

■ Hyundai Steel's supply to Australian industry

Evidence of Domestic Industry's imports of GUC from Hyundai Steel

CONFIDENTIAL COMMERCIAL MATERIAL DELETED

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Hyundai Steel's Export of HRSS to Liberty Steel in Australia

Year	2016	2017	2018(*)
[REDACTED]			

(*) Liberty Steel completed the acquisition of Steelforce, a vertically integrated manufacturer, trader and distributor of long product steels across Australia and New Zealand as of August 12, 2019.

■ Dumping Margin Calculation Issue

Dumping Margin	
Issues	Hyundai Steel's Argument
Physical Difference Adjustment	<ul style="list-style-type: none"> • The principle, adopted by the Commission in Investigation 223 and Review 465, is that the normal value and the export price are not for identical goods, and the physical differences affect their fair comparison. • Grade AS/NZS 300 attracted higher cost of production than Hyundai Steel's domestic sales of like goods in INV223 and Review 465. • Grade AS/NZS 300 attracted lower cost of production than Hyundai Steel's domestic sales of like goods in Review 499, partly due to the revision of Korean Standards. They still not identical goods. • So, we respectfully urges the Commission to adopt the consistent methodology, and apply an adjustment to the normal value on the same basis as recently confirmed in Review 465.
Date of Sales	<ul style="list-style-type: none"> • Time delay between order and delivery or invoice does not affect the date of sales • There was no difference in the quantity of any particular sale between the sales order date and invoice date This is evidenced by the sales samples and explained at the verification. We can provide more if required. • The material terms are not changed due to "partial shipments" its merely a logistic issue and is within sales terms
OCOT Test	<ul style="list-style-type: none"> • Most of Hyundai Steel's domestic sales were made on a "delivered" basis, being responsible for arranging the transportation and for the relevant expenses associated with those deliveries. • The actual invoice prices charged by Hyundai Steel and paid by its customers must be used OCOT test should be based on the actual prices – being delivered price, and the weighted average costs, which include inland freight.

■ Dumping Margin Calculation Issue – Date of Sales

Establishing the date of sale

In establishing the date of sale, the Commission will normally use the date of invoice as it best reflects the material terms of sale. For the goods exported, the date of invoice also usually approximates the shipment date.

Where a claim is made that a date other than the date of invoice better reflects the date of sale, the Commission will examine the evidence provided.

For such a claim to succeed it would first be necessary to demonstrate that the material terms of sale were, in fact, established by this other date. In doing so, the evidence would have to address whether price and quantity were subject to any continuing negotiation between the buyer and the seller after the claimed contract date.

This arises because there can be circumstances where an exporter and importer agree on price and quantity and make a sales agreement to that effect, but this may not establish the date on which terms were finally agreed upon because an element of informality continues, and conditions can be changed.

Any claim for an adjustment would need to substantively address:

- whether, why, and to what degree, the considerations in determining price differed between export and domestic sales;
- whether the materials cost differs at the time of subsequent invoicing of that export sale (compared to domestic sale invoices in the same invoice month of that export sale) having regard to factors such as the production schedules for domestic and export; and lead times for purchasing main input materials;
- whether contracts were entered into for the materials purchases, and materials inventory valuation.

Very long terms for future delivery: a producer/exporter may adjust its prices in the domestic market periodically according to market conditions but in the export market enter into a long term contractual arrangement, sometimes with an associate company, several years prior to the commencement of the investigation

period. The Commission will use the invoice date in these circumstances because it ensures use of current data for normal value purposes.

Using the contract date for export sale is most likely to have application in situations where the production process takes a long time—for example, manufacturing items of heavy capital equipment causing delivery to occur well after the sale has taken place.

■ Dumping Margin Calculation Issue – OCOT Test

CUSTOMS ACT 1901 - SECT 269TAAD

Ordinary course of trade

(1) If the Minister is satisfied, in relation to goods exported to Australia:

(a) that like goods are sold in the country of export in sales that are arms length transactions in substantial quantities during an extended period:

(i) ~~for~~ home consumption in the country of export; or

(ii) ~~for~~ exportation to a third country;

at a price that is less than the cost of such goods; and

(b) ~~that~~ it is unlikely that the seller of the goods will be able to recover the cost of such goods within a reasonable period;

~~the~~ price paid for the goods referred to in paragraph (a) is taken not to have been paid in the ordinary course of trade.

(2) For the purposes of this section, sales of goods at a price that is less than the cost of such goods are taken to have occurred in substantial quantities during an extended period if the volume of sales of such goods at a price below the cost of such goods over that period is not less than 20% of the total volume of sales over that period. |

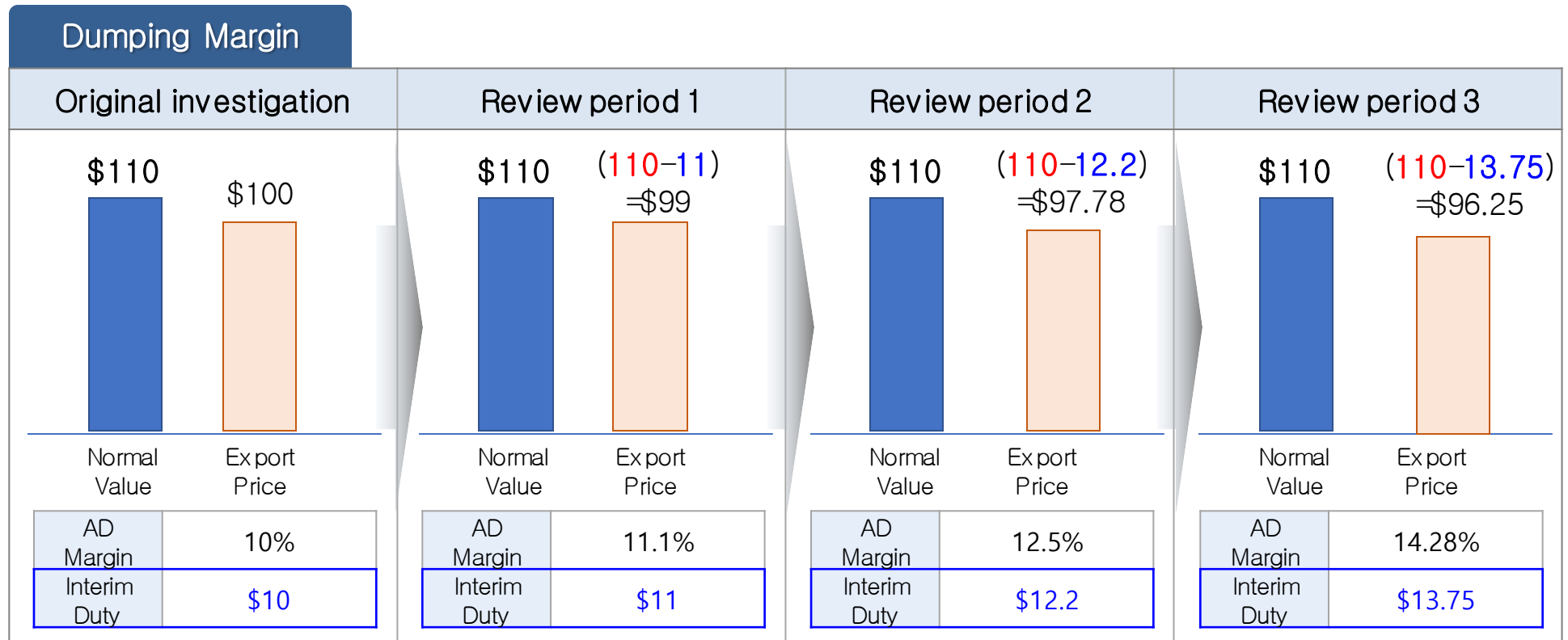
(3) Costs of goods are taken to be recoverable within a reasonable period of time if, although the selling price of those goods at the time of their sale is below their cost at that time, the selling price is above the weighted average cost of such goods over the investigation period.

(4) The cost of goods is worked out by adding:

(a) the amount determined by the Minister to be the cost of production or manufacture of those goods in the country of export; and

(b) the amount determined by the Minister to be the administrative, selling and general costs associated with the sale of those goods.

■ No Dumping made Dumping by IDD Deduction



Deduction of IDD	<ul style="list-style-type: none"> • The deduction of IDD from the export price leads to a situation where the export price appears artificially low, thereby causing there to be an exaggerated dumping margin, unreflective of the actual differences between export price of the goods and normal value. • This results in a situation where exporters are considered to be “dumping” in ever-greater amounts, because the dumping margin is artificially increased by the amount of interim dumping duty itself. • This is so even if the un-deducted variable factors remain the same and dumping does not occur. • We respectfully ask the Commission to take the non-deduction IDD approach and export price determination in the current and future reviews, recognising the special nature of IDD, like the USDOC.
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