



Australian Government
Department of Industry, Science,
Energy and Resources

Anti-Dumping
Commission

ADDENDUM

*This addendum is to be read in conjunction with
Anti-Dumping Commission
Preliminary Reinvestigation Report 499 and 505.¹*

CUSTOMS ACT 1901 - PART XVB

ANTI-DUMPING COMMISSION PRELIMINARY REPORT

Reinvestigation of Certain Findings in Report Nos. 499 and 505

**HOT ROLLED STRUCTURAL 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**

19 November 2020

¹ EPR 499, document no. [72](#) refers; EPR 505, document no. [62](#) refers.

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ABBREVIATIONS

ABF	Australian Border Force
ADRP	Anti-Dumping Review Panel
the Commission	the Anti-Dumping Commission
the Commissioner	the Commissioner of the Anti-Dumping Commission
EPR	electronic public record
FOB	Free on Board
HRS, or the goods	hot rolled structural steel sections
Hyundai	Hyundai Steel Co., Ltd
IPP	import parity price
Korea	Republic of Korea
the Manual	<i>Dumping and Subsidy Manual</i>
MCC	model control code
NIP	Non-injurious price
OneSteel	One Steel Manufacturing Pty Ltd
PRR 499 & 505	<i>Preliminary Reinvestigation Report 499 and 505</i>
REP 223	<i>Anti-Dumping Commission Report No. 223</i>
REP 346	<i>Anti-Dumping Commission Report No. 346</i>
REP 499	<i>Anti-Dumping Commission Report No. 499</i>
REP 505	<i>Anti-Dumping Commission Report No. 505</i>
the inquiry period	the period from 1 January 2018 to 31 December 2018
Siam	Siam Yamato Steel Co. Ltd
Thailand	Kingdom of Thailand
TS Steel	TS Steel Co. Ltd
Tung Ho	Tung Ho Steel Enterprise Corporation

1 INTRODUCTION

On 27 August 2020, *Preliminary Reinvestigation Report 499 & 505* (PRR 499 & 505) was published on the Anti-Dumping Commission's (Commission) electronic public record (EPR). PRR 499 & 505 proposed that:

- the dumping margins for TS Steel Co. Ltd (TS Steel), Tung Ho Steel Enterprise Corporation (Tung Ho) and Siam Yamato Steel Co. Ltd (Siam) should change;
- the dumping margin for Hyundai Steel Co., Ltd (Hyundai) should not change;
- the decreased dumping margin for Tung Ho has no impact on the reviewable decision (i.e. to not secure the continuation of the anti-dumping measures applicable to exports to Australia from Tung Ho);
- the increased dumping margin for Siam and no change to Hyundai's dumping margin has no impact on the reviewable decision to secure the continuation of the anti-dumping measures for exports to Australia from Siam and Hyundai; and
- the evidence does not support a conclusion that the expiration of the measures, as they apply to TS Steel from Taiwan, would lead (or be likely to lead) to a recurrence of the dumping that the anti-dumping measures are intended to prevent.

OneSteel Manufacturing Pty Ltd (OneSteel), Siam and Hyundai each gave the Commission submissions in response to PRR 499 & 505.² These submissions addressed matters which had been raised in PRR 499 & 505:

- the accuracy of the calculations of the variable factors and dumping margins;
- whether to continue the measures for particular exporters; and
- the influence of undumped import prices from Taiwan on the non-injurious price (NIP).

Hyundai submitted the following additional concerns with the Commission's decision in PRR 499 & 505 to not examine the reviewable decision as it relates to Hyundai's exports of hot rolled structural steel sections (HRS) to Australia:

- the Commission's findings for TS Steel and Tung Ho³ are based on factual circumstances similar to Hyundai's exports to Australia; and
- the Commission should have regard to Hyundai's pricing and competitive position with respect to TS Steel and Tung Ho on the basis of the proposed finding in PRR 499 & 505 that measures should not continue on exports of HRS from Taiwan by TS Steel and Tung Ho.

Hyundai maintains its earlier submissions to the original inquiry (*Anti-Dumping Commission Report No. 505* (REP 505) refers) and application to the Anti-Dumping Review Panel (ADRP) that measures applying to it should not be continued.

The purpose of this addendum is confined to address those matters raised in the submissions (of Siam, Hyundai and OneSteel) which were not already addressed in PRR 499 & 505. Specifically, this addendum considers whether the changes to the dumping margins for any of the exporters the subject of ADRP Review No. 120 and 121 impact the reviewable decision to secure the continuation of the anti-dumping measures applicable to exports of HRS to Australia from the Republic of Korea (Korea) by Hyundai and from the

² EPR 499, document nos. [73](#), [74](#) and [75](#) refer; EPR 505, document nos. [63](#), [64](#) and [65](#) .

³ PRR 499 & 505, chapter 3.

Kingdom of Thailand (Thailand) by Siam. It is not the intent of this addendum to replace the final Reinvestigation Report due to the ADRP by 15 January 2021.

Interested parties are invited to provide further submissions in response to this addendum by 4 December 2020. The Commission will consider all submissions in response to this addendum and PRR 499 & 505 when preparing its final Reinvestigation Report to the ADRP.

2 LIKELIHOOD OF DUMPING AND INJURY CONTINUING OR RECURRING

2.1 Commission's approach

The Commission has regard to a number of factors when assessing the likelihood of dumping and material injury continuing or recurring.⁴ The relevance of each factor will vary depending on the nature of the goods being examined and the market into which the goods are being sold.

In considering whether it is 'likely' that dumping and material injury will continue or recur, the Commissioner of the Anti-Dumping Commission (Commissioner) must have regard to whether it is "more probable than not".⁵ In order to make a positive finding, the Commissioner must attain a reasonable level of satisfaction, having regard for relevant facts and sources of information.

The Commission examined data from the Australian Border Force (ABF) import database, verified information provided by importers and exporters of HRS from Korea, Taiwan and Thailand, and financial data from the Australian industry from 1 January 2010 to 31 December 2018, provided for the purposes of *Anti-Dumping Commission Report No. 499* (REP 499) and REP 505.

2.2 Australian industry claims in REP 505

In its application for the continuation of the anti-dumping measures, OneSteel claimed dumping will continue or recur because exporters from Japan, Korea, Taiwan and Thailand have:

- been affected by global overcapacity and trade distortions from several steel trade defence actions abroad;
- maintained their distribution channels to Australia and have continued to export the goods under consideration to Australia; and
- continued to export the goods to Australia at dumped prices.⁶

OneSteel alleges:

- pricing in the Australian market is driven by the prices of HRS exported from Japan, Korea, Taiwan and Thailand and that import HRS price offers in the market are used by customers to negotiate with OneSteel to achieve lower prices;
- if the anti-dumping measures expire, importers and exporters of HRS from Japan, Korea, Taiwan and Thailand would likely lower their prices in order to increase export volumes to Australia, and that this would result in a recurrence or continuation of material injury in terms of lost revenue, volume and profitability; and
- the expiration of the measures would lead, or would be likely to lead, to a continuation of the material injury the measures were intended to prevent.⁷

⁴ As set out in the *Dumping and Subsidy Manual*, pages 174-176 refer. These include, but are not limited to patterns of exports since the measures were imposed, effectiveness of the measures, exports trends after the measures were imposed, state of the Australian industry, production capacity and market size and share.

⁵ [ADRP Report No. 119](#) Power Transformers from the Republic of Indonesia and Taiwan, 7 August 2020. This concerned the standard required under section 269ZHF(2) and is considered relevant to the present matter.

⁶ EPR 505, [OneSteel application for continuation](#) pages 12 to 18 refer.

⁷ EPR 505, [OneSteel application for continuation](#) page 18 refers.

2.3 Dumping margins

As a result of the findings set out in chapter 2 of PRR 499 & 505, the Commission revised the dumping margins from REP 499, summarised below:

Country	Exporter	Dumping margin in REP 499	Revised dumping margin
Korea	Hyundai	4.7%	4.7%
Thailand	Siam	5.0%	8.3%
Taiwan	TS Steel	negative 1.6%	negative 4.3%
	Tung Ho	negative 1.6%	negative 5.8%

Table 1: Dumping margins

2.4 History of measures

The anti-dumping measures were imposed on exports of HRS to Australia from Korea by Hyundai and from Thailand by Siam as a result of *Anti-Dumping Commission Report No. 223* (REP 223) on 20 November 2014. REP 223 found that exports from Hyundai had a dumping margin of 2.52 per cent and exports from Siam had a dumping margin of 18.28 per cent, reduced to 18.00 per cent following a review by the ADRP.

As a result of *Anti-Dumping Commission Report No. 346* (REP 346), HRS exported to Australia from Thailand by Siam was found to not be dumped. The interim duty payable by Siam was revised to a floor price effective from 18 October 2016. As a result of *Anti-Dumping Commission Report No. 465*, HRS exported to Australia from Korea by Hyundai was found to be dumped. The dumping margin was revised to 9.9 per cent and the form of measures altered to a combination of fixed and variable duties effective from 14 December 2018.

2.5 Patterns of trade and maintenance of distribution links

The Commission examined the import volumes of HRS to Australia by Hyundai and Siam for the period 1 January 2010 to 31 December 2018 when preparing this addendum.

Figure 1 demonstrates that, following the imposition of the anti-dumping measures as a result of REP 223, the volume of HRS exported by Hyundai increased year-on-year, with a decrease in 2018 to a level higher than in any other year prior to 2017. During the period 1 January 2018 to 31 December 2018 (the inquiry period), Hyundai supplied almost 25 per cent of the overall Australian market.

The import volumes of HRS exported by Siam have decreased since the imposition of measures and remained consistent year-on-year, however, shortly following REP 346, import volumes increased. During the inquiry period, Siam supplied almost five per cent of the overall Australian market.

The import volume analysis is contained at **Confidential Attachment 1**.

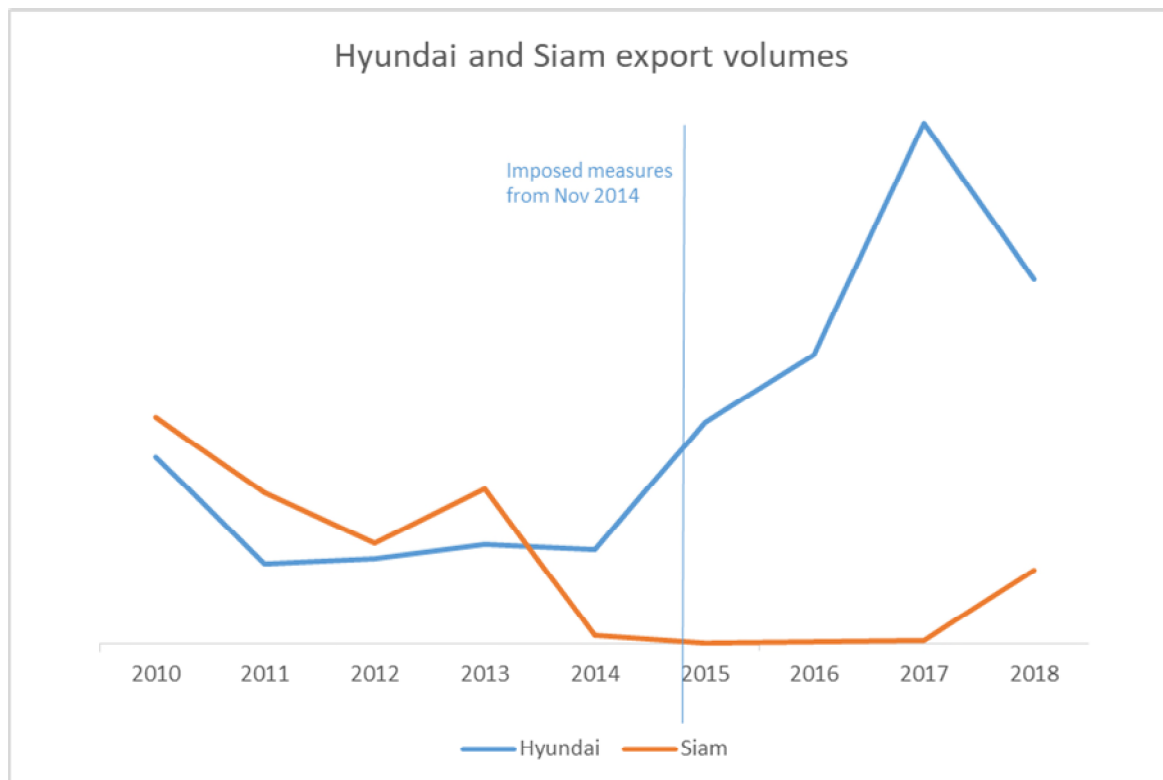


Figure 1 – Hyundai and Siam export volume to Australia

The Commission also compared ABF data for importers of the goods from calendar years 2010 to 2018. The Commission found Hyundai consistently supplied HRS to a similar group of importers each year, whereas Siam consistently supplied HRS to one importer.

Based on the import volume analysis and ABF data, the Commission is satisfied that Hyundai and Siam have maintained distribution links in Australia and are therefore likely to continue exporting HRS to Australia from Korea and Thailand, respectively.

2.6 Capacity to supply the Australian market

The Commission analysed the spare capacity available to each of Hyundai and Siam using verified exporter data. The Commission's finding is that Hyundai would be capable of supplying the entire Australian market with its total available capacity, whereas Siam's total available capacity made up less than five per cent of the overall Australian market during the inquiry period. The Commission also notes that the Australian industry was unable to supply the entire market, and was itself required to import small volumes of HRS to meet the demand in the Australian market from time to time.

Hyundai submits that, given the Australian industry itself is required to import small volumes of HRS, imports irrespective of dumping are not causing material injury.⁸ REP 505 did not find the Australian industry experienced material injury, as a result of dumping, in the form of loss of sales volumes, with the material injury experienced by Australian industry as a result of dumping being in the form of price suppression. Similarly to REP 505, the Commission has not included imports by OneSteel in its analysis of injury to the Australian industry when preparing this addendum as these imports do not compete with the HRS manufactured by OneSteel.

⁸ EPR, [Document No. 65](#) refers.

The capacity analysis is at **Confidential Attachment 2**.

2.7 Value of exported goods

The Commission analysed the prices of HRS exported to Australia by Hyundai and Siam immediately prior to and following the imposition of measures, then compared this with the prices of HRS exported to Australia from all other countries.

Hyundai made the following submissions:

- the goods imported from Hyundai are priced similar to, if not higher than, the export price of goods imported from Tung Ho and TS Steel; and
- Tung Ho and TS Steel are influential in the Australian market; therefore
- any finding that Tung Ho's and TS Steel's goods are undumped and not causing material injury to the Australian industry warrant reconsideration of the decision to continue measures with regard to Hyundai.⁹

The Commission conducted further analysis of Free on Board (FOB) export prices of HRS from all exporters the subject of this reinvestigation. Based on this analysis, the Commission does not consider that the respective prices of the exporters supports the argument that measures against Hyundai should not be continued.

The analysis of FOB export prices is at **Confidential Attachment 1**.

2.8 Impact of dumping on prices

The Commission compared the selling prices of OneSteel to those of the importers of HRS from Hyundai and Siam on the same delivered basis during the inquiry period to obtain a high level comparison of prices.

The Commission requested additional information from OneSteel regarding sales to its related party, including evidence of negotiations. The information provided by OneSteel makes up **Confidential Attachment 3**. Having regard to this information, the Commission has maintained the approach taken in PRR 499 & 505 and has excluded all sales between OneSteel and its related party for the purpose of the undercutting analysis in this reinvestigation.

In REP 499, the Commission observed that the prices offered by OneSteel to its customers are based on an import parity pricing (IPP) model plus a premium. The IPP model is:

- used to set prices on an individual customer basis;
- is set with reference to monthly price offers by importers in the Australian HRS market; and
- used by customers in negotiations with OneSteel.¹⁰

In comparing the selling prices of Hyundai and Siam with the Australian industry, the Commission used the verified FOB export price for each exporter and added all post importation costs from the most efficient importer along with the selling, general and administration costs and a weighted average profit for that importer.

⁹ EPR 505, [Document No. 65](#) refers.

¹⁰ EPR 505, [OneSteel application for continuation](#) page 26 refers.

This comparison of selling prices was done on a monthly basis, and compared the specific model control codes (MCCs) of HRS sold by Hyundai and Siam with the equivalent MCCs of HRS sold by the Australian industry, respectively.

2.8.1 Hyundai

The Commission observes that the weighted average selling price of the goods exported to Australia by Hyundai is lower than that of the Australian industry for the majority of the months during the inquiry period. The Commission observes that, in the months where Australian industry prices are undercut:

- the difference in price is closely aligned with the price premium achieved by the Australian industry; and therefore,
- in the absence of such a premium, Australian industry pricing to certain customers would likely be in line with pricing of HRS sold by Hyundai.

The Commission was also presented with evidence of import price offers suggesting that price offers from Hyundai have been used to set pricing for some customers. The Commission is therefore satisfied that Australian industry pricing is influenced by pricing from Hyundai.

The Commission's calculations are included at **Confidential Attachment 4**.

2.8.2 Siam

The Commission observes that the weighted average selling price of the goods exported to Australia by Siam is lower than that of the Australian industry in all but one month during the inquiry period. The Commission observes that:

- the difference in price where Siam undercut the Australian industry is closely aligned with the price premium achieved by the Australian industry; and therefore,
- in the absence of such a premium, Australian industry pricing to certain customers would likely be in line with pricing of HRS sold by Siam.

The Commission is therefore satisfied that Australian industry pricing is influenced by pricing from Siam.

The Commission's calculations are included at **Confidential Attachment 4**.

2.9 OneSteel sales to related customers

Hyundai, in its submission in response to PRR 499 & 505, raised concerns with regard to OneSteel's sales to its related parties and the potential for self-inflicted injury caused by these transactions.¹¹ In order to assess this claim, the Commission conducted further analysis of OneSteel's sales of HRS to related and unrelated customers and the impact of these sales on its economic condition.

OneSteel experienced material injury as a result of dumping in the form of price suppression.¹² The Commission therefore analysed the impact of exports of HRS from Korea and Thailand on OneSteel's prices to both related and unrelated customers.

¹¹ EPR, [Document No. 65](#) refers.

¹² As per the Commission's findings in REP 505.

The Commission observes that a reasonably large portion of OneSteel's sales of HRS are to unrelated customers which are in direct competition with HRS exported to Australia from Korea and Thailand. As stated above in chapter 2.8, OneSteel's prices to unrelated customers are set with reference to an IPP model plus a premium. OneSteel provided evidence of pricing mechanisms used for unrelated customers and advised that pricing to related customers follows a similar pricing mechanism, in reference to the IPP model.

The Commission has compared this pricing to unrelated parties with pricing to related parties at an MCC level during the inquiry period. From this analysis, the Commission observes that prices to related and unrelated customers both follow movements in prices of imports. The Commission therefore considers that OneSteel's prices to both related and unrelated customers have, and will likely continue to be, influenced by dumped imports. The Commission also notes that the portion of sales to unrelated customers is large enough that, should measures expire, injury to this portion of sales alone is likely to be material.

The Commission's calculations are included at **Confidential Attachment 4**.

2.10 Measures imposed by other countries

The Commission analysed the World Trade Organization database and has found that no other country has any active anti-dumping measures imposed on exports of HRS from Thailand and Korea. The only countries other than Australia with measures on HRS are the Republic of Indonesia, Korea and the Socialist Republic of Vietnam, each applying measures on exports from the People's Republic of China, and the Russian Federation applying measures on exports of HRS from Ukraine.

2.11 Conclusion

2.11.1 Hyundai

The Commission has observed that the Australian delivered selling prices of HRS imported from Hyundai undercut that of the Australian industry in the majority of the period at an MCC level. The close alignment of this pricing with that of the Australian industry, together with evidence of price offers for goods imported from Hyundai influencing Australian industry prices, is an indication that the pricing of the Australian industry has been directly impacted by dumped prices of HRS imported from Hyundai.

The Commission also observes that the significant volumes of HRS imported from Hyundai, maintenance of distribution links, the spare capacity available and historical dumping since the imposition of the original measures are all an indication that Hyundai is likely to continue supplying the Australian market at dumped prices. Given the impact of Hyundai's pricing on that of the Australian industry and the significant volumes exported to Australia from Korea by Hyundai, the Commission is satisfied that Australian industry has been unable to increase its pricing of HRS. It is likely that this pricing behaviour will continue, and therefore, the Australian industry has experienced material injury in the form of price suppression.

Based on the Commission's analysis of the data described above and the evidence currently available, in respect of HRS exported to Australia from Korea by Hyundai, the Commissioner is satisfied that the expiration of the measures would lead, or would be likely to lead, to a continuation of, or a recurrence of, the dumping and material injury that the measures are intended to prevent.

2.11.2 Siam

The Commission observed that the Australian delivered selling prices of HRS imported from Siam undercut the Australian industry in all but one month during the inquiry period. The close alignment of this pricing with that of the Australian industry is an indication that the pricing of the Australian industry has been directly impacted by dumped prices of HRS imported from Siam.

The Commission also observes that the significant increase in volumes of HRS imported from Siam following the change in the measures as a result of REP 346, maintenance of distribution links and dumping in the past and during the inquiry period, are an indication that Siam will continue to export HRS to Australia from Thailand, and this is likely to occur at dumped prices. Given the impact of Siam's pricing on that of Australian industry, the Commission is satisfied that Australian industry has been unable to increase its pricing of HRS and therefore, has experienced material injury in the form of price suppression.

Based on the Commission's analysis of the data described above and the evidence currently available, in respect of HRS exported to Australia by Siam, the Commissioner is satisfied that the expiration of the measures would lead, or would be likely to lead, to a continuation of, or a recurrence of, the dumping and material injury that the measures are intended to prevent.

3 ATTACHMENTS

Confidential Attachment 1	Capacity analysis
Confidential Attachment 2	Export price and volume analysis
Confidential Attachment 3	OneSteel's related party sales information
Confidential Attachment 4	Selling price analysis