

NON-CONFIDENTIAL

**THE COUNTERVAILING AND ANTI-DUMPING DUTIES ACT 1993
AND
THE COUNTERVAILING AND ANTI-DUMPING REGULATIONS 1994**

PRELIMINARY DETERMINATION REPORT

CASE NO. : AD02/2019

**ANTI-DUMPING INVESTIGATION CONCERNING IMPORTS OF
STEEL CONCRETE REINFORCING BAR PRODUCTS ORIGINATING OR
EXPORTED FROM THE REPUBLIC OF SINGAPORE AND THE REPUBLIC OF
TURKEY**

05 SEPTEMBER 2019

**TRADE PRACTICES SECTION
MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY
MALAYSIA**

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LIST OF ABBREVIATIONS

AD	:	Anti-dumping
ASEAN	:	Association of Southeast Asia Nations
ATIGA	:	ASEAN Trade in Goods Agreement
CFR	:	Cost and Freight
CIF	:	Cost, Insurance and Freight
CTMS	:	Cost to Make and Sell
Domestic Industry	:	The Malaysian Domestic Industry producing the Like Product
DoSM	:	Department of Statistics, Malaysia
FCA	:	Free Carrier Alongside
FOB	:	Free on Board
H.S. Code	:	Harmonised System Code
MFN	:	Most Favoured Nation
MT	:	Metric Tonnes
POI	:	Period of Investigation
POID	:	Period of Injury Determination
PUI	:	Product Under Investigation
RM	:	Ringgit Malaysia
RMCD	:	Royal Malaysian Customs Department
ROA	:	Return on Assets
ROI	:	Return on Investment
SG&A	:	Selling, General and Administrative Expenses
SGD	:	Singaporean Dollar
Singapore	:	Republic of Singapore
The Act	:	Countervailing and Anti-Dumping Duties Act 1993
The Government	:	The Government of Malaysia
The IA	:	The Investigating Authority, Trade Practices Section, Ministry of International Trade and Industry (MITI)
The Minister	:	Minister of International Trade and Industry, Malaysia
The Petitioner	:	Malaysia Steel Association

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The Regulations	:	Countervailing and Anti-Dumping Duties Regulations 1994
TRY	:	Turkish Lira
Turkey	:	Republic of Turkey
VAT	:	Value Added Tax
WADM	:	Weighted Average Dumping Margin
WAEP	:	Weighted Average Export Price
WANV	:	Weighted Average Normal Value
WTO ADA	:	WTO Anti-Dumping Agreement

LIST OF DEFINITIONS

<i>De Minimis</i>	:	margin of dumping is less than two per cent
Dumping Margin	:	the amount by which the Normal Value of the product under investigation exceeds the Export Price, expressed as a percentage of the Export Price
Export Price	:	the price actually paid or payable for the product under investigation
Like Product	:	a product that is identical or alike in all respects to the subject merchandise or, in the absence of such a product, another product that although not alike in all respects has characteristics closely resembling the subject merchandise
Negligible	:	the volume of imports of the product under investigation into Malaysia from: <ul style="list-style-type: none">- a particular country accounts for less than three per cent of the total imports of the like product- countries that individually account for less than three per cent of the imports of the like product, collectively account for less than seven per cent of the total imports of the like product
Normal Value	:	the price paid in the ordinary course of trade in the domestic market of the exporting country
Product Under Investigation	:	the class or kind of product being looked into as subject merchandise or like product under this anti-dumping investigation
Subject merchandise	:	the class or kind of merchandise imported or sold for importation into Malaysia that is the subject of any countervailing or anti-dumping duty action
Period of injury Determination (POID)	:	Year 1 : 1 October 2015 – 30 September 2016 Year 2 : 1 October 2016 – 30 September 2017 POI : 1 October 2017 – 30 September 2018

EXECUTIVE SUMMARY

This report contains the IA's findings relating to the Preliminary Determination on the alleged dumping of steel concrete reinforcing bar from Singapore and Turkey ("the alleged countries").

1. Pursuant to subsection 30 (3) of the Act, the IA submits the following preliminary findings to the Minister:
 - i. scope of PUI is to cover steel concrete reinforcing bar products, that are hot rolled steel bars containing indentations, ribs, grooves or other deformations;
 - ii. dumping margins for the subject merchandise established with regard to imports originating or from the alleged countries:
 - Singapore 5.99% to 17.65%
 - Turkey -4.89% to 20.09%
 - iii. the Domestic Industry claimed that they had suffered material injuries that can be reasonably linked to the importation of the subject merchandise into Malaysia. The IA preliminarily concluded that the Domestic Industry has suffered material injuries in terms of import volume, price undercutting, price suppression, profitability, cash flow, production and capacity utilisation, ability to raise capital, ROI and ROA;
 - iv. other producers/exporters from the alleged countries who were not named in the investigation or have not made themselves known to the IA during the period of investigation shall be subjected to a provisional anti-dumping duty on a residual basis; and
 - v. for producers/exporters who were named in the Petition but refused to fully cooperate or did not cooperate, the dumping margin determined by the IA will be based on facts available as stipulated under Section 41 of the Act.

A. INTRODUCTION

The Petition

2. On 29 March 2019, the Domestic Industry submitted an AD Petition according to section 20 of the Act, requesting the Government to initiate an AD investigation on the subject merchandise originating in or exported from Singapore and Turkey.

3. The Domestic Industry alleged that imports of the subject merchandise originating in or exported from Singapore and Turkey were sold at dumped prices and had materially injured the Domestic Industry through:

- i. import volume;
- ii. market share;
- iii. sales;
- iv. price undercutting;
- v. price depression;
- vi. price suppression;
- vii. production and capacity utilization;
- viii. profitability;
- ix. cash flow;
- x. productivity;
- xi. inventories;
- xii. employment and wages;
- xiii. ability to raise capital;
- xiv. ROI; and
- xv. ROA.

4. The Petition also claimed that the imports of subject merchandise from the alleged countries have begun to increase after the imposition of the Safeguard (SG) measure on PUI on 13 April 2017. The alleged countries were exempted from the SG measure due to their negligible import volumes during POID of the safeguard investigation. Therefore, the Petition was filed to address the increased import volume from the alleged countries which has caused the Domestic Industry to suffer material injury.

5. Subject merchandise as steel concrete reinforcing bar products, that are hot rolled steel bars containing indentations, ribs, grooves or other deformations classified under the H.S. Code 7214.10.11 00, 7214.10.19 00, 7214.10.21 00, 7214.10.29 00, 7214.20.31 00, 7214.20.39 00, 7214.20.41 00, 7214.20.49 00, 7214.20.51 00, 7214.20.59 00, 7214.20.61 00, 7214.20.69 00, 7214.30.10 00, 7214.30.90 00, 7214.99.11 00, 7214.99.19 00, 7214.99.91 00, 7214.99.92 00, 7214.99.93 00, 7214.99.99 00, 7228.10.10 00, 7228.10.90 00, 7228.20.11 00, 7228.20.19 00, 7228.20.91 00, 7228.20.99 00, 7228.30.10 00, 7228.30.90 00, 7228.40.10 00, 7228.40.90 00, 7228.50.10 00, 7228.50.90 00, 7228.60.10 00, 7228.60.90 00, 7228.80.11 00, 7228.80.19 00 and 7228.80.90 00.

6. The POI is from 1 October 2017 to 30 September 2018, while the POID is from 1 October 2015 to 30 September 2018.

Locus Standi of the Petitioner as Domestic Industry

7. The Act requires Petition submission to be by or on behalf of Domestic Industry and the Act further states that Domestic Industry may be construed as referring to the rest of the producers other than producers related to the exporters, or importers of the subject merchandise.

8. In this case, the petitioner fulfils the locus standi of the “Domestic Industry” as follows:

Description	Actual Production	% Share of Production
STEEL CONCRETE REINFORCING BAR (REBAR)	MT	
A. Petitioner(s) Malaysia Steel Association representing:		***
i. Amsteel Mills Sdn. Bhd.;	***	
ii. Antara Steel Mills Sdn. Bhd.;	***	
iii. Malaysia Steel Works (KL) Berhad; and	***	
iv. Established Metals Industries Sdn. Bhd.	***	
B. Companies supporting the application: Steel Industries (Sabah) Sdn. Bhd.	***	***
TOTAL (A+B)	***	
C. Companies opposing on the application NONE	NA	
D. Companies not commenting on the application - neutral (*estimated)		
i. King Hong Steel Sdn. Bhd.;	***	***
ii. Leader Steel Sdn. Bhd.;	***	
iii. Ann Joo Steel Sdn. Bhd.*;	***	
iv. Southern Steel Sdn. Bhd.*;	***	
v. Perfect Channel Sdn. Bhd.*;	***	
vi. Hiap Hen Chan Trading Co Sdn. Bhd.*;	***	
vii. Alliance Steel (M) Sdn. Bhd.*;	***	
viii. Engtex Steel Industries Sdn. Bhd. (formerly) Maju Steel Sdn. Bhd.*; and	***	
ix. Intergate Steel Mill Sdn. Bhd.*.	***	
E. Total Malaysian Production (estimated) A+B+C+D=E	***	
F. Of the companies that have commented, the portion of production represented by companies supporting the application is [(A+B)/(A+B+C)]x100	***	100%
G. The portion of total production supporting the application is (%): [(A+B)/(E)]x100		51.1%

Initiation of Investigation

9. The IA has evaluated the Petition and is satisfied that the Petition complies with section 20 of the Act and regulation 2 of the Regulations and that the matters set out in the Petition constitute reasonable grounds for the initiation of an anti-dumping investigation against the imports of the subject merchandise from the alleged countries.

10. The Government announced the initiation of the investigation with effect from 26 April 2019, by a notice published in His Majesty's Government Gazette P.U.(B) 211/2019.

11. The IA officially notified and sent relevant questionnaires i.e. Importer's Questionnaire and Foreign Producer's/Exporter's Questionnaire, and a copy of the Non-Confidential version of the Petition to all interested parties including those named in the Petition:

- alleged foreign producers/exporters;
- alleged importers; and
- the Embassy of the Republic of Singapore, Embassy of the Republic of Turkey and the Investigating Authority of the Republic of Turkey, Ministry of Custom and Trade.

12. In the notifications sent to the government representatives of the alleged countries, they were advised to forward copies of the notifications of initiation, the Foreign Producer's/Exporter's Questionnaire and the non-confidential version of the Petition to any producer/exporter not named in the Petition to facilitate response to the investigation.

Extension of Time

13. The interested parties made written requests for an extension of time to submit their questionnaire responses, and were granted the extensions as follows:

No	Company/Association	Original Deadline	Extension
	<u>Importers</u>		
i.	Cut & Bend Sdn. Bhd.	24 May 2019	3 June 2019
ii.	Xinsteel Sdn. Bhd.	24 May 2019	7 June 2019
iii.	Easteel Services (Malaysia) Sdn. Bhd.	24 May 2019	7 June 2019
	<u>Foreign Producers/Exporters</u>		
i.	Natsteel Holdings Pte Ltd	24 May 2019	7 June 2019
ii.	Diler Demir Celik Endustru Ve Ticaret A.S.	24 May 2019	7 June 2019
iii.	Colakoglu Metalurji A.S.	24 May 2019	7 June 2019
iv.	Turkish Steel Exporters' Association	24 May 2019	7 June 2019

Appointment of Counsel / Consultant

14. The IA was informed of the appointment of counsels/consultants by the following companies/association:

No.	Importers or Foreign Producers/Exporters/Association	Counsel / Consultant
i.	Easteel Services (Malaysia) Sdn. Bhd.	Skrine
ii.	Natsteel Holdings Pte Ltd	Skrine
iii.	Diler Demir Celik Endustru Ve Ticaret A.S.	Trade Resources Company
iv.	Colakglu Metalurji A.S.	Trade Resources Company
v.	Turkish Steel Exporters' Association	Jason Teoh & Partners

Written Submission to the Questionnaire from Interested Parties

Importer's Questionnaire

15. The IA circulated the Importer's Questionnaire to 17 importers of the subject merchandise, and the following four (4) importers have responded with a written submission:

- i. Asahan Maju Industries Sdn. Bhd.;
- ii. Cut & Bend Sdn. Bhd.;
- iii. Xinsteel Sdn. Bhd.; and
- iv. Easteel Services (Malaysia) Sdn. Bhd.

Foreign Producer's / Exporter's Questionnaire

16. The IA sent the Foreign Producer's/Exporter's Questionnaires to seven (7) known foreign producers/exporters from the alleged countries and responses were received from the producers/exporters as follows:

Singapore

- i. Natsteel Holdings Pte Ltd.

Turkey

- i. Diler Demir Celik Endustru Ve Ticaret A.S.;
- ii. Colakoglu Metalurji A.S.; and
- iii. IÇDAS Çelik Enerji Tersane ve Ulasim Sanayi A.S.

Association

17. The IA also received a submission from the Turkish Steel Exporters' Association (TSEA).

Level of Cooperation

18. Interested parties who fully cooperated in the investigation are those who had responded to the questionnaires completely as follows:

Importers

- i. Cut & Bend Sdn. Bhd.;
- ii. Xinsteel Sdn. Bhd.; and
- iii. Easteel Services (Malaysia) Sdn. Bhd.

Foreign Producers / Exporters

Singapore

- i. Natsteel Holdings Pte Ltd.

Turkey

- i. Diler Demir Celik Endustru Ve Ticaret A.S.; and
- ii. Colakoglu Metalurji A.S.

19. Foreign producers/exporters who responded by declaring that they did not export the subject merchandise during the POI are as follows:

- i. ICDAS Celik Enerji Tersane ve Ulasim Sanayi A.S.

20. Interested parties who did not cooperate in the investigation, by not responding to the questionnaire, not providing substantial information to the questionnaire, submitting partial information, withholding pertinent/substantial information or did not respond within the stipulated timeframe, to enable the IA to make a determination in accordance to the Act, are as follows:

Importers

- i. Asahan Maju Industries Sdn. Bhd.;
- ii. Engtex Sdn. Bhd.;
- iii. Yick Hoe Steel Sdn. Bhd.;
- iv. CH Rebar Sdn. Bhd.;
- v. Kin Kee Hardware Sdn. Bhd.;
- vi. Hiap Teck Hardware Sdn. Bhd.;
- vii. Ann Yak Siong Sdn. Bhd.;
- viii. Sing Yung Steel Sdn. Bhd.;
- ix. Metex Steel Sdn. Bhd.;
- x. Choo Bee Hardware Sdn. Bhd.;
- xi. Soon Hin Hardware Sdn. Bhd.; and
- xii. HL Manufacturing Sdn. Bhd.

Foreign Producers / Exporters

Singapore

- i. Regency Steel Asia Pte Ltd.

Turkey

- i. Korman Celik Sanayii A.S.; and
- ii. Habas Sinai Ve Tibbi Gazlar Istihsal Endustrisi A.S.

Deficiencies

21. The IA has requested Diler Demir Celik Endustru Ve Ticaret A.S. on 23 July 2019 to provide a separate table for sales from Diler Demir Celik Endustru Ve Ticaret A.S. to Diler Dis Ticaret A.S. (as explained in the Questionnaire Response) for Export Sales of the PUI D-1.1: General Information. The company replied to the IA through a letter dated 1 August 2019 and the IA duly noted its submission.

Verification Visit

22. The IA carried out on-site verifications to the Petitioner, Supporter and the companies which responded to the Importers Questionnaire as follows:

Petitioner

i.	Antara Steel Mills Sdn. Bhd.	7 – 10 May 2019
ii.	Malaysia Steel Works (KL) Berhad	14 – 17 May 2019
iii.	Amsteel Mills Sdn. Bhd.	23 – 27 May 2019
iv.	Established Metal Industries Sdn. Bhd.	28 – 31 May 2019

Supporter

v.	King Hong Steel Sdn. Bhd.	11 – 14 June 2019
vi.	Steel Industries (Sabah) Sdn. Bhd.	17 – 19 June 2019

Importers

vii.	Cut & Bend Sdn. Bhd.	20 June 2019
viii.	Easteel Services (Malaysia) Sdn. Bhd.	25 June 2019
ix.	Xinsteel Sdn. Bhd.	3 July 2019

23. Leader Steel Sdn. Bhd. withdrew their support for the Petition through a letter dated 2 July 2019. Based on the submitted letter, Leader Steel Sdn. Bhd. indicated that there was no production during the POID is their reason for withdrawal.

24. During the verification visit at King Hong Steel Sdn. Bhd., the company decided to withdraw support due to insufficient and inability to provide the required information within the stipulated time. The company also indicated to the IA that it does not oppose the Petition and expressed its decision to remain as a neutral party despite the withdrawal. The company's decision has also been communicated to the IA through a letter dated 17 June 2019.

Notice of Extension of Period for Making Preliminary Determination

25. In accordance with the sub regulation 10(2) of the Regulations, the Government decided to extend the period for making preliminary determination from 25 August 2019 to 23 September 2019. The extension was announced on 19 August 2019 through a notice published in His Majesty's Government Gazette P.U. (B) 390/2019. This was to enable the IA to fully assess all information received from interested parties.

B. SUBJECT MERCHANDISE AND LIKE PRODUCT

Description of the Subject Merchandise

26. The Petition describes the subject merchandise as High Tensile Deformed Bar or Deformed Reinforcing Steel Bar, containing indentations, ribs, grooves or other deformations produced during the rolling process or twisted after rolling. It is in the form of hot rolled round steel bar with two longitudinal ribs and a series of fix interval transverse ribs for concrete reinforcement purposes, which uses billets as raw material. The end usage of the product is for concrete reinforcement for construction projects including infrastructure, housing, road building, bridge, water dam and other concrete reinforcement purposes.

27. In addition to that, based on the Petition, the Domestic Industry has requested to specifically exclude plain round, hexagonal shape, square, rectangular and angles bars or any which do not contain indentation/ribs/grooves or other deformation.

28. Based on the Petition, the detailed characteristics and description of the product produced by the Domestic Industry is described in Table 1.

Table 1: Product Details

Types of Product Produced by the Domestic Industry	Subject Merchandise	Identical Characteristics	Differences
STEEL CONCRETE REINFORCING BAR ("REBAR") - Deformed Bar/Deformed Reinforcing Steel Bar(diameter 10mm to 40mm) i. MS146:2006 Gr 460 & Gr 500B; ii. MS146:2014 Gr B500B & Gr B500C; and iii. HS Codes: 7214	STEEL CONCRETE REINFORCING BAR ("REBAR") - High Tensile Deformed Bar/ Carbon Ribbed Steel Bars for Concrete/ Steel Deformed Bar/ Deformed Bar/Deformed Steel Bar/ Rebar/ Carbon Steel Bars for the Reinforcement of Concrete in Straight/ GR 460B & GR 500/GR B500B MS 146:2006 / MS 146:2014 HS Codes: 7214 & 7228	Identical mechanical property, chemistry content with slight differences For deformed bar grade and sizes. Similar Physical appearance on bar ribbed patterns.	Marking on bar may be different.

Source: Domestic Industry

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29. The IA noted that the subject merchandise is required to fulfil the Malaysian Standard specifications in order to be sold in Malaysia. The product specifications of High Yield Deformed Bar/Deformed Reinforcing Steel Bar according to MS146:2014 are as follows:

Standard	Chemical Composition, %						Mechanical Properties			Former Diameter	
	[Cast analysis]						Min. Yield Stress [N/mm ²]	Tensile Strength [N/mm ²]	Min Elongation on Gauge Length [Lo], %	Bend Test 180°	Rebend Test
	C	P	S	Cu	CE	N ₂					
MS 146:2014 [Grade:B500A]	0.22 max	0.05 max	0.05 max	0.8 max	0.50 max	0.012 max	500-650	5% greater than actual yield stress (2% d < 8mm)	2.5*	N/A	4d [d ≤ 16] 7d [d > 16]
MS 146:2014 [Grade:B500B]	0.22 max	0.05 max	0.05 max	0.8 max	0.50 max	0.012 max	500-650	8% greater than actual yield stress	5*	N/A	4d [d ≤ 16] 7d [d > 16]
MS 146:2014 [Grade:B500C]	0.22 max	0.05 max	0.05 max	0.8 max	0.50 max	0.012 max	500-650	≥15%, <35% greater than actual yield stress	7.5*	N/A	4d [d ≤ 16] 7d [d > 16]

Note: $Lo = 5.65\sqrt{So}$ where So = original cross sectional area of test piece, d = nominal size of bar in mm

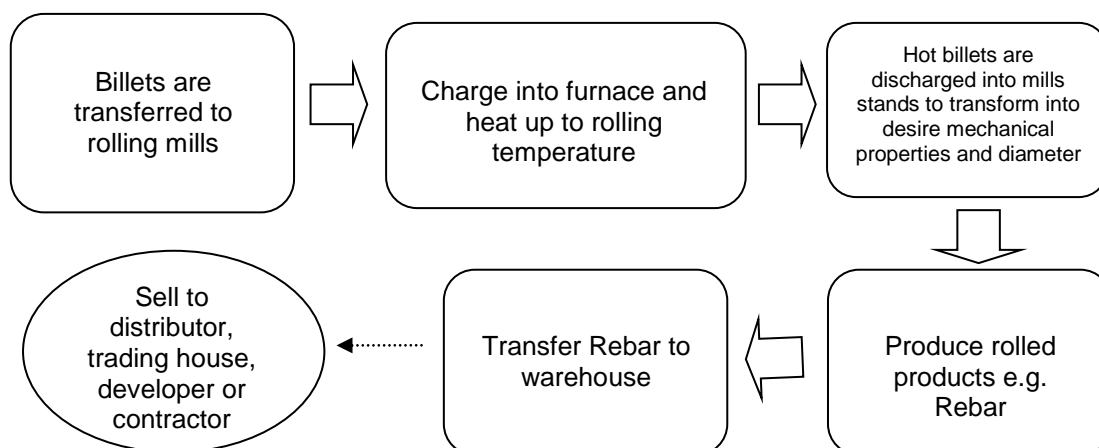
* Total elongation at maximum force, Agt% N/A = Not applicable

CE [Carbon Equivalent] = $C + Mn / 6 + [Cr+Mo+V]/5 + [Ni+Cu]/15$, where the chemical symbols represent the percentage [%] of each element

Source: Domestic Industry and Malaysian Standard on Steel for the reinforcement of concrete – weldable reinforcing steel – Bar, coil and decoiled product – specification (MS146:2014)

30. The manufacturing process of the subject merchandise is as the following flowchart:

Chart 1: Manufacturing Process of the Subject Merchandise



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31. The Tariff Classification and rate of duty applied to the subject merchandise is as shown in the following Table 2 – 5:

Table 2: Customs Duties Order 2012 (PDK2012) of REBAR under Heading 7214

Heading/ Subheading	Description	MFN Rate (%)	ATIGA & MTFTA Rate (%)
72.14	Other bars and rods of iron or non-alloy steel, not further worked than forged, hot-rolled, hot-drawn or hot-extruded, but including those twisted after rolling.		
7214.10	- Forged:		
	- - Containing by weight less than 0.6% of carbon:		
7214.10.210	- - - Of circular cross-section	5%	Nil
7214.10.290	- - - Other	5%	Nil
	- - Other:		
7214.10.910	- - - Of circular cross-section	5%	Nil
7214.10.990	- - - Other	Nil	Nil
7214.20	- Containing indentations, ribs, grooves or other deformations produced during the rolling process or twisted after rolling:		
	- - Containing by weight less than 0.6% of carbon:		
7214.20.210	- - - Of circular cross-section	5%	Nil
7214.20.290	- - - Other	5%	Nil
	- - Other:		
7214.20.910	- - - Of circular cross-section	5%	Nil
7214.20.990	- - - Other	Nil	Nil
7214.30	- Other, of free-cutting steel:		
7214.30.100	- - Of circular cross-section:	5%	Nil
7214.30.900	- - Other	5%	Nil
7214.99	- - Other:		
	- - - Containing by weight less than 0.6% of carbon:		
7214.99.210	- - - - Of circular cross-section	5%	Nil
7214.99.290	- - - - Other	5%	Nil
	- - Other		
7214.99.910	- - - Of circular cross-section	5%	Nil
7214.99.990	- - - Other	Nil	Nil

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Table 3: Customs Duties Order 2012 (PDK2012) of REBAR under Heading 7228

Heading/ Subheading	Description	MFN Rate (%)	ATIGA & MTFTA Rate (%)
72.28	Other bars and rods of other alloy steel; angles, shapes and sections, of other alloy steel; hollow drill bars and rods, of alloy or non-alloy steel.		
7228.10	- Bars and rods, of high speed steel:		
7228.10.100	- - Of circular cross-section	Nil	Nil
7228.10.900	- - Other	Nil	Nil
7228.20	- Bars and rods, of silico-manganese steel:		
7228.20.100	- - Of circular cross-section	5%	Nil
7228.20.900	- - Other	Nil	Nil
7228.30	- Other bars and rods, not further worked than hot-rolled, hot-drawn or extruded:		
7228.30.100	- - Of circular cross-section	5%	Nil
7228.30.900	- - Other	Nil	Nil
7228.40	- Other bars and rods, not further worked than forged :		
7228.40.100	- - Of circular cross-section	5%	Nil
7228.40.900	- - Other	Nil	Nil
7228.50	- Other bars and rods, not further worked than cold-formed or cold-finished:		
7228.50.100	- - Of circular cross-section	5%	Nil
7228.50.900	- - Other	Nil	Nil
7228.60	- Other bars and rods:		
7228.60.100	- - Of circular cross-section	5%	Nil
7228.60.900	- - Other	Nil	Nil
7228.80	- Hollow drill bars and rods:		
7228.80.100	- - Containing by weight 0.6% or more of carbon:	5%	Nil
	- - Other		
7228.80.910	- - - Of circular cross-section	5%	Nil
7228.80.990	- - - Other	Nil	Nil

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Table 4: Customs Duties Order 2017 (PDK2017) of REBAR under Heading 7214

Heading/ Subheading	Description	MFN Rate (%)	ATIGA & MTFTA Rate (%)
72.14	Other bars and rods of iron or non-alloy steel, not further worked than forged, hot-rolled, hot-drawn or hot-extruded, but including those twisted after rolling.		
7214.10	- Forged:		
	- - Containing by weight less than 0.6% of carbon:		
7214.10.11 00	- - - Of circular cross-section	5%	Nil
7214.10.19 00	- - - Other	5%	Nil
	- - Other:		
7214.10.21 00	- - - Of circular cross-section	5%	Nil
7214.10.29 00	- - - Other	Nil	Nil
7214.20	- Containing indentations, ribs, grooves or other deformations produced during the rolling process or twisted after rolling:		
	- - Containing by weight less than 0.6% of carbon:		
	- - - Of circular cross-section:		
7214.20.31 00	- - - - Of a kind used for concrete reinforcement (rebars)	5%	Nil
7214.20.39 00	- - - - Other	5%	Nil
	- - - Other:		
7214.20.41 00	- - - - Of a kind used for concrete reinforcement (rebars)	5%	Nil
7214.20.49 00	- - - - Other	5%	Nil
	- - - Other:		
	- - - - Of circular cross-section:		
7214.20.51 00	- - - - - Of a kind used for concrete reinforcement (rebars)	5%	Nil
7214.20.59 00	- - - - - Other	5%	Nil
	- - - - Other:		
7214.20.61 00	- - - - - Of a kind used for concrete reinforcement (rebars)	Nil	Nil
7214.20.69 00	- - - - - Other	Nil	Nil
7214.30.00	- Other, of free-cutting steel:		
7214.30.10 00	- - Of circular cross-section	5%	Nil
7214.30.90 00	- - Other	5%	Nil
	- Other:		
7214.99	- - Other:		
	- - - Containing by weight 0.6% or more of carbon, other than of circular cross-section		
7214.99.11 00	- - - - Containing by weight less than 1.15% of manganese	Nil	Nil
7214.99.19 00	- - - - Other	Nil	Nil
	- - - Other		
7214.99.91 00	- - - - Containing by weight less than 0.38% of carbon, not more than 0.05% of phosphorus and not more than 0.05% of sulfur	5%	Nil
7214.99.92 00	- - - - Containing by weight 0.38% or more of carbon and less than 1.15% of manganese	5%	Nil
7214.99.93 00	- - - - Containing by weight 0.17% or more of carbon and less than 0.46% of carbon and 1.2% or more but less than 1.65 of manganese	5%	Nil
7214.99.99 00	- - - - Other	5%	Nil

NON-CONFIDENTIAL
AD02/2019 – PRELIMINARY DETERMINATION

Table 5: Customs Duties Order 2017 (PDK2017) of REBAR under Heading 7228

Heading/ Subheading	Description	MFN Rate (%)	ATIGA & MTFTA Rate (%)
72.28	Other bars and rods of other alloy steel; angles, shapes and sections, of other alloy steel; hollow drill bars and rods, of alloy or non-alloy steel.		
7228.10	- Bars and rods, of high speed steel:		
7228.10.10 00	- - Of circular cross-section	Nil	Nil
7228.10.90 00	- - Other	Nil	Nil
7228.20	- Bars and rods, of silico-manganese steel:		
	- - Of circular cross-section:		
7228.20.11 00	- - - Not further worked than hot-rolled, hot-drawn or extruded	5%	Nil
7228.20.19 00	- - - Other	5%	Nil
	- - Other:		
7228.20.91 00	- - - Not further worked than hot-rolled, hot-drawn or extruded	Nil	Nil
7228.20.99 00	- - - Other	Nil	Nil
7228.30	- Other bars and rods, not further worked than hot-rolled, hot-drawn or extruded:		
7228.30.10 00	- - Of circular cross-section	5%	Nil
7228.30.90 00	- - Other	Nil	Nil
7228.40	- Other bars and rods, not further worked than forged:		
7228.40.10 00	- - Of circular cross-section	5%	Nil
7228.40.90 00	- - Other	Nil	Nil
7228.50	- Other bars and rods, not further worked than cold-formed or cold-finished:		
7228.50.10 00	- - Of circular cross-section	5%	Nil
7228.50.90 00	- - Other	Nil	Nil
7228.60	- Other bars and rods:		
7228.60.10 00	- - Of circular cross-section	5%	Nil
7228.60.90 00	- - Other	Nil	Nil
7228.80	- Hollow drill bars and rods:		
	- - Containing by weight 0.6% or more of carbon:		
7228.80.11 00	- - - Of circular cross-section	5%	Nil
7228.80.19 00	- - - Other	Nil	Nil
7228.80.90 00	- - Other	5%	Nil

Like Product

32. Article 2.6 of the WTO ADA and section 2(1) of the Act refer to the “like product” as a product that is identical or alike in all respects to the subject merchandise or, in the absent of such a product, another product although not alike in all respects has characteristics closely resembling the subject merchandise. In the case where the locally produced product and imported are not alike in all respects, the IA would assess whether they have characteristics closely resembling of each other in which these might include *inter alia* the grades, physical, chemical and functional characteristic.

33. To establish the like product, the IA examines based on the responses by the Petitioner and other interested parties. Based on the submission received from producers/exporters, the PUI exported to Malaysia is identical to the PUI sold in their countries.

34. Based on the information made available, the IA is satisfied that:

- the subject merchandise exported to Malaysia is identical to the subject merchandise sold in the alleged countries;
- the subject merchandise is similar and substitutable produced by the Domestic Industry in terms of its basic physical characteristics and usage; and
- the PUI produced by the Domestic Industry is identical or alike in all respects to the subject merchandise originating or exported from Singapore and Turkey within the meaning of Article 2.6 of the WTO ADA and section 2(1) of the Act.

35. The Domestic Industry claims that they are able to produce the like product according to the International Standard Compliance:

- i. Malaysia Standard (MS146:2006 / MS146:2014);
- ii. British Standard (BS 4449:1997 / BS 4449:2005); and
- iii. Australia & New Zealand (AS/NZS 4671:2001).

C. ISSUES RAISED BY INTERESTED PARTIES

36. The following are issues raised by interested parties, either by the companies themselves or by representation through legal counsels or consultants. Issues raised by interested parties which are not covered in Part C of the report are addressed throughout the main body of this report when the IA’s makes assessment regarding the dumping margin determination, injury evaluation, causal link, factors other than dumped imports and public interest.

37. Submissions and views to the initiation of the anti-dumping investigations were made by:

Importers

- i. Cut & Bend Sdn. Bhd.;
- ii. Xinsteel Sdn. Bhd.; and
- iii. Easteel Services (Malaysia) Sdn. Bhd.

Foreign Producers / Exporters / Association

Singapore

Natsteel Holdings Pte Ltd.

Turkey

Turkish Steel Exporters' Association

• **Presence of foreign-owned steel mill in Malaysia**

38. *Cut & Bend Sdn. Bhd., Xinsteel Sdn. Bhd. and Easteel Services (Malaysia) Sdn. Bhd. claimed that a foreign-owned steel mill namely Alliance Steel (M) Sdn. Bhd.:*

- i. *presence is a game changer in the domestic steel production industry. This has resulted in steep price competition and a decline of the PUI price as well as significant loss of market share to the existing domestic industry in order to penetrate and build up their customer base; and*
- ii. *has a bigger capacity, latest technology and more efficient than other local mills.*

IA's Response

39. The IA noted that Alliance Steel (M) Sdn. Bhd. is specialized in producing high-speed wire rod, bar rod and H-beam steel with an annual production of 3.5million MT (source: Alliance Steel (M) Sdn. Bhd. website). As claimed by the importer, Alliance Steel (M) Sdn. Bhd. has been in operation since May 2018. However, the POID of the investigation is from 1 October 2015 to 30 September 2018 and Alliance Steel (M) Sdn. Bhd. did not participate in the investigation as interested party. As such, the IA cannot verify that the Alliance Steel (M) Sdn. Bhd. presence in the domestic market has affected the domestic selling price and market share of the Domestic Industry.

• **Current domestic and global developments contributing to the injury**

40. *Cut & Bend Sdn. Bhd. and Easteel Services (Malaysia) Sdn. Bhd. raised that mega infrastructure projects reviewed due to the change of Government and the on-going U.S.-China tariffs dispute in May 2018 impacted the sales of the Domestic Industry.*

IA's Response

41. The POID of the investigation is from 1 October 2015 to 30 September 2018, in which prior and during the U.S.-China trade war and the review of mega infrastructure projects undertaken by the new Government was during the third quarter of 2018.

42. Nevertheless, based on the preliminary investigation undertaken, the IA is satisfied that dumping of the subject merchandise has caused material injury to the Domestic Industry in accordance with subsection 23(1)(b)(i) of the Act and Article 3.5 of the WTO ADA specifically in the POI where the presence of dumping activities were also examined. The IA has also found the dumping margin between -4.89% to 5.99% for producers from alleged countries who cooperated during the investigation.

- **Import purchase**

43. *Turkish Steel Exporters' Association alleged the Petitioning Producers imported the subject merchandise during POID based on the information of turnover of PUI (purchased) as per Table F-1.1 of the Petition.*

IA's Response

44. The IA has verified that the purchases of PUI by the Domestic Industry during POID are sourced from local producers.

- **Depreciation of Turkish Lira**

45. *Turkish Steel Exporters' Association alleged that the depreciation of Turkish Lira contributed to the increase of imports from Turkey.*

IA's Response

46. The IA observed that the Safeguard measure imposed on imports of rebar since April 2017 has resulted import diversion of subject merchandise to countries that have been excluded from the Safeguard measure including the alleged countries.

47. Based on the preliminary investigation undertaken, the IA is satisfied that dumping of the subject merchandise has caused material injury to the Domestic Industry in accordance with subsection 23(1)(b)(i) of the Act and Article 3.5 of the WTO ADA specifically in the POI where the presence of dumping activities were also examined.

- **Product quality**

48. *Cut & Bend Sdn. Bhd. claimed that the like products produced by the Domestic Industry are of low quality.*

IA's Response

49. The IA noted that the like products produced by Domestic Industry are in compliance with the following standards:

- i. Malaysia Standard (MS146:2006 / MS146:2014);
- ii. British Standard (BS 4449:1997 / BS 4449:2005); and
- iii. Australia & New Zealand (AS/NZS 4671:2001).

- **Pricing Issues**

50. *Cut & Bend Sdn. Bhd. and Xinsteel Sdn. Bhd. claimed that the local producers offer with a base price and addition RM*** for size 12mm and below due to mill inefficiency in production.*

IA's Response

51. The IA noted that the Domestic Industry sells the like product for rebar diameter of 12mm and below and 40mm at an extra cost of RM***/MT due to the low demand and longer process in production. These sizes are considered as premium grade.

- **Injury Issues**

52. *Several interested parties namely Turkish Steel Exporters' Association, Natsteel Holdings Pte. Ltd. and Easteel Services (Malaysia) Sdn. Bhd. highlighted the Petitioner's lack of injury.*

IA's Response

53. The issue raised has been addressed in the Section E on Material Injury of the Domestic Industry.

54. The IA is satisfied that dumping of the subject merchandise has caused material injury to the Domestic Industry in accordance to regulations 21 of the Regulations.

D. DETERMINATION OF DUMPING MARGIN

Methodology

55. Dumping margins were established for cooperating producers/exporters, by comparing the weighted average normal value of the subject merchandise sold in the domestic market of the alleged exporting country with the corresponding weighted average export prices to the Malaysian market. The comparisons were made at the same level of trade, at ex-factory level in respect of sales reported by the cooperating producers/exporters.

56. Subsection 16 (1) of the Act states that “the normal value shall be the comparable price actually paid or payable in the ordinary course of trade for the like product sold for consumption in the domestic market of the exporting country”.

57. Subsection 16 (3) of the Act states that if the sale of the like product under subsection 16 (1) of the Act is at a price below unit production costs (fixed and variable) plus selling, administrative and other general expenses, the sale may be treated as not having been made in the ordinary course of trade by reason of price and may be disregarded in determining normal value only if the Government determines that such sale was made within an extended period of time in substantial quantities and is at a price that does not provide for the recovery of all costs within a reasonable period of time.

58. On circumstances when there is no sales in the domestic market of the exporting country under subsection 16 (1) of the Act, or when such sales do not permit a proper comparison, the normal value is determined either by using the methods provided in subsection 16 (2) (a) of the Act, i.e. by comparison with a comparable price of the like product when exported to an appropriate third country provided that the comparable price is representative; or subsection 16 (2) (b) of the Act, i.e. by constructing the value of the subject merchandise by adding cost of production in the country of origin plus a reasonable amount for selling, administrative and other general expenses and for profits.

59. Subsection 17 (1) of the Act provides that the export price shall be the price actually paid or payable for the subject merchandise. Subsection 18 (1) of the Act provides a fair comparison shall be made between the export price and the normal value.

60. Section 41 of the Act states that where any interested party refuses access to, or otherwise does not provide necessary information within a reasonable period or significantly impedes an investigation or review, including refusal to allow verification of its information, preliminary and final determinations in investigations or reviews under this Act may be made on the basis of the facts available, including the facts contained in the petition received under subsection 4 (1) or 20 (1) of the Act, as the case may be.

61. For the purpose of this investigation, the IA calculated the normal value and the export price in Singapore Dollar (SGD) and Turkish Lira (TRY) where appropriate. The IA adopted the exchange rate based on the actual exchange rate submitted by the exporters. Where the actual exchange rate is not provided or not known, the IA used the exchange rate provided by the Bank Negara Malaysia.

The Republic of Singapore

62. Questionnaires were distributed to producers/exporters from Singapore who were named in the Petition and believed to be exporting the subject merchandise into Malaysia in order to determine the normal value and export price for the subject merchandise.

63. One (1) producer/exporter from Singapore namely Natsteel Holdings Pte Ltd responded to the questionnaires and submitted the information on its sales of the

subject merchandise into the Malaysian market and the domestic market in Singapore.

Natsteel Holdings Pte Ltd (Natsteel)

64. The submission explained that Natsteel is a producer/exporter of the PUI into Malaysia. In determining the dumping margin, the IA examined the information provided by Natsteel.

Normal Value

65. Natsteel in its response stated that sales to the domestic market were made to its ***, ***, and ***. Natsteel stated that the total sales of Rebar in the domestic market during the POI was at ***MT valued at SGD***.

66. The IA noted that Natsteel provided information as requested under Table E-4.2 Sales to Domestic Market – Sales Listing (DOM-SALE), information on purchase of raw material, cost of production, cost of sales of all products and CTMS as in Table F-3.1: Purchase of Raw Material, Table F-4.1: Cost of Production, Table F-4.2: Average Production Costs and Sales, Table F-4.3: Cost of Sales and F-5: Cost to Make and Sell.

67. In examining the information provided by Natsteel, the IA selected sales to all customers based on the same product codes sold to Malaysia during POI i.e., ***MT valued at SGD***. The IA notes that the volume of sales below cost of the like product represented ***% of the volume sold in the domestic market throughout the POI. As such, the IA considered that domestic sales of PUI from Natsteel were not made in the ordinary course of trade. The IA, therefore constructed normal value as provided by Section 16(2) of the Act, Regulation 26 of the Regulations and Article 2.2 of the WTO ADA by referring to the cost of production plus a reasonable amount for SG&A and profit margin. The constructed normal value for Natsteel is SGD*** as shown in Appendix 1.

Export Price

68. In determining the export price for Natsteel, the IA examined the information provided by Natsteel on the export sales for Rebar into Malaysia. Natsteel in its response stated that export sales into Malaysia were made through its ***i.e. ***. and ***.

69. The sales listing consists of ***MT valued at SGD*** of export sales. The invoices submitted were on *** and ***basis. The IA selected sales to all customers based on the same product codes sold to Malaysia during POI i.e., ***MT valued at SGD***. Natsteel requested due allowances for *** and ***.

70. The export price determination was based on the export sales listing made available by Natsteel. To arrive at ex-factory price, the IA deducted all allowances claimed on the export price as required by subsection 17(1) and section 18 of the Act. The ex-factory export price for Natsteel is SGD*** as shown in Appendix 1.

Dumping Margin

71. Based on information available to the IA, the weighted average dumping margin established for Natsteel expressed as a percentage of the export price at CIF value is 5.99%. Details of the calculation are as shown in Appendix 1.

Non-cooperating Producers/Exporters from Singapore

72. Producers/Exporters that failed to respond to the foreign producer's/exporter's questionnaire distributed by the IA in the investigation is considered as non-cooperating producers/exporters. As such, the IA shall make the determination of dumping margin based on facts available as stipulated under section 41 of the Act.

Dumping Margin

73. Based on information available to the IA, the weighted average dumping margin established for non-cooperating producers/exporters expressed as a percentage of the export prices at CIF value is 17.65%. Details of the calculation are as shown in Appendix 1.

The Republic of Turkey

74. Questionnaires were distributed to producers/exporters from Turkey who were named in the Petition and believed to be exporting the subject merchandise into Malaysia in order to determine normal value and export price for the subject merchandise.

75. Two (2) producers/exporters from Turkey responded to the Questionnaires and submitted the information on their sales of the subject merchandise into the Malaysian market and their domestic market. The producers/exporters are Colakoglu Metalurji A.S. and Diler Demir Celik Endustru ve Ticaret A.S..

Colakoglu Metalurji A.S. (Colakoglu)

76. The submission explained that Colakoglu is a producer/exporter of the PUI into Malaysia. In determining the dumping margin, the IA examined the information provided by Colakoglu.

Normal Value

77. Colakoglu in its response stated that sales to the domestic market were made to its *** and ***. Colakoglu stated that the total sales of Rebar in the domestic market during the POI was at ***MT valued at TRY***.

78. The IA noted that Colakoglu provided information as requested under Table E-4.2 Sales to Domestic Market – Sales Listing (DOM-SALE), information on purchase of raw material, cost of production, cost of sales of all products and CTMS as in Table F-3.1: Purchase of Raw Material, Table F-4.1: Cost of Production, Table F-4.2: Average Production Costs and Sales, Table F-4.3: Cost of Sales and F-5: Cost to Make and Sell.

79. In examining the information provided by Colakoglu, the IA selected sales to all customers based on the same product codes sold to Malaysia during POI i.e., ***MT valued at TRY***. The IA notes that the volume of sales below cost of the like product represented ***% of the volume sold in the domestic market throughout the POI. Therefore, the IA used all sales transactions in calculating the normal value.

80. Colakoglu in their submission claimed that some domestic sales in the Turkey were made at *** and ***. Colakoglu requested due allowances for ***, ***, ***, ***, *** and ***.

81. The IA therefore, calculated the normal value based on the price actually paid or payable for the like product in the ordinary course of trade in the Turkey pursuant to the requirement of subsection 16(1) of the Act. To arrive at ex-factory price, the IA deducted allowance for ***, *** and ***. The normal value for Colakoglu is TRY*** as shown in Appendix 1.

Export Price

82. In determining the export price for Colakoglu, the IA examined the information provided by Colakoglu on the export sales for Rebar into Malaysia. Colakoglu in its response stated that export sales into Malaysia were made to its ***.

83. The sales listing consists of ***MT valued at TRY*** of export sales. The invoices submitted were on *** basis. Colakoglu requested due allowances for ***, ***, *** and ***.

84. The export price determination was based on the export sales listing made available by Colakoglu. To arrive at ex-factory price, the IA deducted allowances claimed on ***, *** and *** as required by subsection 17(1) and section 18 of the Act. The ex-factory export price for Colakoglu is TRY*** as shown in Appendix 1.

Dumping Margin

85. Based on information available to the IA, the weighted average dumping margin established for Colakoglu expressed as a percentage of the export price at CIF value is -4.89%. Details of the calculation are as shown in Appendix 1.

Diler Demir Celik Endustru ve Ticaret A.S. (DDC)

86. The submission explained that DDC is a producer/exporter of the PUI into Malaysia. In determining the dumping margin, the IA examined the information provided by DDC.

Normal Value

87. DDC in its response stated that sales to the domestic market were made to its *** and *** and ***. DDC stated that the total sales of Rebar in the domestic market during the POI were at ***MT valued at TRY***.

88. The IA noted that DDC provided information as requested under Table E-4.2 Sales to Domestic Market – Sales Listing (DOM-SALE), information on purchase of

raw material, cost of production, cost of sales of all products and CTMS as in Table F-3.1: Purchase of Raw Material, Table F-4.1: Cost of Production, Table F-4.2: Average Production Costs and Sales, Table F-4.3: Cost of Sales and F-5: Cost to Make and Sell.

89. In examining the information provided by DDC, the IA selected sales to all customers based on the same product codes sold to Malaysia during POI i.e., ***MT valued at TRY***. The IA notes that the volume of sales below cost of the like product represented ***% of the volume sold in the domestic market throughout the POI. Therefore, the IA used all sales transactions in calculating the normal value.

90. DDC in their submission claimed that domestic sales in the Turkey were made at *** and ***. DDC requested due allowance for ***, ***, ***, ***, *** and ***.

91. The IA therefore, calculated the normal value based on the price actually paid or payable for the subject merchandise in the ordinary course of trade in the Turkey pursuant to the requirement of subsection 16(1) of the Act. To arrive at ex-factory price, the IA deducted allowance for ***, *** and *** requested by DDC. The normal value for DDC is TRY*** as shown in Appendix 1.

Export Price

92. In determining the export price for DDC, the IA examined the information provided by DDC on the export sales for Rebar into Malaysia. DDC in its response stated that export sales into Malaysia were made to its *** i.e. ***.

93. The sales listing consists of ***MT valued at TRY*** of export sales. The invoices submitted were on *** and *** basis. The IA selected sales to all customers based on the same product codes sold to Malaysia during POI i.e., ***MT valued at ***. The invoices submitted were on *** basis. DDC requested due allowance for ***.

94. The export price determination was based on the export sales listing made available by DDC. To arrive at ex-factory price, the IA deducted allowance for *** on the export price as required by subsection 17(1) and section 18 of the Act. The ex-factory export price for DDC is TRY*** as shown in Appendix 1.

Dumping Margin

95. Based on information available to the IA, the weighted average dumping margin established for DDC expressed as a percentage of the export price at CIF value is 3.35%. Details of the calculation are as shown in Appendix 1.

96. The IA also noted that Diler Demir Celik Endustru Ve Ticaret A.S. uses the name Diler Iron and Steel Co. Inc. as per Product Certification License issued by SIRIM on 20 July 2017 on their mill certificate. This information was provided by the company via email communication dated 26 August 2019.

Non-cooperating Producers/Exporters from Turkey

97. Producers/Exporters that failed to respond to the foreign producer's/exporter's questionnaire distributed by the IA in the investigation is considered as non-

cooperating producers/exporters. As such, the IA shall make the determination of dumping margin based on facts available as stipulated under section 41 of the Act.

Dumping Margin

98. Based on information available to the IA, the weighted average dumping margin established for non-cooperating producers/exporters expressed as a percentage of the export prices at CIF value is 20.09%. Details of the calculation are as shown in Appendix 1.

E. MATERIAL INJURY

Domestic Industry

99. Subsection 20(1) of the Act requires Domestic Industry to submit the written petition by or on behalf of the Domestic Industry producing the like product. Subsection 2(1) of the Act defines “Domestic Industry” as follows:

“domestic industry means -

- (a) the domestic producers as a whole of the like product;*
- (b) the domestic producers whose collective output of the like product constitutes a major proportion of the total domestic production of the like product; or*
- (c) where appropriate, the regional producers of the like product”*

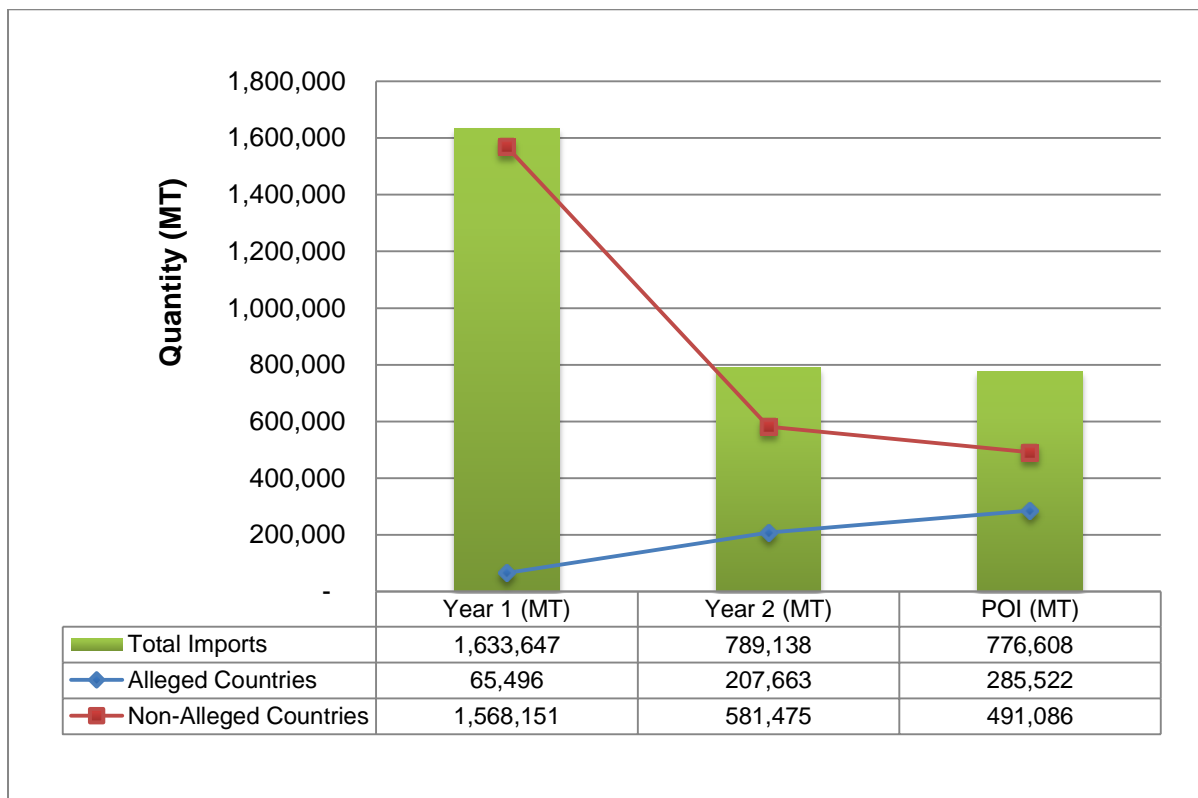
100. In evaluating the material injury suffered by the Domestic Industry, the IA has considered factors such as the volume effect, price effect, profitability effect and other economic and financial factors.

101. The material injury were analysed based on the information of the Domestic Industry that were verified during the verification visit conducted as reported in Section A, paragraph 22.

VOLUME EFFECTS

Import Volume

Figure 1: Import volume during POID



Source: DOSM

102. Figures 1 demonstrates the total import trend of the subject merchandise, in absolute terms, including imports from alleged and non-alleged countries throughout the POID.

103. The IA noted and has taken into consideration that the POID coincided with transposition of HS Codes 2012 (Customs Duties Order 2012 – PDK2012) to HS Codes 2017 (Customs Duties Order 2017 – PDK2017) on 1 April 2017.

104. Based on the Petition, the Petitioner has requested to specifically exclude plain round, hexagonal shape, square, rectangular and angles bars or any which do not contain indentation/ribs/grooves or other deformation.

105. It is observed that total imports of the subject merchandise decreased by 52.46% from Year 1 to POI. However, total imports from the alleged countries increased by 217.06% from 65,496MT in Year 1 to 207,663MT in Year 2, and further increased by 37.49% to 285,522MT in POI. Overall, the import of the subject merchandise from the alleged countries increased by 335.94% from Year 1 to POI.

Table 6: Import Share for subject merchandise

Source of Imports	Year 1		Year 2		POI	
	MT	%	MT	%	MT	%
Singapore	64,600	3.96	93,714	11.88	113,748	14.65
Turkey	896	0.05	113,949	14.44	171,774	22.12
Non-Alleged Countries	1,568,151	95.99	581,475	73.68	491,086	63.23
Total Imports	1,633,647		789,138		776,608	

Source: DOSM

106. Table 6 depicts the import share of the subject merchandise by country throughout the POID. The IA noted that 36.77% of imports of the subject merchandise in the POI were from the alleged countries with Turkey holding the largest import share of 22.12% followed by Singapore, 14.65%.

107. The IA observed that the decrease in imports of the subject merchandise from Year 1 to POI was mainly contributed by imports from PRC after the imposition of Safeguards measure on the subject merchandise. Imports from PRC have significantly decreased by 73.94% from 1,533,453MT in Year 1 to 399,580MT in POI.

Market Share

Table 7: Market Share in Volume

Source	Year 1 (Index)	Year 2 (Index)	POI (Index)
Domestic Industry	100	109	123
Singapore	100	145	176
Turkey	100	12,718	19,171
Non-Alleged Countries	100	37	31
Domestic Consumption	100	72	77

Source: Domestic Industry and DoSM

108. Table 7 demonstrates the market share for imports, domestic sales and domestic consumption of the subject merchandise during the POID. In determining the market share, comparison was made between domestic sales volume of the Domestic Industry and total import volume of the subject merchandise. It is observed that:

- i. the market share of imports of the subject merchandise from the alleged countries has increased from from ***% in Year 1 to ***% during POI. On the contrary, the non-alleged countries' market share has decreased from ***% in Year 1 to ***% during POI;
- ii. the domestic consumption fluctuated throughout the POID from ***MT in Year 1 decreased to ***MT in Year 2 and increased to ***MT during POI; and
- iii. the market share of the Domestic Industry has increased from ***% in Year 1 to ***% in Year 2 and further increased to ***% in POI.

PRICE EFFECTS

Price Undercutting

Table 8: Price Undercutting of PUI (Year 1 to POI)

	Year 1 (Index)	Year 2 (Index)	POI (Index)
Domestic Industry's Average Domestic Price	***	***	***
Singapore	***	***	***
Undercutting (RM)	***	***	***
Percentage Undercutting (%)	35.30%	1.19%	-1.39%
Turkey	***	***	***
Undercutting (RM)	***	***	***
Percentage Undercutting (%)	28.61%	-7.44%	-2.94%

Source: Domestic Industry and DOSM

109. Table 8 demonstrates the price undercutting throughout the POID. Comparison was made between the Domestic Industry's domestic average selling price with the average import price from Singapore and Turkey during the POID.

110. The Domestic Industry's average selling price of RM*** in POI was undercut by the average import price of the subject merchandise from Singapore by 1.39%, whereas for Turkey, the undercutting was between the range of 2.94% to 7.44% in Year 2 and POI.

Price Depression

Table 9: Price Depression

	Year 1 (Index)	Year 2 (Index)	POI (Index)
Domestic Industry's Average Domestic Price	100	127	148
Singapore Average Import Price	100	95	108
Turkey Average Import Price	100	91	111

Source: Domestic Industry

111. Table 9 demonstrates the price depression of the Domestic Industry. Based on the price comparison between the average price of producers from the alleged countries and the Domestic Industry, the IA noted that:

- i. the Domestic Industry average selling price was not depressed during POID;

- ii. the Domestic Industry have to increase its selling price throughout the POID due to the increasing cost of raw materials; and
- iii. the average import price from the alleged countries showed a fluctuating trend throughout the POID.

Price Suppression

Table 10: Price Suppression

	Year 1 (Index)	Year 2 (Index)	POI (Index)
Domestic Industry's Average Domestic Price	100	127	148
CTMS	100	104	122

Source: Domestic Industry

112. Table 10 demonstrates the price suppression throughout the POID. Based on the analysis, the IA finds that:

- i. the domestic selling price recorded an increasing trend throughout the POID. It increased by ***% from RM***/MT in Year 1 to RM***/MT in Year 2 and further increased by ***% to RM***/MT during POI;
- ii. the Domestic Industry's CTMS increased by ***% from RM*** in Year 1 to RM*** in Year 2. The CTMS further increased by ***% to RM*** in POI; and
- iii. the increase in domestic selling price is in tandem with the increase of CTMS. The Domestic Industry had to increase its selling price throughout the POID due to the increasing cost of raw materials such as billet.

113. The IA found that the Domestic Industry was able to sell above CTMS in Year 2, which leads to a profit margin of RM***/MT. However, the Domestic Industry had to sell below CTMS in POI to compete with the low selling price of the subject merchandise from the alleged countries.

PROFITABILITY EFFECTS

Sales

Table 11: Sales Volume of PUI

	Year 1 (Index)	Year 2 (Index)	POI (Index)
Total Sales	100	107	120
Domestic Sales	100	109	122
Export Sales	100	39	39

Source: Domestic Industry

114. Table 11 demonstrates the trend of sales volume of the PUI throughout the POID. The Domestic Industry claimed that its domestic sales volume has been affected due to imports of subject merchandise. The total sales volume recorded an increasing trend throughout the POID. It increased by ***% from ***MT in Year 1 to ***MT in Year 2 and further increased by ***% to ***MT in POI.

115. Domestic sales volume recorded an increasing trend throughout the POID, in tandem with the trend of total sales. It increased by ***% from ***MT in Year 1 to ***MT in Year 2 and further increased by ***% to ***MT in POI. The IA also noted that the export sales showed a fluctuating trend throughout the POID. The Domestic Industry's export sales decreased by ***% from Year 1 to Year 2, but increased by ***% during POI.

Table 12: Sales Turnover of PUI

	Year 1 (Index)	Year 2 (Index)	POI (Index)
Total Sales	100	135	177
Domestic Sales	100	137	180
Export Sales	100	47	57

Source: Domestic Industry

116. Table 12 demonstrates the trend of sales turnover of the PUI throughout the POID. The increasing sales turnover trend is consistent with the trend of sales in volume throughout the POID.

117. Total sales of the Domestic Industry were mainly contributed by domestic sales. The domestic sales recorded an increasing trend while their export sales trend fluctuated. The domestic sales turnover increased by ***% from RM*** in Year 1 to RM*** in Year 2 and further increased by ***% in POI to a turnover of RM***.

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118. The IA observed that the increasing trend of sales turnover throughout the POID was also contributed by the increasing trend of Domestic Industry's average selling price.

Table 13: Average Domestic Selling Price of PUI

Description	Year 1 (Index)	Year 2 (Index)	POI (Index)
Average Domestic Selling Price	100	127	148

Source: Domestic Industry

119. Table 13 demonstrates the average domestic selling price of PUI which recorded an increasing trend throughout the POID, consistent with the increasing trend of sales turnover. The IA noted that the Domestic Industry's average domestic selling price increased by ***% from RM***/MT in Year 1 to RM***/MT in Year 2. During POI, the Domestic Industry further increased the selling price by ***% to RM***/MT. The Domestic Industry claimed that they were unable to reduce the selling price due to upward trend of raw material prices.

Profitability

Table 14: Profit/Loss

Description	Year 1 (Index)	Year 2 (Index)	POI (Index)
Total Net Profit / (Loss)	100	937	220
Domestic Net Profit / (Loss)	100	727	171
Export Net Profit / (Loss)	100	90	20
Profit Margin	100	132	67

Source: Domestic Industry

120. Table 14 demonstrates the profitability of the Domestic Industry. The IA observed that:

- i. the movement of the Domestic Industry total net profit/loss was parallel with the movement of its domestic sales net profit/loss and profit margin;
- ii. In Year 2, the Domestic Industry managed to improve their total net profit by ***% from loss of RM*** in Year 1 to RM*** in Year 2. However, the total net profit fell by ***% to RM*** in POI. The reason that contributed to the huge decline of the total net profit was due to declining net profit of domestic sales from Year 2 to POI;
- iii. the domestic sales net profit increased by ***% from loss of RM*** in Year 1 to RM*** in Year 2 but decreased by ***% to RM*** in POI; and

- iv. the profit margin for the Domestic Industry has increased from ***% in Year 1 to ***% in Year 2. However, it decreased to ***% in POI. The reduce in profit margin during the POI correlates with the increase of CTMS, price of raw materials, as well as the increase of imports of the subject merchandise from the alleged countries.

121. The IA noted that throughout the POID, the Domsetic Industry’s selling, general and administrative expenses remained consistent between RM*** to RM***.

Production and Capacity Utilisation

Table 15: Production and Capacity Utilisation

Description	Year 1 (Index)	Year 2 (Index)	POI (Index)
Production capacity	100	103	103
Actual production	100	119	138
Capacity Utilisation	100	116	135

Source: Domestic Industry

122. Table 15 demonstrates the production and capacity utilisation of the Domestic Industry. The IA noted that the actual production increased by ***% from ***MT in Year 1 to ***MT in Year 2. During POI, the actual production increased continuously by ***% to ***MT compared to Year 2. The increase in the actual production led to the increasing trend of capacity utilisation ranging from ***% to ***% throughout the POID.

123. Despite of the increasing trend in terms of the Domestic Industry actual production, they claimed that:

- i. their capacity utilisation remained below ***% of their production capacity; and
- ii. the increasing dumped import volumes of the subject merchandise from the alleged countries have prevented the Domestic Industry from achieving a higher capacity utilisation.

124. The IA observed that:

- i. despite of the increase in the Domestic Industry’s actual production, their capacity utilisation remained below ***%;
- ii. the increase in production and capacity utilisation correlates with the increase in the Domestic Industry’s sales volume and turnover during the POID; and
- iii. the import volume from the alleged countries has reached ***% of the total production capacity of the Domestic Industry.

Cash Flow

Table 16: Cash Flow of PUI (Year 1 to POI)

Description	Year 1 (Index)	Year 2 (Index)	POI (Index)
Net Cash Flow	100	16	(11)

Source: Domestic Industry

125. Table 16 demonstrates the decreasing trend of Domestic Industry's cash flow. The cash flow sharply decreased by ***% from RM*** in Year 1 to RM*** in Year 2. It has further decreased by ***% to a negative cash flow value of RM*** during POI. The IA is of the view that the Domestic Industry suffered injury in terms of cash flow arising from operating activities.

Productivity

Table 17: Productivity

Description	Year 1 (Index)	Year 2 (Index)	POI (Index)
Productivity Level (MT/machine hours)	100	105	107

Source: Domestic Industry

126. Table 17 demonstrates the productivity level of the Domestic Industry calculated based on the Domestic Industry's actual production of the PUI vis-à-vis machine running hours.

127. Based on the installed capacity, the productivity level is calculated at ***MT/hr (Year 1), ***MT/hr (Year 2) and ***MT/hr (POI). The productivity level of the Domestic Industry remained consistent throughout Year 1 to POI. The Domestic Industry claimed that the presence of the dumped imports has deprived them from achieving a higher productivity.

128. The IA is of the view that:

- i. the productivity level has been on an increasing trend throughout the POI; and
- ii. the Domestic Industry level of actual production increased in tandem with the improvement made in the productivity.

Employment and Wages

Table 18: Employment and Wages

Description	Year 1 (Index)	Year 2 (Index)	POI (Index)
Number of Employee	100	118	124
Average Wages (per month)	100	118	121

Source: Domestic Industry

129. Table 18 demonstrates the employment and monthly average wages of the Domestic Industry throughout the POID. The IA observed that the monthly average wages increased by ***% from RM*** per employee in Year 1 to RM*** per employee in Year 2. The average wages further increased during POI by ***% to RM***.

130. The total employees increased by *** employees in Year 2 and further increased to *** employees in POI. The Domestic Industry claimed that the investment made to increase their capacity utilisation has enabled them to increase additional employees to run those machines. The Domestic Industry also claimed that the take home wages would have been higher if not for subdued production due to the presence of dumped imports from the alleged countries.

131. The IA is of the view that the employment has been on an increasing trend throughout the POID in tandem with the average wages, which also increased throughout the POID.

Inventory

Table 19: Inventory

Description	Year 1 (Index)	Year 2 (Index)	POI (Index)
Inventories	100	112	111

Source: Domestic Industry

132. Table 19 demonstrates the inventory level of the Domestic Industry. The IA noted that the inventory level increased by ***% from ***MT in Year 1 to ***MT in Year 2, but decreased by ***% to ***MT in POI. The Domestic Industry claimed that the inventories have been reduced in order to minimize the holding cost of inventories.

Ability to Raise Capital

133. The Domestic Industry claimed that the profitability being affected due to the dumped imports of the subject merchandise from the alleged countries during POI. The Domestic Industry encountered with multiple difficulties to raise fund through equity market due to poor ROI and the banks' loan, who generally considered the iron and steel sector as high risk industry in Malaysia. Thus, these banks were more rigid on approving financial support.

Return on Investment

Table 20: Return on Investment

Description	Year 1 (Index)	Year 2 (Index)	POI (Index)
Return on Investment	100	696	142

Source: Domestic Industry

134. Table 20 demonstrates ROI of the Domestic Industry. The ROI increased from negative ROI of ***% in Year 1 to positive ROI of ***% in Year 2 but decreased to ***% in POI. The cost of investment was consistent between RM***million to RM***million throughout the POID. The movement of ROI is in tandem with the Domestic Industry's profit/loss and ROA during the POID.

135. The IA noted that the Domestic Industry suffered in terms of ROI.

Return on Total Asset

Table 21: Return on Total Assets

Description	Year 1 (Index)	Year 2 (Index)	POI (Index)
Return on Total Assets	100	671	122

Source: Domestic Industry

136. Table 21 demonstrates ROA of the Domestic Industry. The Domestic Industry experienced positive ROA of ***% in Year 2 compared to negative ROA of ***% in Year 1. However, the ROA drop to ***% in POI. The movement of ROA is in tandem with the Domestic Industry's profit/loss and ROI during the POID.

137. The IA notes that the Domestic Industry suffered in terms of ROA.

Conclusion on Material Injury

138. The IA concluded that the Domestic Industry suffered material injuries in terms of:

- i. Volume Effect
 - Import Volume.
- ii. Price Effect
 - Price Undercutting; and
 - Price Suppression.
- iii. Profitability Effect
 - Profitability;
 - Cash Flow;
 - Production and capacity utilisation;
 - Ability to raise capital;
 - Return on Investment; and
 - Return on Total Asset.

139. The IA concluded that the Domestic Industry did not suffered material injury in terms of:

- Market share;
- Price Depression;
- Inventory;
- Productivity;
- Sales; and
- Employment and wages.

F. CAUSAL LINK

140. In determining the causal link, it must be established that the dumping activities of the subject merchandise had caused material injury to the Domestic Industry in accordance with subsection 23(1) of the Act and Article 3.5 of the WTO ADA specifically in the POI where the presence of dumping activity is also examined. The IA is satisfied that the dumping activities of the subject merchandise into Malaysia by the alleged countries had caused material injury to the Domestic Industry.

141. The IA summarises the injury analysis as follows:

No.	Injury Factors	Outcome of Analysis
i.	Import Volume	<ul style="list-style-type: none">• Total imports of the subject merchandise from the alleged countries increased by 217.06% from 65,496MT in Year 1 to 207,663MT in Year 2.• The import volume from the alleged countries further increased by 37.49% to 285,522MT in POI.

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No.	Injury Factors	Outcome of Analysis
		<ul style="list-style-type: none"> Overall, the import from the alleged countries increased by 335.94% from 65,519MT in Year 1 to 285,522 in POI.
ii.	Market Share	<ul style="list-style-type: none"> Domestic producer's market share has increased from ***% in Year 1, ***% in Year 2 and ***% in POI. The imports from alleged countries' market share has also increased from from ***% in Year 1 to ***% during POI.
iii.	Price Undercutting	The Domestic Industry's average selling price was undercut by the Singapore's average import price by 1.38% while for Turkey, the price was undercut by 2.94% in POI.
iv.	Price Depression	The Domestic Industry average selling price was not depressed during POID.
v.	Price Suppression	The Domestic Industry's CTMS recorded an increasing trend throughout the POID. The Domestic Industry was selling the PUI below CTMS in Year 1 however was able to sell the PUI above their CTMS with a profit margin of RM***/MT in Year 2. In POI, the Domestic Industry had to sell below cost to compete with the low selling price by the alleged countries.
vi.	Sales	<ul style="list-style-type: none"> The total sales volume recorded an increasing trend throughout the POID. It has increased by ***% in Year 1 to Year 2 and further increased by ***% in POI. The domestic sales turnover increased by ***% in Year 1 to Year 2 and further increased by ***% in POI. The increasing trend of sales turnover throughout the POID are resulted from the increasing trend of Domestic Industry's average selling price.
vii.	Profitability	<ul style="list-style-type: none"> The Domestic Industry managed to improved their net profit by ***% from Year 1 to Year 2. However, the total net profit fell by ***% in POI. The profit margin for the petitioner increased from ***% in Year 1 to ***% in Year 2. However the profit margin decreased to ***% in POI.

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No.	Injury Factors	Outcome of Analysis
viii.	Production and Capacity Utilisation	<ul style="list-style-type: none"> • The Domestic Industry's actual production increased by ***% from ***MT in Year 1 to ***MT in Year 2. During POI, the actual production increased by ***% to ***MT compared to Year 2. • The increase in the actual production led to the increasing trend of capacity utilisation ranging from ***% to ***% throughout the POID.
ix.	Cash Flow	The cash flow decreased from RM*** in Year 1 to RM*** in Year 2. It has further decreased by ***% to a negative cash flow value of RM*** during POI.
x.	Productivity	The productivity level is calculated at ***MT/hr (Year 1), ***MT/hr (Year 2) and ***MT/machine hour (POI). The productivity level of the Domestic Industry has been increasing throughout the POID.
xi.	Employment and Wages	<ul style="list-style-type: none"> • The monthly average wages increased by ***% from RM*** per employee in Year 1 to RM*** per employee in Year 2. The average wages further increased during POI by ***% to RM***. • The number of employees also increased throughout the POID from *** people in Year 1 to ***people in Year 2 and further increased to *** in POI.
xii.	Inventory	The inventory level increased by ***% from ***MT to ***MT from Year 1 to Year 2, but decreased by ***% to ***MT in POI.
xiii.	Ability to Raise Capital	The Domestic Industry had difficulties acquiring fund through equity market due to poor ROI and banks' loan.
xiv.	Return on Investment	The ROI increased from negative ROI of ***% in Year 1 to positive ROI of ***% in Year 2 but decreased to ***% in POI.
xv.	Return on Total Assets	The Domestic Industry's ROA increased from negative ROA of ***% in Year 1 to a positive ROA of ***% in Year 2. However, the ROA dropped to ***% in POI.

G. PUBLIC INTEREST

142. It is clear through the findings of the investigation that if no appropriate measure is taken against the dumped imports, the Domestic Industry will continue to suffer further injury based on the increasing trend of import of the subject merchandise from the alleged countries.

143. The intention of an anti-dumping action is to allow for remedial action against the unfairly traded dumped subject merchandise. The anti-dumping duty seeks to increase the selling price of the subject merchandise from the alleged countries in the Malaysian market to be equal to the domestic sales price in these countries, and will allow for the fair trading of the subject merchandise in the Malaysian market. The IA concludes that if an anti-dumping remedial action is imposed, based on information made available to the IA, it would not be against the public interest of both end users and the steel mills.

H. CONCLUSION OF PRELIMINARY INVESTIGATION

144. Based on the fact made available to the IA, the dumping margin established for Singapore is 5.99% to 17.65% and Turkey is -4.89% to 20.09%.

145. The IA is satisfied that dumping of the subject merchandise has caused material injury to the Domestic Industry through the effects of the import volume, price undercutting, price suppression, reduce in profit and cash flow, production and capacity utilisation, ability to raise capital, ROI and ROA.

I. RECOMMENDATION

146. Pursuant to section 24 of the Act, the IA hereby recommends to the Minister to propose to the Minister of Finance, Malaysia to impose provisional anti-dumping duties on imports of the subject merchandise originating or exported from the alleged countries equivalent to the dumping margin calculated. The imposition of the provisional anti-dumping duties is proposed as the Domestic Industry is currently materially injured by the dumping activities of producers/exporters from the alleged countries.

147. The proposed rates of provisional anti-dumping duties on imports of the subject merchandise originating and exported from the Singapore and Turkey are:

Singapore

- | | |
|-----------------------------|--------|
| • Natsteel Holdings Pte Ltd | 5.99% |
| • Other producers/exporters | 17.65% |

Turkey

- | | |
|---------------------------------|--------|
| • Colakoglu Metalurji A.S. | -4.89% |
| • Diler Iron and Steel Co. Inc. | 3.35% |
| • Other Producers/Exporters | 20.09% |

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148. The provisional anti-dumping duties shall be in the form of a bank guarantee. The period of application of this provisional measure shall not exceed one hundred and twenty days (120 days) from the date of publication of the Notice of the Affirmative Preliminary Determination.

**DUMPING MARGIN CALCULATION FOR
STEEL CONCRETE REINFORCING BAR**

Country/Company (Currency)	WANV at Ex-Factory a	WAEP at Ex-Factory b	WAEP at CIF c	WADM at Ex-Factory d = a – b	WADM at Ex-Factory e = d / b	WADM at CIF f = d / c
<i>Republic of Turkey</i>						
Colakoglu Metalurji A.S. (TRY)	***	***	***	***	***%	-4.89%
Diler Iron and Steel Co. Inc. (TRY)	***	***	***	***	***%	3.35%
Others	20.09%					
<i>Republic of Singapore</i>						
NatSteel Holding Pte. Ltd. (SGD)	***	***	***	***	***%	5.99%
Others	17.65%					