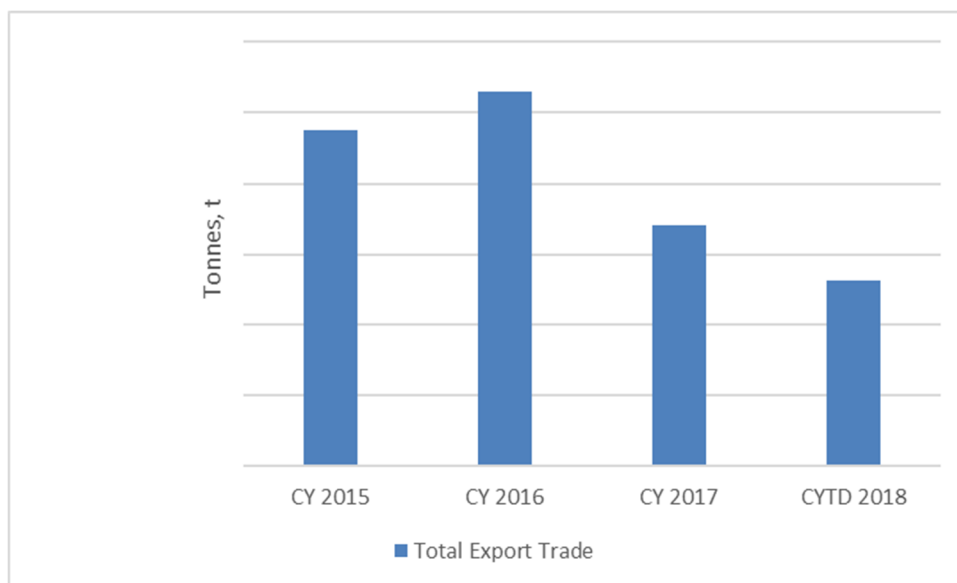
**Figure C-2.1.2** Quarterly export volume of the goods from Turkey across the injury analysis period and the September 2018 quarter (Source: appendix A2)

Therefore, the rate of increase of dumped imports from Turkey which have been significant and sustained within the proposed investigation period, and subsequent to it. This pattern of trade supports the conclusion that there is a strong likelihood of substantially increased importation of the goods from Turkey as will create a situation where material injury to the Australian industry is foreseeable and imminent in the form of lost sales volume, market share and growing inventories related to the like goods produced by the Australia industry.

## 2. changes to the available capacity of the exporters

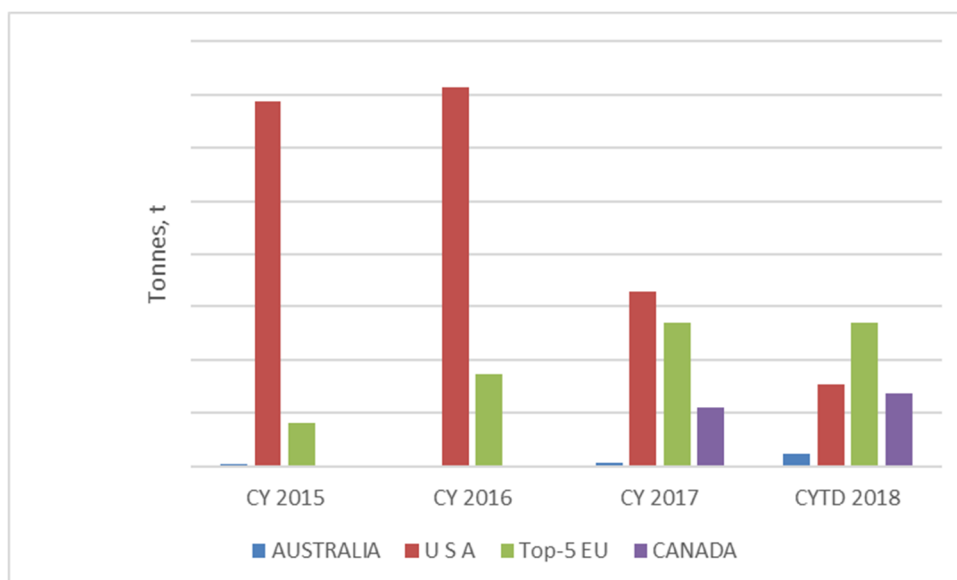
**Figure C-2.2.1** (below) illustrates the change in total volume of the goods exported from Turkey to all destinations since 1 January 2015.





**Figure C-2.2.1** Volume of rebar exported from Turkey to all destinations (Source: [CONFIDENTIAL ATTACHMENT C-2.2](#))

As can be observed, the volume of goods exported from Turkey increased in CY 2016, before declining in CY 2017. So far, the CYTD result for 2018 is running 76.9 per cent of the CY 2017 volume, assuming that performance to date continues unabated. However, since March 2018, a number of export markets of the goods exported from Turkey have announced a range of tariff barriers and anticipated safeguard measures that have impacted Turkey's largest export markets' ability to absorb the traditional export volumes. **Figure C-2.2.2** (below) indicates the changes in export volumes from Turkey to its largest rebar export markets (and Australia) since CY 2015.



**Figure C-2.2.2** Volume of rebar exported from Turkey to key export markets (and Australia) (Source: [CONFIDENTIAL ATTACHMENT C-2.2](#))

Figure C-2.2.2 (above) indicates the impact of the United States' Section 232 tariffs of 25% against most countries announced on 8 March 2018,<sup>26</sup> and subsequent announcements of an additional 25% against Turkish steel products specifically from 10 August 2018.<sup>27</sup>

Since the Section 232 announcement by the United States, the European Union initiated a Safeguard investigation on 31 March 2018, with provisional measures in the form of tariff quotas (25%),<sup>28</sup> and Canada announced its provisional tariff quotas (25%) on 11 October 2018.<sup>29</sup>

In other words, as Turkish exporters' traditional export markets impose tariff and trade remedy barriers to entry, potentially significant export-based volumes become displaced, and Turkish producers and exporters seek out developing markets with low to barriers to entry to sell surplus stock.

An assessment of the surplus trade capacity of Turkish producers and exporters is considered.

**(a) Loss of Canadian market access**

The Canadian provisional tariff quotas represent a maximum import quota of rebar (from any source) of 141,328 tonnes for a 200 day period. Once the quota is exceeded a surtax of 25% applies. Any single country is limited to a maximum of 23 per cent of that volume (or 32,500 tonnes). The quotas come into effect from 25 October 2018, with the surtax of 25% applying to all exports that exceed the set quotas.

So far for CYTD 2018, Turkey has exported [REDACTED] tonnes to Canada, with its single average monthly volume, [REDACTED] tonnes, filling that country's entire annual quota in just one month.

Therefore, displaced sale volume of Turkish exports to Canada alone, represents [REDACTED] **tonnes** of available export capacity to Australia per annum.

**(b) Loss of European Union market access**

On 19 July 2018 the European Commission announced tariff quotas, which once exceeded by any country, attract tariffs at the rate of 25%. Currently, Turkey exports a monthly average of [REDACTED] tonnes of rebar to the European Union.

Therefore, displaced sale volume of Turkish exports to the European Union, represents [REDACTED] **tonnes** of available export capacity to Australia per annum.

**(c) Loss of United States market access**

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<sup>26</sup> NON-CONFIDENTIAL ATTACHMENT C-2.2.1

<sup>27</sup> NON-CONFIDENTIAL ATTACHMENT C-2.2.2

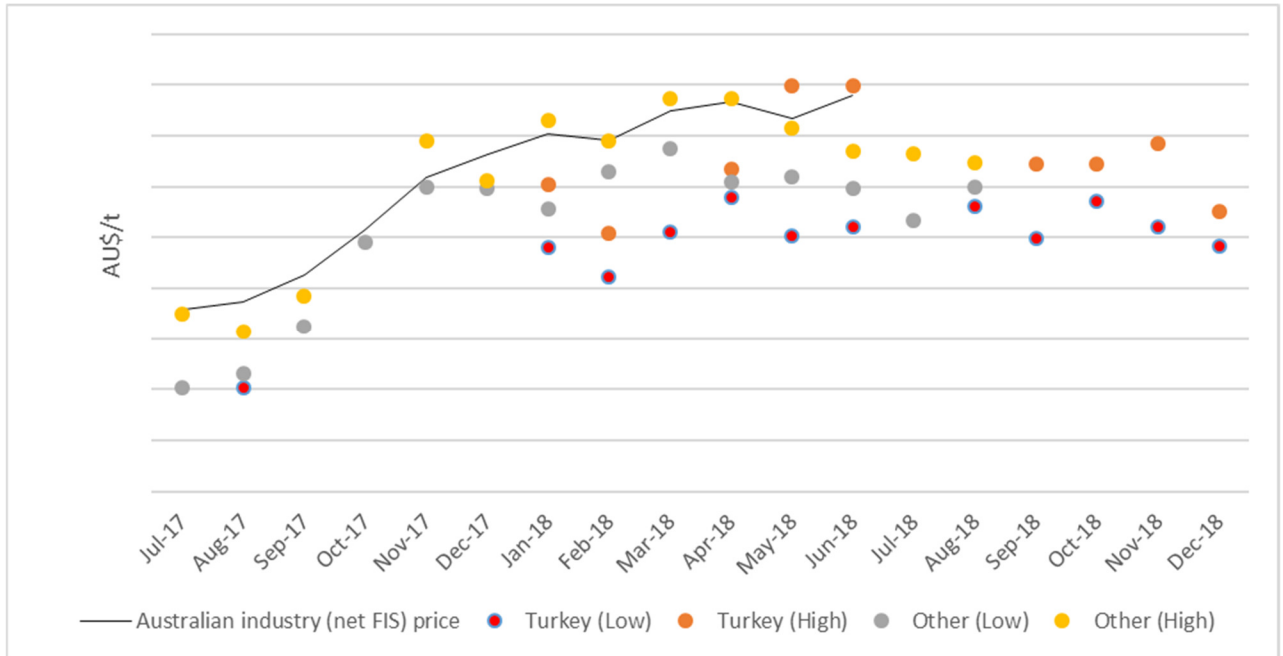
<sup>28</sup> NON-CONFIDENTIAL ATTACHMENT C-2.2.3

<sup>29</sup> NON-CONFIDENTIAL ATTACHMENT C-2.2.4

The United States represents one of the largest export markets for rebar from Turkey. The initial imposition of Section 232 tariffs at 25% in March 2018, and the subsequent doubling of the tariff to 50% in August 2018 puts at risk a total volume of exports from Turkey to the United States of [REDACTED] tonnes achieved in CY 2017.

**3. the prices of imports that will have a significant depressing or suppressing effect on domestic prices and lead to further imports;**

**Figures C-2.1.3.1** and **C-2.1.3.2** (below) indicate the imports from Turkey are entering at prices that have, and will continue to undercut the majority of both market offers by the Australian industry and all other sources of the goods, and as such will have a significant depressing or suppressing effect on prices for the goods and like goods in the Australian domestic market.



**Figure C-2.1.3.1** DBIL: Highest and lowest FIS import offers from goods exported from Turkey and other countries and WAV net FIS prices realised by the Australian industry (Sources: [confidential attachment A-9.2.1](#) and [appendix A6.1](#))

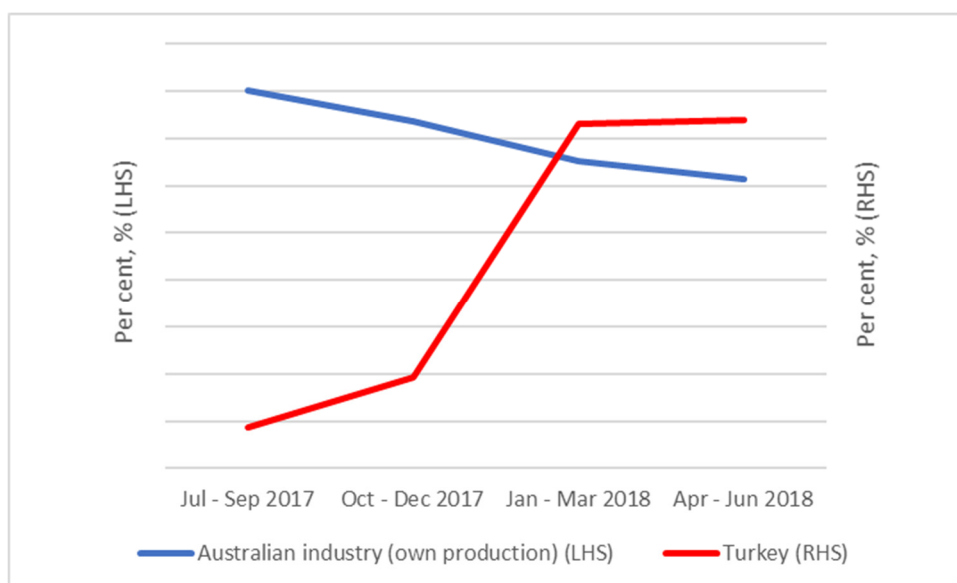


**Figure C-2.1.3.2 DBIC: Highest and lowest FIS import offers from goods exported from Turkey and other countries and WAV net FIS prices realised by the Australian industry** (Sources: [confidential attachment A-9.2.1](#) and [appendix A6.1](#))

The prices of the dumped Turkish imports are such as would likely continue to increase demand for further imports. This conclusion is supported by **Figure C-2.1.2** (above) which indicates that the demand and volume for the dumped imports from Turkey reached their historically highest levels in the September 2018 quarter.

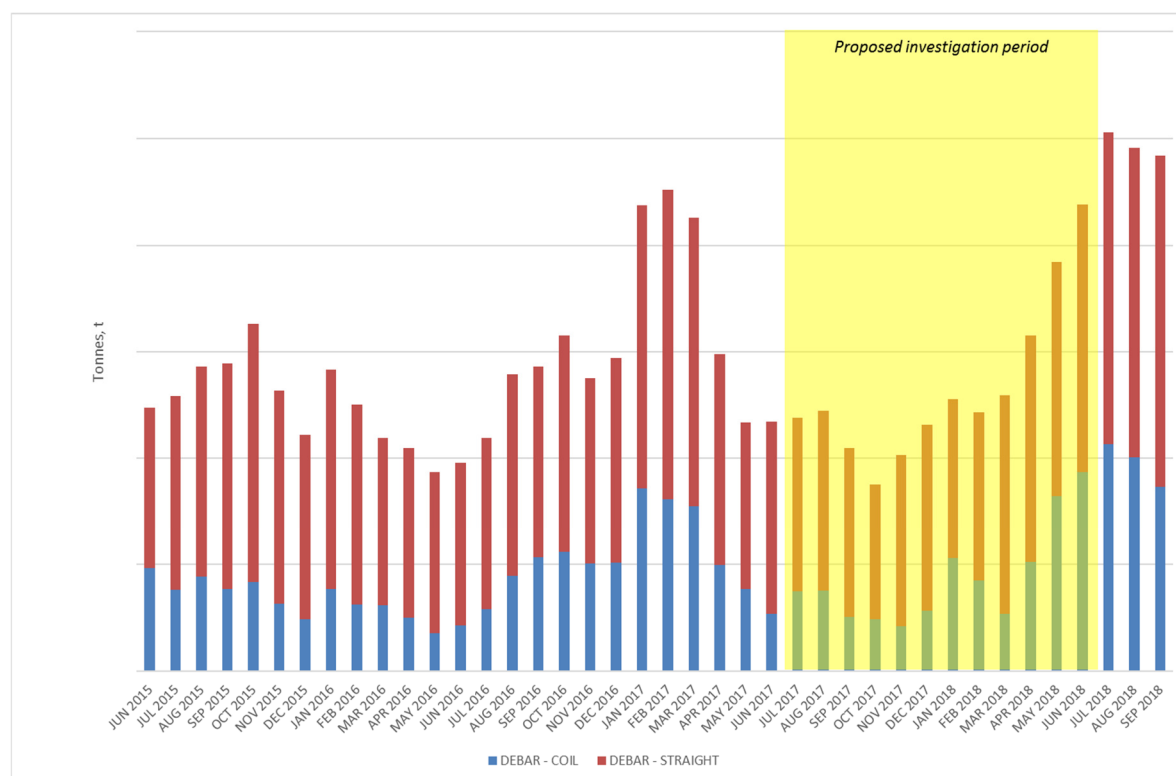
#### 4. Inventories of the product being investigated.

The analysis at **Sections A-9.5.4.6** and **A-9.5.4.7** (above) indicates that the Australian industry inventory (including raw material, work-in-progress and finished goods) and stock holding position has increased significantly during the proposed investigation period. The growth in inventories and stock correlates with the increase in the demand and sales volume of the dumped imports from Turkey with the corresponding increase and stabilisation of its in market share. On the other hand, the Australian industry has continued to lose quarterly market share across the proposed investigation period as Figure C-2.1.4.1 (below).



**Figure C-2.1.4.1** Australian market for the goods and like goods, market share (Source: [appendix A2](#))

Unless measures are imposed, the Australian industry's inventories and stock holding position will continue to grow putting at risk the increased production output, employment, productivity, capacity utilisation and wages observed across the injury analysis period, as the Australian industry is forced to reduced its stock on hand position, as sales volume and market share continues to fall. That this is in fact occurring may be observed from **Figure C-2.1.4.2** (below).



**Figure C-2.1.4.2** Australian industry monthly closing stock holding position for the like goods (Source: [appendix A7](#))

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.

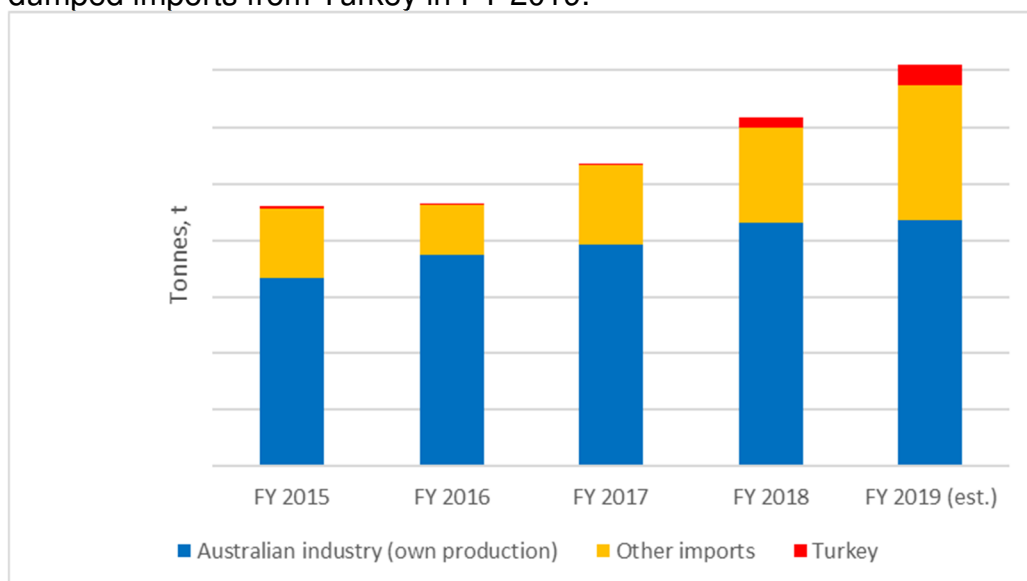
Assuming that the size of the Australian domestic market for rebar continues to grow at the rate of 15 per cent annually (as occurred in FY 2017 and FY 2015), it is possible to estimate the size of the Australian market in FY 2019. Assuming further that the Australian industry's market share for own production remains fixed at [REDACTED] per cent (as realised in the June 2018 quarter) and the market share for Turkish imports continues to hold its gain at [REDACTED] per cent, then it is possible to estimate the likely volumes of dumped imports in FY 2019. The impact of the additional volumes of dumped imports from Turkey may be seen in **Table C-2.2.1** (below) which indicates the uneven distribution of the growth in the Australian domestic rebar market across the various sources of supply.

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019 (est.)	Mkt Share assumption	% change to FY 18
Australian industry (own production)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	1.1%
Turkey	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	90.7%
Other imports	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	42.5%
Australian market	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	15.0%

**Table C-2.2.1** Australian domestic rebar market, volumes and projections (Source: [appendix A2](#))

**Table C-2.2.1** (above) suggests that the Australian industry's share of the growth in the domestic rebar market (in terms of sales volume growth) is likely remain anaemic in the estimated FY 2019 period when compared to the strong volume growth in dumped imports from Turkey and imports from all other sources.

**Figure C-2.2.2** (below) illustrates the likely growth in the volume and market share of the dumped imports from Turkey. Based on the growth in the size of the Australian market, and the dumped imports' share of it, the Australian industry calculates that it stands to lose a minimum of [REDACTED] tonnes of additional contestable volume to dumped imports from Turkey in FY 2019.



**Figure C-2.2.2** Australian domestic rebar market, volumes and projections (Source: [appendix A2](#))

### 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.

Not applicable.

2. Provide details showing that the raw agricultural goods are devoted substantially or completely to the processed agricultural goods.

Not applicable.

3. Provide details showing that the processed agricultural goods are derived substantially or completely from the raw agricultural goods.

Not applicable.

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.

Not applicable.

#### 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.

Not applicable.

2. Nominate a comparable market economy to establish selling prices.

Not applicable.

3. Explain the basis for selection of the comparable market economy country.

Not applicable.

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.

Not applicable.



## 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'.

Not applicable.

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.

Not applicable.

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.

Not applicable.

4. Estimate a 'normal value' for the goods in the country of export for comparison with export price. Provide evidence to support your estimate.

Not applicable.

**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).

Not applicable.

	Quantity	%	Value	%
All imports into Australia		100%		100%
<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
<del>Appendix B1</del>	<del>Deductive Export Price</del>
Appendix B2	Constructed Normal Value