

PUBLIC RECORD

FILE NOTE

REVIEW 499 AND CONTINUATION INQUIRY 505

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

MEETING WITH SIAM YAMATO STEEL CO. LTD

The Commission met with representatives of Siam Yamato on 27 August 2019. At this meeting, SYS presented its views regarding the Commission's approach to the following matters as they pertain to SYS for Review 499 and Continuation 505:

- normal value calculation;
- the Model Control Code (MCC) structure;
- domestic credit cost;
- export credit cost; and
- price undercutting and the Australian industry domestic price premium.

SYS reiterated its previous submission regarding the calculation of normal value and stated that it does not accept the Commission's determination of a preliminary dumping margin of 5.0 per cent. SYS stated its view that the Commission need only consider domestic sales of identical goods in determining normal value where sufficient sales have been made.

The Commission acknowledged these views and stated that it is required to compare export prices to the corresponding value normal value in respect of like goods and that the legislation does not provide a hierarchy or framework that requires it to only consider domestic sales of like goods where they are present. The Commission also stated that its approach in model matching would be to apply the framework of the Model Control Code (MCC) structure as has been stated by the Commission at various times including in the Statements of Essential Facts (SEF) for Review 499 and Continuation Inquiry 505.

It was reiterated by the Commission that in determining the MCC structure for any given case, the Commission has regard to differences in physical characteristics that give rise to distinguishable and material differences in price and that model matching is not solely concerned with the identification of the most directly comparable like goods sold in an exporter's domestic market.

In relation to domestic credit cost, SYS stated the effective interest rate submitted is an actual cost that reflects price paid or payable for the GUC and not a *'notional'* cost. The Commission acknowledged this view and stated that it did not accept the domestic credit cost sought by SYS because it relied on an interest rate set by an internal company notice. In making an adjustment to normal value, the Commission followed its standard practice as outlined in the Manual and calculated the average minimum lending rate for commercial banks in Thailand during the review period. SYS expressed that it did not consider that there was a requirement for the actual interest rate to be aligned with a commercial benchmark. The Commission undertook to reconsider the interest rate applied to SYS's domestic sales of the goods.

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SYS stated that while not considered a significant issue, the export credit terms had not been appropriately treated by the Commission in the calculation of normal value. The Commission undertook to check its consideration of the export credit cost.

SYS stated it had concerns in relation to the Commission's price undercutting methodology in SEF 505. SYS claimed that the extent of undercutting found by the Commission is inconsistent with its understanding of the price of Thai imports in the Australian market. SYS questioned whether the Commission had incorporated factors such as time lags, import lead times, the Import Parity Pricing (IPP) model adopted by Liberty Steel and the domestic price premium applied by Liberty Steel in its analysis. SYS was of the view that such factors may influence the finding on price undercutting. The Commission acknowledged these views and stated that it will revisit its price undercutting analysis, but that it would also maintain its obligations to respect the confidentiality of information.