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PUBLIC RECORD VERSION

The Director, Investigations 1,
Anti-Dumping Commission,
GPO Box 2013,
CANBERRA ACT 2601,
AUSTRALIA.

By Email: investigations1@adcommission.gov.au
26TH July 2020.

Case No 528-Review of Measures
Hot Rolled Coil Exports ex Taiwan

Dear Director,

This submission is on behalf of the Australian Importer C.A.Steel Products Pty. Ltd (CA).an affected and interested party in relation to the Commission's SEF on the Review of Measures on Hot Rolled Coil (HRC) exports from Taiwan ,namely Case No 528.

INTRODUCTION:

C.A .is 'Citic Australia' and is a long term importer of HRC from China Steel Corporation (CSC) of Taiwan.

C.A welcomes the Commission's evidenced based finding that CSC's exports were not only 'not dumped' , but importantly, given the Dumping Margin was a Negative 5.4% the Commission has appropriately determined that the effective duty rate should be ZERO.

Whilst C.A clearly acknowledges the absence of any valid request to extend this review of measures to include the revocation of measures clearly precludes the Commissioner from recommending a revocation of measures, C.A ,as a matter of principle based on 'competition effects' cannot accept the need to impose a price fixing mechanism by means of a 'Floor Price' based on a constructed Non Injurious Price (NIP) as a dumping duty measure .

Although this Case is a review of existing measures and not about injury per se, the basic tenet of Australia's anti-dumping system (ADS) is , in our view, 'no dumping means no injury causation, means no measures justified.'

Whilst this is not intended as a criticism of the Commission which, understandably is bound by legislative and procedural requirements ,most reasonable people having a basic understanding of our ADS would consider it incongruous that the only HRC exports in the Australian market supply proven to have been 'non-dumped' are the only exports being subjected to anti-dumping measures

Realistically however, C.A. understands that unless the Minister, on the basis of reasonableness and fairness ,is of a mind to exercise her discretion to direct a revocation of measures , C.A will continue to need to deal with a Floor Price based on the lesser of CSC's Normal Value (NV) and the constructed NIP.

Given that a constructed floor price is the most likely outcome, the Commission's methodology for determining an NIP is of critical importance and C.A. submits that for reasons including equity and fairness any NIP should be based on the lowest non-dumped source of supply and whilst C.A is totally supportive of the Commission's statement that the applicant's prevailing market price during this review period is in fact an unsuppressed selling price (USP) this should not be the basis for determining an NIP. It is however a more preferable basis than the applicant's contention that its USP should be based on some theoretical rate of return which is effectively a 'WISH' price obtainable in a market devoid of any fairly and competitively priced import supply.

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What is also considered relevant is the Commission's statement that its intended constructed NIP from this review is in fact higher than the NIP currently applying which was based on the applicant's CTM & S plus a profit amount from a previous period free of any dumped imports which suggests that either the applicant's market price has increased or the most efficient importers profit, SG& A, and post FOB costs to FIS have decreased..

REQUESTS:

Failing the Minister exercising her discretion on the revocation of measures, C.A. requests the Commission to recommend a NIP based on the lowest priced A\$ FOB of any country exporter for the period other than from the three known Taiwan exporters. The required A\$FOB data being available from the ABF's data base.

As previously expressed ,given that the Taiwan exporters are the only HRC suppliers likely to continue to be subject to any measures on HRC exports, C.A considers that for reasons including equity and fairness the only non-discriminatory form of any NIP is the lowest non-dumped A\$ FOB source of supply.

REASONS FOR REQUEST:

In November 2017 the Commission published a report to the Commissioner titled 'Analysis of Australia's Steel Manufacturing and Fabricating Markets.

Section 1.3 on Government's policy context of that report stated , inter alia,-

'It is important to recognise that anti-dumping measures do not seek to stop imports or give an unfair competitive advantage to Australian producers. Dumping and foreign government subsidisation of goods exported to Australia is not genuine competition and can distort markets and injure Australian manufacturers. A robust and effective anti-dumping system is an essential part of the government's commitment to free and fair trade'.

C.A. contends that an NIP for CSC based on any methodology other than the A\$ lowest non-dumped source of supply will not only result in the applicant obtaining an unfair competitive advantage but will obviously result in other country exporters having an unfair advantage over CSC in the single Australian market .

In terms of the applicant possessing a demonstrable natural competitive advantage over CSC's exports C.A . has calculated this advantage to be in the order of 20% based on the applicant's prevailing market price and an importers post FOB costs to FIS including o/s freight, domestic clearance and delivery costs, interest, and profit.

The applicant's CEO also provided an opinion piece in the national newspaper 'The Australian's edition of 11th June 2020 suggesting that Australia should sharpen the focus on its anti-dumping regime if it wants to keep a domestic manufacturing sector.

In the case of CSC's exports of HRC to Australia the reality is that the Commission conducted an on-site verification that clearly evidenced no dumping and no subsidisation. The other relevant consideration in relation to the article in the 'Australian' is that Australia's manufacturing sector is comprised mainly of downstream value adding steel users and not just the producer of certain intermediate steel products.

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Having the status of being Australia's sole HRC producer, the applicant is clearly entitled to access Australia's anti-dumping system. What is concerning with this review case however is the Commission's apparent acceptance of the applicant's totally redacted details on claimed NV and Export Prices which do not allow for interested parties to obtain any reasonable understanding of the basis for, let alone the amount of the claimed dumping.

CHANGED MARKET DYNAMICS:

Whilst not all domestic produced steel pipe and tube (HSS) is produced from HRC, that market segment is estimated to account for circa 300k tonnes of HRC in a total market supply of circa 500k tonnes. There are two major domestic HSS producers, namely ORRCON which is now owned by the applicant in this review and INFRABUILD'S ATM whose ultimate ownership is the Liberty Steel Group that has global HRC producing operations capable of supplying ATM's HRC requirements that do not include Taiwan.

OTHER RELEVANT ISSUES:

Based on the applicant's public record statements in this review and the Continuation Case No 400 it would appear that CSC has been specifically targeted but what also needs to be recognised in terms of CSC's exports of HRC to Australia is the fact that price and volume are not always a factor because some product dimensions such as width are simply beyond the production capability of the applicant and that there are critical sector non-aligned Australian downstream users that demand the wider CSC product.

Whilst now only of historical relevance it would also seem that the Commission's treatment of Taiwan residual and un-cooperative exporters in the Continuation case No 400 was different to its treatment of Korean residual and un-cooperative exporters.

As the commission is aware, CSC and its subsidiary Dragon Steel, are the only integrated steel producers in Taiwan.

Apart from CSC, the only known other producer exporters of HRC from Taiwan are :

- Shang Chen Steel Co.Ltd., a 're-roller; and
- Chung Hung Steel Corporation; also a 're-roller' that did not export to Australia during this review period.

C.A. is not aware of any OTHER known Taiwan exporter of HRC and the applicant has only ever nominated the above three exporters in its applications for the continuation and reviews of measures.

CONCLUSION:

C.A. welcomes this opportunity to respond to the SEF and requests the Commission to seriously consider what is the most appropriate methodology for determining an NIP for future CSC exports of HRC.

Please contact the writer should the Commission require any clarification or further information relating to this submission.

Regards;

M J Howard