24 April 2020

The Director - Investigations 3
Anti-Dumping Commission
GPO Box 2013
Canberra ACT 2601

BY EMAIL

Dear Director,

Resumed Dumping Investigation No. 495A concerning steel reinforcing bar (rebar) exported from the Republic of Turkey (Turkey)

AUSTRALIAN INDUSTRY SUBMISSION – RESPONSE TO REMOTE VERIFICATION NOTE (HABAS)

InfraBuild (Newcastle) Pty Ltd (**InfraBuild Steel**), the applicant and a member of the Australian industry producing like goods to the goods the subject of the application, refers to the recently published *Remote Verification Notes* concerning Habas Sinai ve Tibbi Gazlar Istihsal Endustrisi A.S. (**Habas**)[1], and makes the following observations:

- *"[Habas] stated that it is very rare that [in the domestic market] they would produce to order, instead they almost always sell from stock"*;[2]
- *"[Habas] stated that any overrun overseas stock is now being scrapped and fed back into the production process"*;[3] and
- *"[Habas] 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.*[4]

In light of this evidence, the Commission will need to consider making an upward adjustment to the normal value determined under either subsection 269TAC(1)[5] or paragraph 269TAC(2)(c), pursuant to subsections 269TAC(8) or (9), respectively, for Habas and any other exporter found to be scrapping overrun goods

[1] EPR Folio No. 495/047 (22 April 2020)
[2] EPR Folio No. 495/047, p. 1.
[3] EPR Folio No. 495/047, p. 2.
[4] EPR Folio No. 495/047, p. 2.
[5] Legislative reference are to the *Customs Act 1901*, unless otherwise stated.

produced for export. The following example demonstrates the materiality of the difference to the unit cost to make (**CTM**) between like goods produced for the domestic Turkish market, and the goods under consideration (**GUC**) produced for export to Australia (with the consequential impact on margin):

Assume:

- *CTM (goods/like goods) = TL 10,000*
- *Export Order (AUS) = 95 units*
- *GUC Produced = 100 units*
- *Domestic order = 100 units*
- *Like goods produced = 100 units*
- *Scrapped production = zero recovery*

Therefore:

- *Unit CTM (GUC ex AUS) = 10,000/95 = TL 105.26/unit*
- *Unit CTM (like goods) = 10,000/100 = TL 100.00/unit*

In other words, assuming a scapping rate (for overruns of export production) of 5 per cent, the unit CTM of the GUC exported to Australia is **a maximum of 5.26 per cent higher** than the unit CTM of the like goods sold (from stock holdings) into the Turkish domestic market. Therefore, when making a fair comparison between export price and normal value, due allowance will need to be made for the higher unit CTM of the GUC to the extent to which it affects price comparability via the profit margin earned between sales into the domestic and export markets. This will need to be considered both in terms of an adjustment made to the normal value howsoever determined either under subsection 269TAC(1) or paragraph 269TAC(2)(c). For the purpose of demonstrating the need to make an adjustment, a zero recovery rate has been assumed for this example. However, the amount of recovery earned from scrap production will need to be offset against the unit CTM for the domestic like goods production, only.

Please do not hesitate to contact your InfraBuild Steel representative on record with any questions.

FOR AND ON BEHALF OF THE

AUSTRALIAN INDUSTRY APPLICANT