



INVESTIGATION 495  
 STEEL REINFORCING BAR (REBAR)

## REMOTE VERIFICATION NOTES

### Habas Sinai ve Tibbi Gazlar Istihsal Endustrisi A.S. (Habas)

**Location:** Via video conference and via e-mail

**Dates:** Tuesday 10 March 2020 **Canberra & Melbourne:** 4.20 pm, **Istanbul:** 8.20am am.

**Anti-Dumping Commission representatives:** Mr Tim King, Assistant Director  
 Mr Con Soumbassis, Senior Investigator

**Moulis Legal representatives:** Mr Danny Moulis  
 Mr. Macky Markar

**Habas representatives:** Faruk Ercek, Accounting Manager  
 Arzu Koc, Domestic Sales Manager  
 Cem Bahadir, SAP Systems Master User

**Trade Resources Company representatives:** Bulent Hacioglu, Consultant  
 Aykut Yesil, Consultant

#### 1. Introduction

The Commission attendees and other parties introduced themselves. The Commission informed Habas of the purpose of the meeting and the process going forward to publishing the resumed SEF. The Commission advised Habas that a file note of this meeting would be placed on the public record. Habas would be provided with an opportunity to review this file note for accuracy and confidentiality.

#### 2. General discussion on domestic sales and sales process

- Habas advised that it sets daily prices at 12 noon based on cost estimates.
- Customers call factories for pricing at around 1pm to 1.30pm each day for pricing.
- If a price is agreed to by a prospective customer, Habas will advise the customer what inventory is available. The company stated that it is very rare that they would produce to order, instead they almost always sell from stock.
- Habas stated that it takes payment for the goods at time of order.
- At time of order, a sales order is created.
- The logistics department reviews the sales orders and plans shipments.
- Orders are all shipped on an ex-works basis.

The company advised that it is very rare to offer discounts to the 12 noon pricing, [CONFIDENTIAL TEXT DELETED – sales pricing practices].

#### 3. Discussion on reasons why sales of differing international grades of rebar occur on the Turkish domestic market.

- The company stated that in previous years (including during the investigation period for Investigation 264) any sales of 500 grade product into the domestic market were the result of production overruns or cancelled orders.
- The company stated that from late 2018, there was a government decree that Turkish producers were only allowed to sell rebar with the Turkish standards markings.

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- Subsequent to the video conference, Habas supplied a sales memo sent to its domestic customers confirming that it “will only maintain inventory of grades S420, B420 and B500C, in line with the new earthquake regulations and no other grade will be delivered or sold”.
- The company said that they had known about this decree earlier than the implementation date and that they stopped selling overruns and other stock without the Turkish standard markings in the previous 12 months.
- The markings that needed to be used were stated as S420, B420C and B500C.
- Although the company is able to produce B500C for the domestic market, it is quite rare that they would get orders for such grades.
- Prior to the decree, when the company sold overrun export 500 grade product or cancelled export order stock into the domestic market, Habas stated that it would discuss the customer’s needs and whether the product was still suitable (the yield strength is still suitable), the company would fill a part of the customer’s order with the overrun stock.
- The company stated that customers [**CONFIDENTIAL TEXT DELETED – local customer preferences**].
- The company stated that any overrun overseas stock is now being scrapped and fed back into the production process.

#### **4. Discussion on factors that influence Turkish market demand/pricing for differing types of rebar (e.g. grade, form, diameter, etc.) and specifically market demand/pricing for rebar with differing yield strengths.**

- The company stated that the production process was using “quench and temper” as the means of adjusting yield strength.
- The main factor that effects pricing is the cost of scrap, which is an imported production input.
- As a result of the scrap being an imported product, the exchange rate movement is also a determining factor of cost.
- The company sells its rebar in mm diameter sizing and prices each diameter sized differently.
- The company stated that yield strength was not a factor in determining price as due to using the quench and temper production process, there was no cost factor influencing pricing.
- The company stated that the Turkish market had extremely low demand for 500 grade product as evidenced by the sales data.

#### **5. Verification of export and domestic sales (including any third-country sales) to audited financial statements**

The verification team attempted to watch the company respond to aspects of the verification using the video conferencing facility:

- Due to limitations of the facilities, while the verification team was able to make requests for information, observe reports being run and have the results immediately emailed, the Commission was not able to readily read information on the Habas SAP screens directly from the video.
- Upon request, the company did however run an SAP report of all domestic sales by grade over the investigation period (which was emailed to the Commission as soon as it was run during the video conference). This balanced back to the EQ response for domestic sales; and evidenced that the company did not have 500 grade product sales.
- The verification team, having confirmed that the company had no sales of 500 grade product during the IP, and due to the difficulties and time required to complete a full upwards verification of sales made the decision to end the video conference and conduct the remainder of the verification via a desktop review.

NOTE: Prior to the video conference verification, the Commission conducted a downward verification of 12 domestic sales transactions.

#### **6. Conclusions and any other matters**

- The Commission attendees confirmed with the company the information received during the course of the video conference.
- The Commission attendees reviewed outstanding items to be provided subsequent to the meeting, which were:

## **PUBLIC RECORD**

- Information as requested in order to verify all sales over the investigation period to the company's audited accounts.
- Information and evidence of the decree by the Turkish government mandating that only product with Turkish standards markings could be sold into the domestic market.
- Information around the production process or any additives used in producing the higher grade products.

The Commission explained that file note of the remote verification would be placed on the public record.

The meeting was closed at 6pm.

### **7. Further verification work completed subsequent to the video conference**

Subsequent to the video conference, the Commission conducted further desktop verification of the sales values to the company's audited accounts over the investigation period which verified the completeness of the domestic sales.

### **8. Conclusion**

The Commission is satisfied Habas did not have domestic sales of 500 grade product over the investigation period and that the domestic sales data provided in the response to the exporter questionnaire by Habas is complete, relevant and accurate