



20 September 2019

The Director - Investigations 2  
Anti-Dumping Commission  
GPO Box 2013  
Canberra ACT 2601

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Dear Director,

**Public Record Case Nos. 499 and 505 - Hot rolled structural steel sections from Japan, Korea, Taiwan and Thailand**

**AUSTRALIAN INDUSTRY RESPONSE TO DRAGON STEEL'S SUBMISSION**

OneSteel Manufacturing Pty Limited, trading as 'Liberty Primary Steel' (**Liberty Primary**), being the applicant for *Review of anti-dumping measures*<sup>1</sup> and *Continuation of a Dumping Duty Notice*<sup>2</sup> concerning *hot rolled structural steel sections from Japan, Korea, Taiwan and Thailand (HRS)* refers to the submission of Dragon Steel Corporation (**Dragon Steel**) in response to SEF Nos. 499 and 505 in this matter<sup>3</sup> and seeks to correct a number of statements and assertions made by that exporter.

***Dragon Steel has misunderstood the Commission's price suppression analysis***

Dragon Steel has incorrectly suggested that the Commission's "*price suppression appears to be flawed as it compares the cost to make and sell of Liberty Steel's produced goods with the selling prices of self-produced and imported goods*".<sup>4</sup> This interpretation of the Commission's analysis is wrong as the selling prices of imported goods by Liberty Primary were not included in unit sales revenue analysis. Sales revenues and volumes for imported goods were separately presented to, and identified by, the Commission during verification.

Similarly, in response to Dragon Steel's request to confirm "*whether the cost to make and sell data series in figure 2 includes the cost of purchasing imported HRSS or relates only to the cost to make and sell of Liberty Steel's own production*"<sup>5</sup>, Liberty Primary can again confirm that its cost to make and sell data; presented in appendix A6.1 and verified by the Commission; did not include the cost of the imported goods sold.

<sup>1</sup> Refer ADN No. 2019/02 (3 January 2019).

<sup>2</sup> Refer ADN No. 2019/021 (11 February 2019).

<sup>3</sup> Refer EPR Folio Nos. 505/041.

<sup>4</sup> EPR Folio No. 505/041, p. 2.

<sup>5</sup> EPR Folio No. 505/041, p. 2.



***Dragon Steel's proposed approach to profit injury analysis is incorrect***

Liberty Primary is unaware of any basis in the Commission's policy or practice that permits it to include in its analysis of profit or profitability injury, the profit earned on the sales of imported goods.

Specifically, Dragon Steel proposes:

*"If the reported total profits are based on Liberty Steel's own cost of production and do not include the cost of purchasing imported HRSS, then its profitability may be distorted in the event that it is able to achieve profits on sales of its imported HRSS, compared to possible losses on self-produced goods."*<sup>6</sup>

To follow this approach would breach the basic principle of domestic industry injury analysis which requires that injury be confined to the like goods produced by the Australian industry only.

***Dragon Steel's non-injurious price representations***

Dragon Steel purports to make at least two representations concerning the determination of an unsuppressed selling price for the purpose of calculating a non-injurious price.

Firstly, Dragon Steel points to *"the non-dumped prices for Tung Ho's imports"* and encourages the Commission to conclude that *"Tung Ho's prices must be considered non-injurious prices given the negative dumping margin established for the review period"*, and that Dragon Steel's *"equivalent prices must also be non-injurious as they are sold at or above the non-injurious price levels"*<sup>7</sup>. To reach this finding requires the Commissioner to conclude that Tung Ho's prices were unaffected by dumping, in other words, in the absence of dumping in the Australian market, Tung Ho's export price would have been no higher than they currently were. Given that SEF 505 concluded that with respect to Tung Ho *"that over the review period there is a small differential between Tung Ho's export price and normal value"* and that *"Tung Ho's verified export sales data... found that there is a strong negative correlation between price and export quantity"*, specifically:

*"That is, when price falls, exports increase and vice versa. This supports a finding that the Australian HRS market can be described as a price sensitive one"*<sup>8</sup>,

it follows that in a market unaffected by dumping, Tung Ho's prices would have increased in line with prevailing market prices.

Secondly, drawing any *"price comparisons"* between *"the degree of undercutting by [Dragon Steel's] import prices relative to Liberty Steel's own purchase prices of imported HRSS"*<sup>9</sup>, would be a flawed exercise, as Liberty Primary [REDACTED]

[REDACTED] [mode] from [REDACTED] [country of origin]. Therefore, it would not be open to the Commission to draw any inferences from Dragon

<sup>6</sup> EPR Folio No. 505/041, p. 3.

<sup>7</sup> EPR Folio No. 505/041, p. 5.

<sup>8</sup> SEF 505, p. 33.

<sup>9</sup> EPR Folio No. 505/041, p. 5.



Steel's *"import prices [that] might be at or above Liberty Steel's own non-injurious import prices"*. In any event, the Commission must again conclude that those import prices would not have been higher in a market unaffected by dumping. Again, given the long history of the measures and persistent recurrence of dumped goods sold into the Australian market by numerous exporters, it is difficult for the Commission to determine an unsuppressed selling price on any measures that seeks to draw on speculation of prices in a market unaffected by dumping.

Should the Commission seek clarification of any of the matters raised in this submission, please do not hesitate to contact the Australian industry representative on record.

**FOR AND ON BEHALF OF**

**THE AUSTRALIAN INDUSTRY APPLICANT**