

Comments of the Government of the Republic of Korea on the Review and Continuation Inquiry of Anti-dumping Measures applying to certain Hot Rolled Structural Steel Sections exported to Australia from the Republic of Korea

September 16, 2019

Introduction

The Government of the Republic of Korea (“the Korean government”) has paid an attention to the Review (case No. 499) and Continuation Inquiry (case No. 505) of Anti-dumping Measures applying to certain Hot Rolled Structural Steel Sections (“HRSS”) exported to Australia from the Republic of Korea. We also sent to the Anti-Dumping Commission of the Commonwealth of Australia (“the Commission”) the letter of June 4th from Deputy Trade Minister for Multilateral & Legal Affairs of the Ministry of Trade, Industry and Energy of the Korean government on this issue.

In this regard, the Korean government kindly requests the Australian government to take the submission of the Hyundai Steel into due consideration. Among the concerns raised by the company, the Korean government intends to draw the attention of the Australian government to the following 2 points.

Hyundai Steel’s capacity utilization condition is misunderstood.

According to the Statement of Essential Facts for Continuation 505(“SEF 505”), the Commission recommended continuation of the AD measure on the assumption that Hyundai Steel could raise its capacity utilization to 100% from its current ██████% level, thus may result in increased export volume to Australia if the measure expires.

However, as you also acknowledged in the SEF 505, 100% capacity utilization is a theoretical capacity based on 365 days and 24 hours operation, which tends to overly strain the conditions of the equipment and machinery.

Thus, ██████% level of capacity utilization is the optimal capacity usages in the steel manufacturers’ realm. Even the U.S. Department of Commerce imposed Section 232 steel measure in order to increase its capacity utilization rate from 72.3% to 80%.¹

As shown in the evidence provided by Hyundai Steel, its capacity utilization remains between ██████% level over the last three years (i.e., ██████). Thus, we do not believe the expiry of the AD measure will result in increased export volume of Hyundai Steel.

¹ P.6-7, *The Effect of Imports of Steel on the National Security* issued by U.S. Department of Commerce. (dated January 11, 2018)

Exclusion of the amount of interim dumping duties from the export price

In the SEF 499, the Commission adjusted export price of Hyundai Steel by deducting IDD (Interim Dumping Duty), which were paid by Hyundai Steel. In such circumstances where Hyundai Steel is registered as the importer and clears the customs, we believe that the duty should not be regarded as post-export costs and cannot be deducted from the export price.

As far as we know, other countries like U.S. Department of Commerce also does not apply the deduction of IDD on duty paid sales. We respectfully request you not to apply the deduction of IDD from the export price.

Conclusion

In conclusion, the Korean government hopes the Commission considers the aforementioned points for the remaining phase of the process and conducts a fair and transparent investigation in accordance with the WTO Agreement.

/End/