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Director
Operations 3 Anti-Dumping Commission
GPO Box 1632
Melbourne VIC 3001

Monday September 2, 2019

Dear Sir,

I refer to section 7.3 "**Basis for recommendation on the forms of measures**" of the Statement of essential facts in the Anti Dumping Action 499 -- REVIEW OF ANTI-DUMPING MEASURES APPLYING TO CERTAIN HOT ROLLED STRUCTURAL STEEL SECTIONS EXPORTED TO AUSTRALIA FROM JAPAN, THE REPUBLIC OF KOREA, TAIWAN (EXCEPT FOR EXPORTS BY FENG HSIN STEEL CO LTD) AND THE KINGDOM OF THAILAND

7.3 Basis for recommendation on the forms of measures The Commission notes that under the combination method, where the fixed component has been imposed as a fixed amount per unit, the effective rate of duty diminishes in a rising market rendering it ineffective. Conversely, the 'effective' rate increases in a declining market making it punitive. The Commission notes that applying a percentage of the higher of the AEP or the actual export price to the fixed component, rather than a set amount per unit, under the combination duty method will not result in an erosion of the effective rate of duty in the event of a rising market. **In this review, the Commission has found that the market is rising. The Commission notes that in such a circumstance there is a reduced risk that the combination duty will be unreasonably punitive.**

Based on this reasoning the SEF then proposed in the case of Tung Ho, that in spite of their having a proven cleared name for around 5 years of steady trade without dumping, they should still be assessed with an anti dumping floor price duty. It should follow that if the Commission were to find that the market was falling or volatile then the imposition of a floor price would be at a heightened risk of being unreasonably punitive such that the argument would work against the imposition of such a floor price. The evidence on hand clearly shows that the market has been falling. If one utilises the independent information provided by Platts for medium sections around the world then one sees exactly how much this is the case.

If one looks at key dates being the beginning of the review period being January 1, 2018, the period one year ago being end August 2018, the end of the formal review period being December 31 and the current date being August 26 one can see exactly how much the fall has occurred. The European Domestic review shows figures of \$752 to \$717 to \$713 to \$632 USD. A consistent decline increasing in the last 8 months. The Medium Sections FOB Turkish port show \$630, to \$595 to \$550 to \$510. Again a consistent decline over the period. Finally looking at the H Beams

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CFR SE Asia, the figures show a figure of \$610 to \$700 to \$670 to \$625. No doubt Liberty/Onesteel/Infrabuild will say that this shows an increase from the very beginning of the review. What they will not tell you is that the figures jumped to \$670 on February 5, 2018 and after peaking at \$700 a year ago, have been in constant decline for the last 12 month.

The figures available to customs on Sanwa's buy prices over the last 12 months would show a steady decline in the base currency. These falls would be more pronounced in the local market in Australian dollar terms except for the decline in the value of the Australian dollar.

In the Anti Dumping Commissions own detailed explanation on page 8 of their November 2013 -- GUIDELINES ON THE APPLICATION OF FORMS OF DUMPING DUTY They say : *"A disadvantage is that a floor price can quickly become out-of-date and in a rising market become ineffective. In a falling market, as per a fixed or a combination duty method, this form of duty can become punitive."*

Two of the three independent indexes show that prices have fallen every month since January 1 2018. The third index shows that prices have fallen every month since end August 2018 a year ago.

Inspite of this the Anti Dumping commission somehow can say at para 7.3 that **"In this review, the Commission has found that the market is rising"** and then again • **"the Australian HRS market can, at present, be considered to be a rising market"**

These two comments are slightly different in timing but both are extremely inaccurate. It seems possible that the only ADC research on this point was possibly asking the applicant what they their view on the market was. No surprise that blatant self interest might have distorted the applicants answer.

Obviously no-one knows exactly which way a market will move but certainly given the recent falls in Iron Ore the main steel feed stock (down more than 20 percent in the last month) and combined with the over-all uncertainty and trepidation in the world markets as a result of the US/China continuing trade war, no one outside the manufacturers themselves (with an obvious motive in mind) is talking up the structural steel markets as a "rising market"

It is exactly at times like this that the ADC in November 2013 in their report of the form of dumping duty measures suggested that the appropriate form of measure in this environment was an ad valorem duty, if at all, without an associated floor price.

SB01160 - Medium sections - delivered, Europe domestic, \$/t

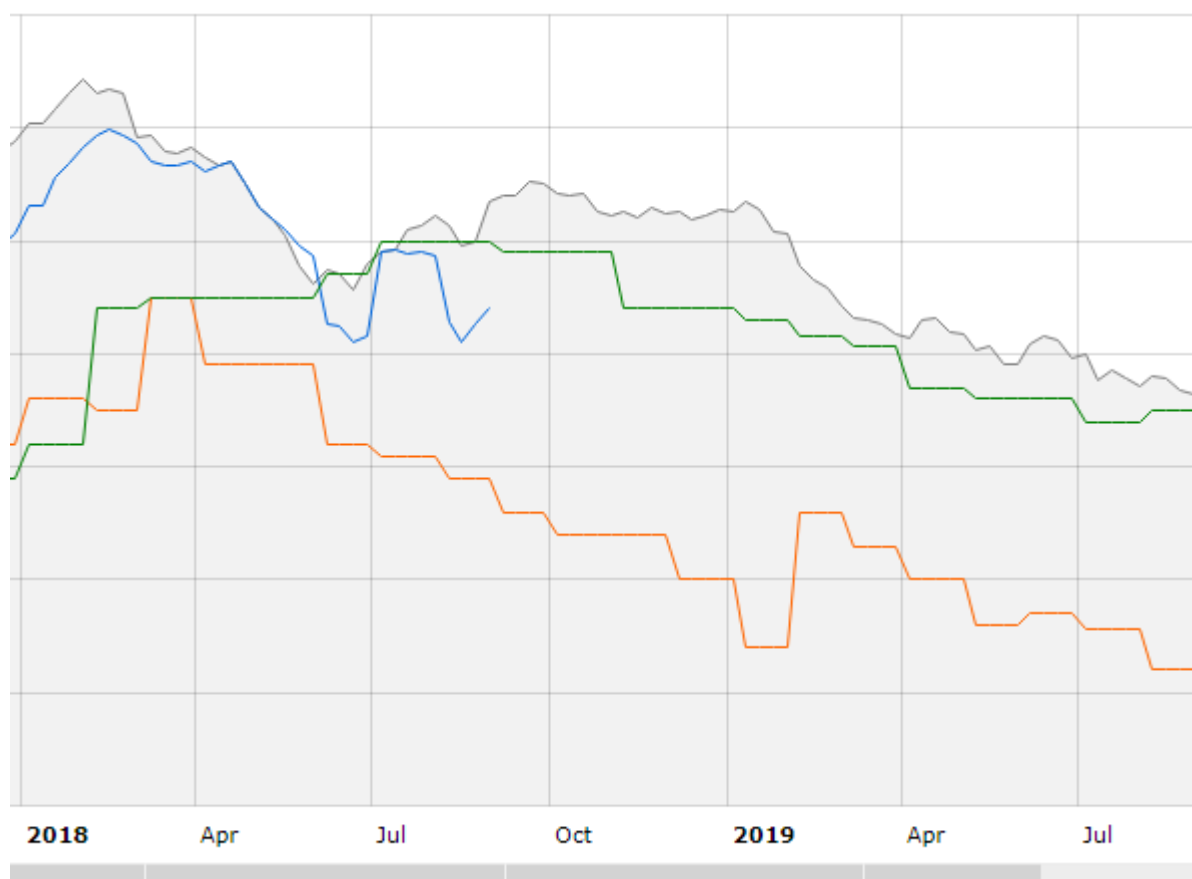
SB01161 - Medium sections - CIF S.European port, Europe import, \$/t

SB01162 - Medium sections - FOB Turkish port, Turkey export, \$/t

SB01114 - H-Beam - CFR, Southeast Asia, \$

chart by amcharts.com

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Regards
David

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