



**Australian Government**  
**Department of Industry, Science,  
Energy and Resources**

**Anti-Dumping  
Commission**

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*CUSTOMS ACT 1901 - PART XVB*

## **REPORT NO. 528**

# **REVIEW OF ANTI-DUMPING MEASURES APPLYING TO HOT ROLLED COIL STEEL EXPORTED TO AUSTRALIA FROM TAIWAN**

**18 August 2020**

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**ABBREVIATIONS**

ABF	Australian Border Force
the Act	<i>Customs Act 1901</i>
ADN	Anti-Dumping Notice
AEP	ascertained export price
ANV	ascertained normal value
BlueScope	BlueScope Steel Limited
CASP	CA Steel Products Pty Ltd
Chung Hung	Chung Hung Steel Corporation
the Commission	the Anti-Dumping Commission
the Commissioner	the Commissioner of the Anti-Dumping Commission
CON 528	<i>Consideration Report No. 528</i>
CSC	China Steel Corporation
CTM	cost to make
CTMS	cost to make and sell
the Customs Direction	<i>the Customs (Extensions of Time and Non-cooperation) Direction 2015</i>
DSC	Dragon Steel Corporation
Dumping Duty Act	<i>Customs Tariff (Anti-Dumping) Act 1975</i>
EPR	electronic public record
the explanatory memorandum	the explanatory memorandum to the <i>Customs Amendment (Anti-Dumping Measures) Bill 2017</i>
FOB	Free on Board
the Guidelines	<i>Guidelines on the Application of Forms of Dumping Duty</i>
HRC, or the goods	hot rolled coil, the goods to which the dumping duty notice applies
the Manual	<i>the Dumping and Subsidy Manual</i>
MCC	model control code
the Minister	the Minister for Industry, Science and Technology
mm	millimetres
NIP	non-injurious price
OCOT	ordinary course of trade
PO	pickled and oiled
the Regulation	<i>the Customs (International Obligations) Regulation 2015</i>
REP 188	<i>International Trade Remedies Branch Report No. 188</i>
REP 400	<i>Anti-Dumping Commission Report No. 400</i>
REP 454	<i>Anti-Dumping Commission Report No. 454</i>
REQ	response to the exporter questionnaire

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review period	1 October 2018 to 30 September 2019
SEF	statement of essential facts
SEF 528	<i>Statement of Essential Facts No. 528</i>
SG&A	selling, general and administrative
Shang Chen	Shang Chen Steel Co. Ltd
USP	unsuppressed selling price

## 1 SUMMARY

### 1.1 Introduction

This report sets out the facts on which the Commissioner of the Anti-Dumping Commission (the Commissioner and the Commission, respectively) has based his recommendations to the Minister for Industry, Science and Technology (the Minister) in relation to a review of the anti-dumping measures (in the form of a dumping duty notice) applying to certain hot rolled coil steel (HRC, or the goods) exported to Australia from Taiwan.

This review was initiated on 18 October 2019 in response to an application from BlueScope Steel Limited (BlueScope). The application for review is based on a change in the variable factors relevant to the taking of the anti-dumping measures.<sup>1</sup> In this case, the relevant variable factors are export price, normal value and non-injurious price (NIP). BlueScope claims the prevailing price for HRC increased materially in 2018, and therefore all of the variable factors have changed.

### 1.2 Legislative background

Division 5 of Part XVB of the *Customs Act 1901* (the Act)<sup>2</sup> enables affected parties (including exporters and industry) to apply for review of anti-dumping measures. It sets out, among other things, the procedures to be followed by the Commissioner when undertaking a review of anti-dumping measures. The division, among other matters:

- sets out the circumstances in which applications for a review of anti-dumping measures can be brought;
- sets out the procedures to be followed by the Commissioner in dealing with such applications or requests and preparing reports for the Minister; and
- empowers the Minister, after consideration of such reports, to leave the anti-dumping measures unaltered or to modify them as appropriate.

In this case, the Commissioner must, after conducting a review of anti-dumping measures involving the publication of a dumping duty notice under Division 5, give the Minister a report recommending that the dumping duty notice:

- (i) remain unaltered; or
- (ii) have effect in relation to a particular exporter, or to exporters generally, as if different variable factors had been ascertained.

### 1.3 Findings

The Commissioner finds that, in relation to exports of HRC from Taiwan to Australia during the review period (1 October 2018 to 30 September 2019):

- the ascertained export price (AEP) has changed;
- the ascertained normal value (ANV) has changed; and
- the NIP has changed.

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<sup>1</sup> The application, and all other non-confidential versions of documents associated with this review, are available on the [electronic public record](#) for case number 528.

<sup>2</sup> All legislative references in this report are to the *Customs Act 1901*, unless otherwise stated.

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**1.4 Recommendations**

Pursuant to section 269ZDA(1)(a)(iii), the Commissioner recommends to the Minister that the notice have effect in relation to exporters generally as if different variable factors had been ascertained as follows:

<b>Country</b>	<b>Exporter</b>	<b>Effective rate of duty</b>	<b>Variable (basis of floor price component)</b>
Taiwan	China Steel Corporation	0%	The lower of ANV and NIP
	Chung Hung Steel Corporation	0%	The lower of ANV and NIP
	Shang Chen Steel Co., Ltd	0%	The lower of ANV and NIP
	Uncooperative and all other exporters	0%	The lower of ANV and NIP

**Table 1 - Recommended measures**

## 2 BACKGROUND

### 2.1 Application and initiation

On 25 September 2019, BlueScope lodged an application for a review of the anti-dumping measures applying to HRC exported to Australia from Taiwan.

BlueScope claimed in its application that prices for HRC have had a sustained increase due to an upward trend in the cost of raw material inputs such as iron ore and coking coal. Since the conclusion of the last review (examined in *Anti-Dumping Commission Report No. 454* (REP 454)), these cost increases have resulted in increased domestic HRC prices in Taiwan (increasing the normal value) as well as an increase in the export price of HRC exported to Australia from Taiwan. Whilst BlueScope did not make any detailed claims in its application regarding any change to the NIP, the Commission found in *Consideration Report No. 528* (CON 528) that it was likely the NIP had also changed since the conclusion of REP 454.

On 18 October 2019, following consideration of the application, the Commissioner published a notice announcing the initiation of the review.<sup>3</sup> Accordingly, this review of measures examines all the variable factors relevant to the taking of the anti-dumping measures applying to HRC exported to Australia from Taiwan.

### 2.2 Existing anti-dumping measures

#### 2.2.1 Original investigation

The anti-dumping measures, the subject of the review application, were imposed following the investigation reported in *International Trade Remedies Branch Report No. 188* (REP 188), on 20 December 2012. The previous cases which are relevant to these goods and the present application are summarised below.

Case type and report	ADN No.	Date	Country of export	Findings
<b>Investigation</b> REP 188	2012/66	20 December 2012	Japan, Korea, Malaysia and Taiwan	Dumping duties imposed.
<b>Reinvestigation</b> <i>Anti-Dumping Commission Report No. 209</i>	2013/49	17 July 2013	Japan, Korea, Malaysia and Taiwan	Lesser duty applicable to Japanese exports of pickled and oiled (PO) HRC only. Variable dumping margin for PO HRC from Japan set to 0 per cent.
<b>Continuation</b> <i>Anti-Dumping Commission Report No. 400</i> (REP 400)	2017/166	16 December 2017	Japan, Korea, Malaysia and Taiwan	Dumping measures ceased in relation to the goods exported from Japan, Korea and Malaysia. Floor price duty method applicable to exports from Taiwan.
<b>Review</b> REP 454	2018/126	18 September 2018	Taiwan	The AEP, ANV and NIP was changed for all exporters from Taiwan.

**Table 2 - Summary of key cases relating to HRC**

<sup>3</sup> Details of the initiation of the review is available in Anti-Dumping Notice (ADN) No. [2019/128](#).

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Full details of these cases can be found on the relevant electronic public record (EPR) on the Commission website.<sup>4</sup> The goods exported from Taiwan are currently subject to the floor price duty method.

Exporter	Effective rate of duty	Duty Method
China Steel Corporation	0%	The lower of ANV and NIP
Chung Hung Steel Corporation	0%	The lower of ANV and NIP
Shang Chen Steel Co., Ltd	0%	The lower of ANV and NIP
All other exporters	0%	The lower of ANV and NIP

**Table 3 - Current measures for HRC exported from Taiwan**

### 2.3 Review process

If anti-dumping measures have been taken in respect of certain goods, an affected party may consider it appropriate to review those measures as they affect a particular exporter or exporters generally.<sup>5</sup> Accordingly, the affected party may apply for, or the Minister may request the Commissioner conduct, a review of those measures if one or more of the variable factors has changed.<sup>6</sup>

The Minister may initiate a review at any time. However, a review application must not be lodged earlier than 12 months after publication of the dumping duty notice or countervailing duty notice or the notice(s), declaring the outcome of the last review of the dumping and/or countervailing duty notice.<sup>7</sup>

If an application for a review of anti-dumping measures is received and not rejected, within 110 days of the initiation of a review, or such longer time as allowed, the Commissioner must place on the public record a statement of essential facts (SEF) on which he proposes to base recommendations to the Minister concerning the review of the anti-dumping measures.<sup>8</sup> The Commissioner has up to 155 days, or such longer time as allowed, to conduct a review and report to the Minister on the review of the anti-dumping measures.<sup>9</sup>

During the course of a review, the Commissioner will examine whether the variable factors have changed. Variable factors in this review are a reference to:

- the AEP;
- the ANV; and
- the NIP.

In making recommendations in his final report to the Minister, the Commissioner must have regard to:

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<sup>4</sup> [www.adcommission.gov.au](http://www.adcommission.gov.au).

<sup>5</sup> Sections 269ZA(1)(a), (b).

<sup>6</sup> Section 269ZA(1)(b).

<sup>7</sup> Section 269ZA(2)(a). The application lodged by BlueScope sought the first review of the measures since the publication of the notice in 2012, although the variable factors were altered as a result of REP 400.

<sup>8</sup> Section 269ZD(1).

<sup>9</sup> Section 269ZDA(1).



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- the application for review of the anti-dumping measures;
- any submission relating generally to the review of the anti-dumping measures to which the Commissioner has had regard for the purpose of formulating the SEF;
- the SEF; and
- any submission made in response to the SEF that is received by the Commissioner within 20 days of it being placed on the public record.<sup>10</sup>

The Commissioner may also have regard to any other matter considered to be relevant to the review.<sup>11</sup>

At the conclusion of the review, in respect of the dumping duty notice, the Commissioner must provide a final report making a recommendation to the Minister that the dumping duty notice:

- remain unaltered; or
- be revoked in its application to a particular exporter or to a particular kind of goods or revoked generally; or
- have effect in relation to a particular exporter, or to exporters generally, as if different variable factors had been ascertained.<sup>12</sup>

Following the Minister's decision, the Minister must give notice of the decision.<sup>13</sup>

### 2.3.1 Statement of essential facts

On 6 July 2020, the Commissioner placed on the public record the *Statement of Essential Facts No. 528* (SEF 528) in relation to this review, setting out the essential facts on which the Commissioner proposed to base his final recommendations to the Minister.

Interested parties were invited to lodge written submissions in response to the SEF by no later than 26 July 2020.<sup>14</sup>

### 2.3.2 Submissions

The Commission received the following submissions during the course of this review:

Interested party	Date received	EPR document no.
BlueScope	15 November 2019	6
BlueScope	20 July 2020	18
China Steel Corporation	26 July 2020	19
CA Steel Products Pty Ltd	27 July 2020	20
CA Steel Products Pty Ltd	3 August 2020	21

**Table 4 - Submissions received during course of review**

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<sup>10</sup> Section 269ZDA(3)(a).

<sup>11</sup> Section 269ZDA(3)(b).

<sup>12</sup> Section 269ZDA(1)(a).

<sup>13</sup> Section 269ZDB(1).

<sup>14</sup> As this day was a Sunday, the due date became the next working day, 27 July 2020.

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Non-confidential versions of these submissions can be accessed on the EPR. The Commissioner has had regard to these submissions in deciding on the recommendations made to the Minister in this report. Details of submissions received, and the Commission's assessment of those submissions, are included in the relevant sections of this report.

### 2.3.3 Extensions of time

The Commissioner has granted two extensions of time for the completion of the SEF and the final report.<sup>15</sup> The first extension was granted on 23 January 2020, and a second extension was granted on 4 May 2020.<sup>16</sup>

As a result, this report is due to be provided to the Minister by 18 August 2020.

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<sup>15</sup> On 14 January 2017, the powers and functions of the Minister under section 269ZHI were delegated to the Commissioner. Refer to [ADN No. 2017/10](#) for further information.

<sup>16</sup> ADN Nos. [2020/04](#) and [2020/46](#) refer.

## **3 THE GOODS AND LIKE GOODS**

### **3.1 The goods subject to the anti-dumping measures**

The goods subject to measures are:

Hot rolled coil (including in sheet form), a flat rolled product of iron or non-alloy steel, not clad, plated or coated (other than oil coated).

Goods excluded from this application are hot rolled products that have patterns in relief (known as checker plate) and plate products.

There are several relevant international standards for HRC covering the range of products based on grade designations, including the recommended or guaranteed properties of each of these product grades. The relevant Australian Standard that applies is AS/NZS 1594.

Hot rolled sheet 4.75 millimetres (mm) thick or more is considered to be plate, and is not covered by the notice. Hot rolled sheet below 4.75 mm thick is included within the goods description.

#### **3.1.1 Tariff classification**

The goods subject to the measures are generally classified to the following tariff subheadings of Schedule 3 to the *Customs Tariff Act 1995*:

Tariff Subheading	Statistical Code	Description
7208	FLAT-ROLLED PRODUCTS OF IRON OR NON-ALLOY STEEL, OF A WIDTH OF 600 mm OR MORE, HOT-ROLLED, NOT CLAD, PLATED OR COATED:	
7208.2	- Other, in coils, not further worked than hot-rolled, pickled:	
7208.25.00	32	-- Of a thickness of 4.75 mm or more
7208.26.00	33	-- Of a thickness of 3 mm or more but less than 4.75 mm
7208.27.00	34	-- Of a thickness of less than 3 mm
7208.3	- Other, in coils, not further worked than hot-rolled:	
7208.36.00	35	-- Of a thickness exceeding 10 mm
7208.37.00	36	-- Of a thickness of 4.75 mm or more but not exceeding 10 mm
7208.38.00	37	-- Of a thickness of 3 mm or more but less than 4.75 mm
7208.39.00	38	-- Of a thickness of less than 3 mm
7208.5	- Other, not in coils, not further worked than hot-rolled:	
7208.53.00	42	-- Of a thickness of 3 mm or more but less than 4.75 mm
7208.54.00	43	-- Of a thickness of less than 3 mm
7208.90.00	30	- Other
7211	FLAT-ROLLED PRODUCTS OF IRON OR NON-ALLOY STEEL, OF A WIDTH OF LESS THAN 600 mm, NOT CLAD, PLATED OR COATED:	
7211.1	- Not further worked than hot-rolled:	
7211.14.00	40	-- Other, of a thickness of 4.75 mm or more
7211.19.00	41	-- Other

**Table 5 - Tariff classifications of HRC (the goods)**

### 3.2 Model control codes

On 9 August 2018, the Commission advised in ADN No. 2018/128 that a model control code (MCC) structure would be implemented in new investigations, reviews of measures generally and continuation inquiries for cases initiated after this date. As noted in that ADN, in developing the MCC structure the Commission will have regard to differences in physical characteristics that give rise to distinguishable and material differences in price.

The Commission proposed an MCC structure in CON 528 which had regard to information provided by BlueScope with its application and verification undertaken in the context of REP 454.<sup>17</sup> Subsequent to that advice, the Commission advised interested parties via a file note that a fourth identifier for category “Thickness (BMT)” may be applicable, and that “T4” may be used to identify hot rolled coils with a thickness  $\geq 4.75$  mm.<sup>18</sup>

Interested parties were encouraged to make submissions regarding the proposed MCC structure. No submissions were received. The Commission therefore applied the following MCC structure to the goods in this review.<sup>19</sup>

Category	Sub-category	Identifier	Sales Data	Cost data
Quality	Prime	P	Mandatory	Not applicable
	Non-Prime	N		
Form	Coil	C	Mandatory	Mandatory
	Sheet	S		
Surface condition	As rolled	A	Mandatory	Mandatory
	Pickled (with or without oil)	PI		
Standard / Grade	HA1(S) / G250 / HA250 / SPHC / SS400 (AS1594 / JIS G3131 / JIS G3101)	1	Mandatory	Mandatory
	G300 / HA300 (AS1594)	2		
	G350 / HA350 / SS490 (AS1594 / JIS G 3106)	3		
	HW350 / SMA490 / 'Corten' (AS1594 / JIS G 3114)	4		
	Other	5		
Thickness (BMT)	< 1.6 mm	T1	Mandatory	Mandatory
	$\geq 1.6$ mm to < 2.0 mm	T2		
	$\geq 2.0$ mm to < 4.75 mm	T3		
	$\geq 4.75$ mm (only if Form is “Coil”)	T4		
Width	$\leq 1000$ mm	W1	Mandatory	Mandatory
	>1000 mm	W2		

**Table 6 - MCC structure for HRC**

<sup>17</sup> EPR 528, document [4](#) and EPR 454, document [10](#) refer, respectively.

<sup>18</sup> EPR 528, document [5](#) refers.

<sup>19</sup> The original structure included a column for “Key Category”. The column is no longer necessary as a result of the Commission’s application of the MCC structure for the purpose of model matching.

### **3.3 Like goods**

Having regard to the Commission's examination of the Australian industry, the goods in previous cases<sup>20</sup> and verification of exporters in Taiwan in the current review<sup>21</sup>, the Commission is satisfied that the locally produced goods closely resemble the goods the subject of the application and are like goods given that:

- the primary physical characteristics of the locally produced goods closely resemble the imported goods;
- the imported and locally produced goods are commercially alike as they are sold to the same customers and/or compete in the same markets;
- the imported and locally produced goods are functionally alike as they have the same end uses and/or are substitutable; and
- the imported and locally produced goods are manufactured in a similar manner.

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<sup>20</sup> [REP 400](#) and [REP 454](#) refer.

<sup>21</sup> EPR 528, documents [14](#), [15](#) and [16](#) refer.

## 4 EXPORTER AND IMPORTER INFORMATION

### 4.1 Findings

The Commission is satisfied that the information provided by exporters and importers for the purposes of this review is accurate, relevant and complete.

### 4.2 Exporter questionnaires and verification

For this review, the Commission provided Taiwanese HRC exporters with an exporter questionnaire to complete. China Steel Corporation (CSC), Shang Chen Steel Co. Ltd (Shang Chen) and Chung Hung Steel Corporation (Chung Hung) each provided a detailed response to the exporter questionnaire (REQ), including data relating to their Australian sales (where applicable), domestic sales, and details of the cost to make and sell (CTMS).

The Commission conducted an on-site verification of the information provided in CSC's REQ. The Commission's verification report is available on the Commission website.<sup>22</sup>

The Commission did not conduct an on-site verification of the information provided in Shang Chen's REQ. The Commission compared the REQ data and information provided with data from the Australian Border Force (ABF) import database and with data previously verified with respect to Shang Chen. The Commission also benchmarked Shang Chen's sales and cost data against CSC's verified data. The Commission's verification report is available on the Commission website.<sup>23</sup>

The Commission did not conduct an on-site verification of the information provided in Chung Hung's REQ. Chung Hung confirmed there were no exports of the goods relevant to the review period. The Commission benchmarked the information provided in Chung Hung's REQ against the information (domestic sales and CTMS data) provided by the other exporters. The Commission's verification report is available on the Commission website.<sup>24</sup>

CSC, Shang Chen and Chung Hung accounted for approximately 98 per cent of the total shipments (by volume) of the goods reported in the ABF import database from Taiwan during the review period. The following table details the exporters that provided a response to the exporter questionnaire (REQ), and the type of verification which was undertaken for these exporters.

Exporter	Status	Verification activity	EPR document no.
China Steel Corporation	Cooperative	On-site	14
Shang Chen Steel Co., Ltd	Cooperative	Desktop	15
Chung Hung Steel Corporation	Cooperative	Desktop	16

**Table 7 - Exporter verifications**

As a result of the above verification activities, the Commission is satisfied that the information provided by the cooperative exporters is accurate, relevant and complete.

<sup>22</sup> EPR 528, document [14](#) refers.

<sup>23</sup> EPR 528, document [15](#) refers.

<sup>24</sup> EPR 528, document [16](#) refers.

### **4.3 Importer questionnaires and verification**

The Commission identified several importers in the ABF import database that imported the goods from Taiwan during the review period. The Commission forwarded importer questionnaires to the major importers and received two completed responses. These respondents accounted for approximately 97 per cent (by volume) of all goods imported from Taiwan during the review period.

Based on the importer responses, the Commission conducted verification with one of the major importers.<sup>25</sup> The Commission also compared the importer questionnaires of the responding importers to those previously submitted and compared the responses to records kept in the ABF database. The Commission is satisfied that the data provided is relevant, accurate and reliable.

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<sup>25</sup> EPR 528, document [09](#) refers.

## **5 VARIABLE FACTORS**

### **5.1 Findings**

The Commissioner finds that the variable factors relevant to the determination of dumping duty payable under the *Customs Tariff (Anti-Dumping) Act 1975* (Dumping Duty Act) have changed.

The Commission has calculated the dumping margins set out in the following table.

Exporter	Dumping margin
China Steel Corporation	- 5.0%
Chung Hung Steel Corporation	- 8.9%
Shang Chen Steel Co., Ltd	- 3.2%
Uncooperative and all other exporters	- 0.2%

**Table 8 - Dumping margins during review period**

### **5.2 Legislative and policy framework**

The export price and normal value of goods are determined under sections 269TAB and 269TAC, respectively.

#### **5.2.1 Normal value**

Section 269TAC(1) provides that the normal value of any goods exported to Australia is the price paid or payable for like goods sold in the ordinary course of trade (OCOT) for home consumption in the country of export in sales that are arms length transactions by the exporter, or, if like goods are not so sold by the exporter, by other sellers of like goods.

Section 269TAC(2)(a)(i) provides that the normal value of goods exported to Australia cannot be ascertained under section 269TAC(1) where there is an absence, or low volume, of sales of like goods in the market of the country of export that would be relevant for the purpose of determining a price under section 269TAC(1). Relevant sales are sales of like goods sold for home consumption that are arms length transactions and sold in the OCOT.

Domestic sales of like goods are taken to be in a low volume where the total volume of like goods is less than five per cent of the total volume of the goods under consideration that are exported to Australia (unless the Minister is satisfied that the volume is still large enough to permit a proper comparison). As per the *Dumping and Subsidy Manual* (the Manual), where the total volume of relevant sales is five per cent or greater than the total volume of the goods under consideration, and where comparable models exist, the Commission also considers the volume of relevant domestic sales of like goods for each model (or MCC).

#### **5.2.2 Export price**

Export price is determined in accordance with section 269TAB, taking into account whether the purchase or sale of goods are arms length transactions under section 269TAA.



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Section 269TAB(1)(a) generally provides that the export price of any goods exported to Australia is the price paid or payable for the goods by the importer where the goods have been exported to Australia otherwise than by the importer, and have been purchased by the importer from the exporter in arms length transactions.

### **5.2.3 Dumping margins**

For all dumping margins calculated for the purposes of this review, the Commission compared the weighted average export prices over the whole of the review period with the weighted average of corresponding normal values over the whole of that period.

### **5.2.4 Uncooperative exporters**

Section 269T(1) provides that an exporter is an “uncooperative exporter” where the Commissioner is satisfied that an exporter did not give the Commissioner information that the Commissioner considered to be relevant to the review within a period the Commissioner considered to be reasonable, or where the Commissioner is satisfied that an exporter significantly impeded the review.

The *Customs (Extensions of Time and Non-cooperation) Direction 2015* (the Customs Direction) states at section 8 that the Commissioner must determine an exporter to be an uncooperative exporter, on the basis that no relevant information was provided in a reasonable period, if that exporter fails to provide a response or fails to request a longer period to do so within the legislated period.

After having regard to the Customs Direction, the Commissioner has determined that all exporters which did not provide a REQ, or which did not request a longer period to provide a response within the legislated period, are uncooperative exporters for the purposes of this review.

### **5.2.5 Cooperative exporters**

Section 269T(1) provides that, in relation to a review of measures, an exporter is a ‘cooperative exporter’ where the exporter’s exports were examined as part of the review and the exporter was not an uncooperative exporter. The Commission considers that all exporters that provided a REQ to be cooperative exporters for the purposes of this review.

## **5.3 CSC**

### **5.3.1 The exporter**

The goods exported to Australia during the review period were produced by CSC and Dragon Steel Corporation (DSC). DSC is a wholly-owned subsidiary of CSC. The Commission notes:

- CSC manufactures the goods located in the country of export;
- goods manufactured by DSC are purchased by CSC, which then exports those goods;
- CSC is named as the seller on the sales contract;
- CSC is named as the issuer on the commercial invoice and packing list;
- CSC is named as the exporter on the customs export declaration;
- CSC is named as the supplier on the bill of lading;
- CSC arranges for transportation of the goods to the port of export;

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- CSC pays for the port handling charges for the goods exported to Australia; and
- CSC knows that the goods are destined for Australia.

As CSC directed the production of the goods, took carriage of sourcing and allocating raw materials for both CSC and DSC and generally controlled DSC's production activities and customers for the goods, the Commission considers CSC is the principal in the transaction. For all Australian export sales during the review period, the Commission considers CSC to be the exporter of the goods.

### 5.3.2 Export price

The Commission is satisfied that CSC's sales to Australia are arms length transactions, as there was no evidence that:

- there was any consideration payable for, or in respect of, the goods other than their price; or
- the price was influenced by a commercial or other relationship between the buyer, or an associate of the buyer, and the seller, or an associate of the seller; or
- the buyer, or an associate of the buyer, was directly or indirectly reimbursed, compensated or otherwise received a benefit for, or in respect of, the whole or any part of the price.

The export price for CSC was therefore calculated under section 269TAB(1)(a). Export prices were calculated at Free on Board (FOB) terms. Table 9 lists the MCCs relevant to CSC's export sales to Australia during the review period.

P-C-A-01-T1-W2	P-C-PI-01-T1-W1	P-S-A-01-T1-W2	P-C-PI-02-T4-W1
P-C-A-01-T2-W2	P-C-PI-01-T1-W2	P-S-A-01-T2-W2	P-C-PI-02-T4-W2
P-C-A-01-T3-W1	P-C-PI-01-T2-W1	P-S-A-01-T3-W2	P-C-PI-03-T3-W2
P-C-A-01-T3-W2	P-C-PI-01-T2-W2	P-C-A-03-T2-W2	P-C-PI-03-T4-W2
P-C-A-01-T4-W2	P-C-PI-01-T3-W1	P-C-A-03-T3-W2	P-C-PI-05-T3-W2
P-C-A-02-T1-W2	P-C-PI-01-T3-W2	P-C-A-04-T1-W2	P-C-A-02-T3-W2
P-C-A-02-T2-W2	P-C-PI-01-T4-W2	P-C-A-04-T2-W2	P-C-PI-02-T3-W2
P-C-A-02-T3-W1	P-C-PI-02-T3-W1	P-C-A-04-T3-W2	P-C-A-04-T4-W2

**Table 9 - Exported MCCs for CSC**

### 5.3.3 Normal value

CSC made sales to both related and unrelated customers in the Taiwan domestic market during the review period. The Commission examined whether there were any differences in approach to these customer types, and notes that:

- the terms of sale and prices do not vary as between related and unrelated customers, with pricing primarily based on the cost trend and market conditions;
- pricing guides provided to the Commission did not indicate any difference in how prices were set to related and unrelated customers; and
- prices between related and unrelated customers were comparable, taking into account purchasing volume and models of the goods purchased.

## PUBLIC RECORD

In respect of CSC’s domestic sales of like goods to its related and unrelated customers during the period, the Commission found no evidence that:

- there was any consideration payable for, or in respect of, the goods other than its price; or
- the price was influenced by a commercial or other relationship between the buyer, or an associate of the buyer, and the seller, or an associate of the seller; or
- the buyer, or an associate of the buyer, was directly or indirectly reimbursed, compensated or otherwise received a benefit for, or in respect of, the whole or any part of the price.

The Commission therefore considers that all domestic sales made by CSC during the review period were arms length transactions.

The Commission assessed the total volume of relevant sales of like goods as a percentage of the goods exported to Australia for the review period and found that the volume of domestic sales was sufficient (five per cent or greater). As a result, the Commission is satisfied that normal value can be ascertained under section 269TAC(1). Table 10 lists the MCCs relevant to CSC’s domestic sales in Taiwan during the review period.

P-C-A-01-T1-W1	P-C-PI-01-T1-W1	P-S-A-01-T1-W2	P-C-A-02-T4-W2	P-C-PI-03-T2-W1
P-C-A-01-T1-W2	P-C-PI-01-T1-W2	P-S-A-01-T2-W1	P-C-A-03-T1-W2	P-C-PI-03-T2-W2
P-C-A-01-T2-W1	P-C-PI-01-T2-W1	P-S-A-01-T2-W2	P-C-A-03-T2-W2	P-C-PI-03-T3-W1
P-C-A-01-T2-W2	P-C-PI-01-T2-W2	P-S-A-01-T3-W2	P-C-A-03-T3-W1	P-C-PI-03-T3-W2
P-C-A-01-T3-W1	P-C-PI-01-T3-W1	P-S-A-02-T3-W2	P-C-A-03-T3-W2	P-C-PI-03-T4-W1
P-C-A-01-T3-W2	P-C-PI-01-T3-W2	P-S-A-03-T3-W2	P-C-A-02-T2-W2	P-C-PI-02-T2-W2
P-C-A-01-T4-W1	P-C-PI-01-T4-W1	P-S-A-04-T3-W2	P-C-A-02-T3-W1	P-C-PI-02-T3-W1
P-C-A-01-T4-W2	P-C-PI-01-T4-W2	P-S-A-05-T3-W1	P-C-A-02-T3-W2	P-C-PI-02-T3-W2
P-C-A-02-T1-W2	P-C-PI-02-T1-W2	P-S-A-05-T3-W2	P-C-A-02-T4-W1	P-C-PI-02-T4-W2
P-C-A-02-T2-W1	P-C-PI-02-T2-W1	P-S-A-06-T0-W0	N-C-A-06-T0-W0	N-C-PI-06-T0-W0
N-S-A-06-T0-W0				

**Table 10 - Domestic MCCs for CSC**

With respect to the models sold domestically, the Commission is satisfied there were sufficient volumes of domestic sales for all but two models exported to Australia from Taiwan at prices that were in the OCOT and in arms length transactions.

### 5.3.4 Adjustments

For the two export models where there were insufficient sales of the same model on the domestic market in the OCOT, the Commission applied specification adjustments to the selling price, pursuant to section 269TAC(8), having regard to the closest matching domestic model with sufficient sales in the OCOT to determine the normal value. Table 11 notes these specification adjustments.

**PUBLIC RECORD**

Export MCC	Description of Adjustment
P-C-A-04-T1-W2	Having regard to CSC's price lists, an adjustment was made on the basis of the price difference in thickness of the surrogate model P-C-A-04-T2-W2.
P-C-PI-02-T4-W1	Having regard to CSC's price lists, an adjustment was made on the basis of the price difference in width of the surrogate model P-C-PI-02-T4-W2.

**Table 11 - Description of specification adjustments for CSC**

The Commission also considered further adjustments, in accordance with section 269TAC(8), are necessary to ensure the normal value is comparable to the export price of goods exported to Australia. The Commission is satisfied that there is sufficient and reliable information to justify the adjustments below and considers these adjustments necessary to ensure a fair comparison of normal values and export prices.

Adjustment Type	Deduction / addition
Domestic inland transport	<b>Deduct</b> an amount for domestic inland transport
Domestic packaging	<b>Deduct</b> an amount for domestic packaging
Domestic commission	<b>Deduct</b> an amount for domestic commission paid by DSC to CSC
Export packaging	<b>Add</b> an amount for export packaging
Export inland transport	<b>Add</b> an amount for export inland transport
Export port handling charges	<b>Add</b> an amount for port charges
Export bank charges	<b>Add</b> an amount for bank charges
Export commissions	<b>Add</b> an amount for export commission paid by DSC to CSC, and CSC to its related trading entity (China Steel Global Trading)
Specification adjustment	Table 11 refers

**Table 12 - Adjustments made to CSC normal value**

### 5.3.5 Submissions

In response to SEF 528, BlueScope submitted that:

- the goods manufactured by DSC (and the relevant transfer price to CSC for the sale of the goods) need to be verified to demonstrate a full cost recovery;
- the adjustments made for the HRC width and thickness need to be clarified by indicating whether they were based on an average over the review period or for a particular quarter in which the sales were made and further timing differences were considered; and
- exporter handling charges and wharf passage fees, exporter trade promotion fees and export harbour service fees need to be included for CSC's normal value calculation.<sup>26</sup>

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<sup>26</sup> EPR 528, [document 18](#) refers.

## PUBLIC RECORD

In response to BlueScope's submission, CSC:

- submitted that the Commission verified the financial records, including the full absorbed cost of manufacturing and selling cost of the goods, of its subsidiary, DSC;
- confirmed that specification adjustments were based on their published price extras during the review period; and
- confirmed that the nominated export adjustments were made to its normal value.<sup>27</sup>

### Commission assessment

Following BlueScope's submission, the Commission has re-examined the verification of CSC's data and the calculation of the dumping margin.

The Commission notes that DSC's cost to make and selling, general and administrative (SG&A) costs were reported separately in the REQ and were assessed by the Commission. The Commission verified DSC's cost to make and SG&A costs to audited financial statements in accordance with ADN No. 2016/30. Therefore, the Commission is satisfied that it has verified the goods manufactured by DSC and considers the information relied upon to be accurate, complete and relevant.

The Commission confirms that the goods produced by DSC and sold by CSC are governed by a commission agency agreement. The commission agency fee payable was compared to CSC's indirect SG&A costs for its domestic sales and it was found to fairly reflect the cost of CSC's selling activities conducted on behalf of DSC. In determining sales of like goods in the OCOT, the Commission has reviewed its calculation of the domestic CTMS with respect to the goods produced by DSC and sold by CSC. For the domestic CTMS of these sales, the Commission observed an oversight in its calculation, and has now adjusted the calculation by adding the commission agency fee incurred by DSC and paid to CSC in relation to CSC's sales on the domestic market to achieve a full cost recovery. As a result of this change, the normal value increased.

With respect to making specification adjustments to the normal value for the MCCs listed in Table 11, the Commission had regard to CSC's internal price guideline which set out the price extras associated with different thicknesses and widths of the goods. The Commission advises that the MCC structure for the relevant thickness (i.e. comparing T1-W2 with the surrogate T2-W2) and relevant width (i.e. comparing T4-W1 with the surrogate T4-W2) overlaps with a number of the "price extras" specified in the internal price guideline.

This is illustrated by the following hypothetical example (Figure 1), where the red shading relates to widths and thicknesses falling under "MCC A" and the green shading relates to widths and thicknesses falling under "MCC B".

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<sup>27</sup> EPR 528, [document 19](#) refers.

## PUBLIC RECORD

Thickness	Width		
	500 - 1000	1001 - 1500	1501 - 2000
1 - 2	100	200	300
2.1 - 3	200	300	400
3.1 - 4	300	400	450
4.1 - 5	400	550	700

Figure 1: Hypothetical illustration of relationship between MCC and relevant price extras

The Commission has had regard to a simple average of the price extra values relevant to each MCC category when making the specification adjustments. Using the hypothetical in Figure 1, the relevant adjustment for MCC A would be 200 (being the simple average of the four values in the red cells) and for MCC B would be 525 (being the simple average of the five values in the green cells). The adjustments were applied on a quarterly basis. The Commission considers this approach to making adjustments to the normal value under section 269TAC(8) to reasonably reflect physical differences between the goods exported and the goods sold domestically that affect price.

The Commission notes that the exported MCCs in Table 11 represented less than 2 per cent by volume of the exported goods during the review period; the selected surrogate models represented less than 0.1 per cent by volume of the domestic sales which contributed to the normal value calculation. In this context, the Commission examined whether, rather than taking an average of the relevant price extras amounts, the application of the highest relevant price extra would make any difference to the normal value calculation (again, using the hypothetical, this would be 300 for MCC A and 700 for MCC B). The Commission notes that there would be no material change to the normal value using this alternative approach.

The Commission has also confirmed that the adjustment for “export port handling charges” comprised the following expenses:

- customs brokerage fee;
- loading and handling fee;
- survey fee;
- harbour service fee; and
- trade promotion charge.

### 5.3.6 Dumping Margin

The Commission reviewed and revised the dumping margin calculation in respect of the goods exported to Australia by CSC for the review period. The dumping margin is **negative 5.0 per cent**.

The Commission’s calculations are included at **Confidential Attachment 1**.

## 5.4 Shang Chen

### 5.4.1 The exporter

In respect of the goods supplied by Shang Chen to customers in Australia during the review period, the Commission notes that Shang Chen:

- is the manufacturer of the goods;
- is named on the commercial invoice as the supplier;
- is named as the consignor on the bill of lading;
- arranges and pays for the inland transport to the port of export; and
- arranges and pays for the port handling charges at the port of export.

The Commissioner is therefore satisfied that Shang Chen is the exporter of the goods.

### 5.4.2 Export price

The Commission is satisfied that CSC's sales to Australia are arms length transactions, as there was no evidence that:

- there was any consideration payable for, or in respect of, the goods other than their price; or
- the price was influenced by a commercial or other relationship between the buyer, or an associate of the buyer, and the seller, or an associate of the seller; or
- the buyer, or an associate of the buyer, was directly or indirectly reimbursed, compensated or otherwise received a benefit for, or in respect of, the whole or any part of the price.

Accordingly, the Commission calculated the export price for Shang Chen under section 269TAB(1)(a), as the price paid by the importer to the exporter, less transport and other costs arising after exportation. Export prices were calculated at FOB terms. Table 13 lists the MCCs relevant to Shang Chen's export sales to Australia during the review period.

P-C-A-1-T1-W1	P-C-A-2-T3-W1	P-S-A-1-T2-W2	P-S-A-1-T1-W1
P-C-A-1-T1-W2	P-C-A-3-T3-W1	P-S-A-1-T3-W1	P-S-A-1-T1-W2
P-C-A-1-T2-W2	P-C-A-3-T3-W2	P-S-A-1-T3-W2	P-S-A-2-T3-W2
P-C-A-1-T3-W1	P-C-A-1-T3-W2	P-C-A-1-T4-W2	P-S-A-3-T3-W2

**Table 13 - Exported MCCs for Shang Chen**

### 5.4.3 Normal value

Shang Chen made sales to only unrelated customers in the Taiwan domestic market during the review period. The Commission found no evidence that:

- there was any consideration payable for, or in respect of, the goods other than its price; or
- the price was influenced by a commercial or other relationship between the buyer, or an associate of the buyer, and the seller, or an associate of the seller; or
- the buyer, or an associate of the buyer, was directly or indirectly reimbursed, compensated or otherwise received a benefit for, or in respect of, the whole or any part of the price.

**PUBLIC RECORD**

The Commission therefore considers that all domestic sales made by Shang Chen during the review period were arms length transactions.

The Commission assessed the total volume of relevant sales of like goods as a percentage of the goods exported to Australia for the review period and found that the volume of domestic sales was sufficient (five per cent or greater). As a result, the Commission is satisfied that normal value can be ascertained under section 269TAC(1). Table 14 lists the MCCs relevant to Shang Chen’s domestic sales in Taiwan during the review period.

N-C-A-1-T1-W1	N-C-A-5-T3-W1	P-C-A-2-T4-W2	N-C-A-3-T3-W2	P-C-A-1-T2-W2
N-C-A-1-T1-W2	N-C-A-5-T3-W2	P-C-A-3-T3-W2	N-C-A-3-T4-W2	P-C-A-1-T3-W1
N-C-A-1-T2-W1	N-C-A-5-T4-W1	P-C-A-3-T4-W2	N-C-A-5-T1-W1	P-C-A-1-T3-W2
N-C-A-1-T2-W2	N-C-A-5-T4-W2	P-C-A-5-T1-W1	N-C-A-5-T1-W2	P-C-A-1-T4-W1
N-C-A-1-T3-W1	N-C-A-5-T5-W2	P-C-A-5-T1-W2	N-C-A-5-T2-W1	P-C-A-1-T4-W2
N-C-A-1-T3-W2	N-S-A-5-T1-W1	P-C-A-5-T2-W2	N-C-A-5-T2-W2	P-C-A-2-T3-W2
N-C-A-1-T4-W1	P-C-A-1-T1-W1	P-C-A-5-T3-W1	P-C-PI-1-T1-W2	P-C-PI-5-T2-W2
N-C-A-1-T4-W2	P-C-A-1-T1-W2	P-C-A-5-T3-W2	P-C-PI-1-T2-W2	
N-C-A-2-T4-W2	P-C-A-1-T2-W1	P-C-A-5-T4-W2	P-C-PI-1-T3-W2	

**Table 14 - Domestic MCCs for Shang Chen**

With respect to the models sold domestically, the Commission is satisfied there are sufficient volumes of domestic sales of seven models that were exported to Australia from Taiwan that are arms length transactions, and at prices within the OCOT. For some models, the Commission considered that it was necessary to make an adjustment for timing in order to align the domestic models with those exported to Australia.

**5.4.4 Adjustments**

For the remaining export models where there were insufficient sales of the same model on the domestic market in the OCOT, the Commission applied specification adjustments to the selling price, pursuant to section 269TAC(8), having regard to the closest matching domestic model with sufficient sales in the OCOT to determine the normal value. Table 15 notes these specification adjustments.



**PUBLIC RECORD**

Export MCC	Description of Adjustment
P-C-A-2-T3-W1	Surrogate model P-C-A-3-T3-W2 with specification adjustment for differences in width and grade based on Shang Chen's domestic cost to make (CTM) data.
P-C-A-3-T3-W1	Surrogate model P-C-A-3-T3-W2 with specification adjustment for the difference in width based on Shang Chen's domestic CTM data.
P-S-A-1-T1-W1	Surrogate model P-C-A-1-T1-W1 with specification adjustment for the difference in form based on Shang Chen's domestic CTM data.
P-S-A-1-T1-W2	Surrogate model P-C-A-1-T2-W2 with specification adjustment for the difference in form based on Shang Chen's domestic CTM data.
P-S-A-1-T2-W2	Surrogate model P-C-A-1-T2-W2 with specification adjustment for the difference in form based on Shang Chen's domestic CTM data.
P-S-A-1-T3-W1	Surrogate model P-C-A-1-T3-W1 with specification adjustment for the difference in form based on Shang Chen's domestic CTM data.
P-S-A-1-T3-W2	Surrogate model P-C-A-1-T3-W2 with specification adjustment for the difference in form based on Shang Chen's domestic CTM data.
P-S-A-2-T3-W2	Surrogate model P-C-A-2-T3-W2 with specification adjustment for the difference in form based on Shang Chen's domestic CTM data.
P-S-A-3-T3-W2	Surrogate model P-C-A-3-T3-W2 with specification adjustment for the difference in form based on Shang Chen's domestic CTM data.

**Table 15 - Application of specification adjustment to domestic MCCs to enable comparison with export MCCs for Shang Chen**

The Commission also considered further adjustments, in accordance with section 269TAC(8), are necessary to ensure the normal value is comparable to the export price of goods exported to Australia. The Commission is satisfied that there is sufficient and reliable information to justify the adjustments below and considers these adjustments necessary to ensure a fair comparison of normal values and export prices.

Adjustment Type	Deduction/addition
Domestic credit terms	<b>Deduct</b> an amount for domestic credit
Domestic inland transport	<b>Deduct</b> an amount for domestic inland transport
Domestic packaging	<b>Deduct</b> an amount for domestic packaging
Export inland transport	<b>Add</b> an amount for export inland transport costs
Export packing costs	<b>Add</b> an amount for export packing costs
Export handling costs	<b>Add</b> an amount for export handling costs
Export terminal handling	<b>Add</b> an amount for export terminal handling costs
Export container freight station fees	<b>Add</b> an amount for export container freight station fees
Export documentation fees	<b>Add</b> an amount for export documentation fees
Export handling, wharf passage fees	<b>Add</b> an amount for export handling, wharf passage fees
Export trade promotion fees	<b>Add</b> an amount for export trade promotion fees
Export harbour service fees	<b>Add</b> an amount for export harbour service fees
Export commissions	<b>Add</b> an amount for export commissions
Export bank charges	<b>Add</b> an amount for export bank charges
Specification	Table 15 refers
Timing adjustment	For certain models, <b>add or deduct</b> the difference in timing to allow for a quarter by quarter comparison

**Table 16: Adjustments made to Shang Chen normal value**

#### 5.4.5 Submissions

BlueScope submitted that “the specification adjustments have been based upon “domestic CTM data” – this would not, however, include any margin benefit that may be achieved for the particular model.”<sup>28</sup>

##### Commission assessment

The Commission has confirmed that a gross margin benefit (i.e. the administrative, selling and general costs and profit) was included in making the relevant specification adjustments for the particular model, to reflect the market value of the production cost difference.

#### 5.4.6 Dumping margin

The Commission has calculated a dumping margin in respect of the goods exported to Australia by Shang Chen for the review period. The dumping margin is **negative 3.2 per cent**.

The Commission’s calculations are included at **Confidential Attachment 2**.

### 5.5 Chung Hung

#### 5.5.1 The exporter

As discussed in chapter 4.2, the Commission did not conduct an on-site verification of the information provided in Chung Hung’s REQ. The Commission conducted a desktop review of the information provided by Chung Hung by comparing it with other exporters’ information relevant to the review, as well as comparing it with data provided by Chung Hung in the original investigation (REP 188), the subsequent continuation inquiry (REP 400) and review (REP 454). The Commission has found that during the original investigation period (1 April 2011 to 31 March 2012) and the period examined in REP 400 (1 January 2016 to 31 December 2016), Chung Hung produced HRC and exported it to Australia from Taiwan in arms length transactions to unrelated parties. Chung Hung also exported HRC to third countries during the current review period.

The Commission is therefore satisfied that Chung Hung remains an exporter of HRC for the purpose of this review.

#### 5.5.2 Export price

Chung Hung did not export the goods to Australia during the review period. The Commission has considered whether the requirements of section 269TAB(2A) have been met, and therefore, whether Chung Hung’s export price is to be determined under section 269TAB(2B).

Section 269TAB(2A) specifies that the export price of the goods exported to Australia may be determined by the Minister in accordance with section 269TAB(2B) if:

- (a) the price is being ascertained in relation to an exporter of those goods (whether the review is of the measures as they affect a particular exporter of those goods, or as they affect exporters of those goods generally); and

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<sup>28</sup> EPR 528, [document 18](#) refers.

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- (b) the Minister determines that there is insufficient or unreliable information to ascertain the price due to an absence or low volume of exports of those goods to Australia by that exporter having regard to the following:
- (i) previous volumes of exports of those goods to Australia by that exporter;
  - (ii) patterns of trade for like goods;
  - (iii) factors affecting patterns of trade for like goods that are not within the control of the exporter.

### Exporter of the goods – section 269TAB(2A)(a)

As outlined in chapter 5.5.1, the Commission is satisfied that Chung Hung is an exporter of the goods.

### Previous volumes of exports of those goods to Australia by Chung Hung – section 269TAB(2A)(b)(i)

The Commission has found that during the period examined in the original investigation (1 April 2011 to 31 March 2012) and the period examined in REP 400 (1 January 2016 to 31 December 2016), Chung Hung exported HRC to Australia from Taiwan. Chung Hung has not exported HRC to Australia since September 2016.

This analysis is outlined at **Confidential Attachment 3**.

### Patterns of trade for like goods – section 269TAB(2A)(b)(ii)

The Commission examined the patterns of trade for like goods by reviewing exports from other exporters of like goods, and from other countries not subject to measures. The Commission also compared these patterns with those of Chung Hung to determine if changes in its export volume reflect broader market trends. This analysis is outlined at **Confidential Attachment 3**.

The Commission found that exports from Chung Hung to Australia declined markedly after the anti-dumping measures were implemented on exports of the goods from Taiwan. Exports from all other Taiwanese exporters declined overall, but remained steady as a proportion of the market during the period from 2012 to 2019.

The Commission interprets these results as the general market demand for the goods remaining persistent. Chung Hung's lack of exports during the review period does not appear to pertain to a lack or low volumes of HRC exported from Taiwan to Australia generally.

### Factors affecting patterns of trade for like goods that are not within the control of the exporter – section 269TAB(2A)(b)(iii)

The Commission notes the explanatory memorandum to the *Custom Amendment (Anti-Dumping Measures) Bill 2017* (the explanatory memorandum) identifies factors that may affect patterns of trade for like goods not within the control of the exporter.<sup>29</sup> Such factors may include supply disruptions or natural events (such as flood, drought, or fire) that affect production levels.

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<sup>29</sup> Refer page 31 of the [explanatory memorandum](#).

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The Commission found that Chung Hung manufactured and sold like goods on the domestic market and to third countries during the review period. The Commission suggests this indicates an absence of factors (such as natural events) not within Chung Hung's control affecting trade for like goods. This analysis is outlined at **Confidential Attachment 3**.

### Commission's consideration – section 269TAB(2A)

Having regard to the above, the Commission considers that, for Chung Hung, there is insufficient or unreliable information to ascertain an export price due to the absence of exports to Australia from Chung Hung. The Commission therefore considers it appropriate to ascertain export prices under section 269TAB(2B). Pursuant to this section, the Commission is able to determine an export price having regard to any of the following:

- a previous export price for the goods exported to Australia by Chung Hung, established in accordance with section 269TAB(1), for a decision of a kind mentioned in section 269TAB(2D);<sup>30</sup>
- the price paid or payable for like goods sold by Chung Hung in arms length transactions for exportation from Taiwan to a third country determined by the Minister to be an appropriate third country;<sup>31</sup> or
- an export price for like goods exported to Australia from HRC by another exporter (or exporters) established in accordance with section 269TAB(1) for a decision mentioned in section 269TAB(2D).<sup>32</sup>

### Previous export price – section 269TAB(2B)(a)

Chung Hung's export price in the original investigation (REP 188) and subsequent continuation inquiry (REP 400) was established pursuant to section 269TAB(1)(a). Notice of the decision under section 269ZHG(1) following REP 400 was published on 18 December 2017.

### Third country export price – section 269TAB(2B)(b)

The Commission found that during the review period Chung Hung sold like goods to third countries including Korea, Malaysia, Vietnam and Pakistan. The REQ provided information including export destinations, annual quantity, shipping terms and total sales in United States Dollars.

### Another exporter's export price – section 269TAB(2B)(c)

In applying the provisions of section 269TAB(2B)(c), the Commission examined the export price of other exporters in the same review period, and for which an export price for each was determined under section 269TAB(1) for the purposes of this review.

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<sup>30</sup> Section 269TAB(2B)(a).

<sup>31</sup> Section 269TAB(2B)(b).

<sup>32</sup> Section 269TAB(2B)(c).

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### Commission's consideration – section 269TAB(2B)

The Commission considers the most appropriate method of ascertaining Chung Hung's export price is to use section 269TAB(2B)(c), being a weighted average export price for like goods exported to Australia from Taiwan by other exporters for which an export price was established under section 269TAB(1) for the purposes of the review. This method reflects actual prices received by other exporters for specific HRC grades, and reflects prevailing market conditions for HRC sold in the Australian market during the review period.

The Commission does not consider it preferable to have regard to the last established export price established for Chung Hung under section 269TAB(1) (pursuant to section 269TAB(2B)(a) and adjusted under section 269TAB(2G)(a)), nor to third country export prices (pursuant to section 269TAB(2B)(b)). There is no hierarchy specified as to these options. In the Commission's view, the weighted averages of prices actually achieved by other exporters during the review period, having regard to their MCCs, provides the most accurate indication of Chung Hung's export price, had it exported in the review period, and been competitive with other Taiwanese exporters.

Under section 269TAB(2G) the export price may be subject to such adjustments that the Minister determines are necessary to reflect what the export price would have been had there not been an absence of exports. Accordingly, to establish a reflective export price for Chung Hung, where models exported to Australia by CSC and Shang Chen were not produced by Chung Hung (and therefore a corresponding normal value would not be available), these models were removed from the calculation of the export price.

Accordingly, the Commission calculated the export price for Chung Hung after having regard to the export prices established under section 269TAB(1)(a) for CSC and Shang Chen, calculated at FOB terms. Table 17 lists the MCCs relevant to these export sales to Australia during the review period.

P-C-A-1-T1-W1	P-C-A-1-T1-W2	P-C-A-2-T3-W2	P-C-A-1-T2-W1	P-C-A-1-T2-W2
P-C-A-1-T3-W1	P-C-A-1-T3-W2	P-C-A-3-T3-W2	P-C-A-1-T4-W1	P-C-A-1-T4-W2

**Table 17 - Exported MCCs for comparison to Chung Hung's normal value**

The Commission found these MCCs also accounted for the majority of Chung Hung's domestic sales (more than 90 per cent).

### **5.5.3 Normal value**

Chung Hung made sales to only unrelated customers in the Taiwan domestic market during the review period. The Commission found no evidence that:

- there was any consideration payable for, or in respect of, the goods other than its price; or
- the price was influenced by a commercial or other relationship between the buyer, or an associate of the buyer, and the seller, or an associate of the seller; or
- the buyer, or an associate of the buyer, was directly or indirectly reimbursed, compensated or otherwise received a benefit for, or in respect of, the whole or any part of the price.

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The Commission therefore considers that all domestic sales made by Chung Hung during the review period were arms length transactions. The Commission assessed the total volume of relevant sales of like goods as a percentage of the goods exported to Australia for the review period and found that the volume of domestic sales was sufficient (five per cent or greater). As a result, the Commission is satisfied that normal value can be ascertained under section 269TAC(1). Table 18 lists the MCCs relevant to Chung Hung’s domestic sales in Taiwan during the review period.

N-C-A-1-T1-W1	N-C-PI-1-T1-W2	P-C-A-1-T1-W1	P-C-A-3-T3-W1	P-C-PI-1-T1-W1
N-C-A-1-T1-W2	N-C-PI-1-T2-W2	P-C-A-1-T1-W2	P-C-A-3-T3-W2	P-C-PI-1-T1-W2
N-C-A-1-T2-W1	N-C-PI-1-T3-W1	P-C-A-1-T2-W1	P-C-A-3-T4-W1	P-C-PI-1-T2-W2
N-C-A-1-T2-W2	N-C-PI-1-T3-W2	P-C-A-1-T2-W2	P-C-A-3-T4-W2	P-C-PI-1-T3-W1
N-C-A-1-T3-W1	N-C-PI-1-T4-W2	P-C-A-1-T3-W1	P-C-A-5-T2-W1	P-C-PI-1-T3-W2
N-C-A-1-T3-W2	N-C-PI-2-T3-W2	P-C-A-1-T3-W2	P-C-A-5-T2-W2	P-C-PI-1-T4-W2
N-C-A-1-T4-W1	N-C-PI-2-T4-W2	P-C-A-1-T4-W1	P-C-A-5-T3-W1	P-C-PI-2-T1-W2
N-C-A-1-T4-W2	N-C-PI-5-T2-W1	P-C-A-1-T4-W2	P-C-A-5-T3-W2	P-C-PI-2-T2-W2
N-C-A-2-T2-W2	N-C-PI-5-T3-W1	P-C-A-2-T2-W2	P-C-A-5-T4-W1	P-C-PI-2-T3-W2
N-C-A-2-T3-W2	N-C-PI-5-T3-W2	P-C-A-2-T3-W1	P-C-A-5-T4-W2	P-C-PI-2-T4-W2
N-C-A-2-T4-W2	N-C-PI-5-T4-W1	P-C-A-2-T3-W2	P-C-Q-1-T3-W2	P-C-PI-5-T2-W1
N-C-A-3-T3-W2	N-C-Q-1-T3-W2	P-C-A-2-T4-W2	P-C-Q-5-T3-W1	P-C-PI-5-T2-W2
N-C-A-3-T4-W2	N-C-Q-5-T3-W1	P-C-PI-5-T4-W2	P-C-Q-5-T3-W2	P-C-PI-5-T3-W1
N-C-A-5-T2-W1	N-C-Q-5-T4-W1	N-C-A-5-T4-W1	P-C-Q-5-T4-W1	P-C-PI-5-T3-W2
N-C-A-5-T3-W2	P-C-PI-5-T4-W1			

**Table 18 - Domestic MCCs for Chung Hung**

The Commission is satisfied there are sufficient volumes of domestic sales of HRC, for most models exported to Australia from Taiwan that are arms length transactions, and at prices within the OCOT. For some models, the Commission considered that it was necessary to make an adjustment for timing in order to align the domestic models with those exported to Australia.

**5.5.4 Adjustments**

The Commission is satisfied there is sufficient and reliable information to justify the following adjustments, in accordance with section 269TAC(8), and considers these adjustments necessary to ensure a fair comparison of normal values and export prices.

## PUBLIC RECORD

Adjustment Type	Deduction/addition
Domestic credit terms	<b>Deduct</b> an amount for domestic credit
Domestic inland transport	<b>Deduct</b> an amount for domestic inland transport
Domestic warranty expense	<b>Deduct</b> an amount for domestic warranty expense
Export packaging	<b>Add</b> an amount for export packaging
Export handling	<b>Add</b> an amount for export handling
Export inland transport	<b>Add</b> an amount for export inland transport
Export port handling charges	<b>Add</b> an amount for export port handling charges
Export commission fee	<b>Add</b> an amount for export commission fees
Export bank charge	<b>Add</b> an amount for export bank charge
Timing adjustment	For certain models, <b>add or deduct</b> the difference in timing to allow for a quarter by quarter comparison

**Table 19: Adjustments made to Chung Hung normal value**

### 5.5.5 Submissions

BlueScope submitted that the Commission has not applied the same adjustments including wharf passage fees, export trade promotion and export harbour service fees to Chung Hung's normal value (noting these were applied to CSC's normal value).<sup>33</sup>

#### Commission assessment

The Commission has reviewed the dumping margin calculation and confirms that an adjustment to the normal value was made for "export port handling charges", which included wharf passage fees, export trade promotion costs and export harbour service fees.

### 5.5.6 Dumping Margin

The Commission has calculated a dumping margin in respect of the goods exported to Australia by Chung Hung for the review period. The dumping margin is **negative 8.9 per cent**. The Commission's calculations are included at **Confidential Attachment 4**.

## 5.6 Uncooperative and all other exporters

As provided for in section 269TACAB(1), for uncooperative exporters, export price and normal value were worked out in accordance with section 269TAB(3) and section 269TAC(6) respectively by having regard to all relevant information.

The Commission considered that the most relevant information for the uncooperative exporters was the highest weighted average normal value and the lowest weighted average export price of those established for cooperating exporters. The Commissioner considers this was the preferable methodology because the verified information provided by the cooperating exporters revealed there was a range of normal values and export prices for the like goods and the Commission had no further relevant information. The dumping margin applicable to uncooperative and all other exporters is **negative 0.2 per cent**. Details of the uncooperative and all other exporters calculation are at **Confidential Attachment 5**.

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<sup>33</sup> EPR 528, [document 18](#) refers.

## 6 NON-INJURIOUS PRICE

### 6.1 Non-Injurious Price

The NIP is defined in section 269TACA as “the minimum price necessary to prevent the injury, or a recurrence of the injury” caused by the dumped or subsidised goods the subject of a dumping duty notice or a countervailing duty notice.

### 6.2 Lesser Duty Rule

The calculation of the NIP is relevant for the purposes of the lesser duty rule under the Dumping Duty Act.<sup>34</sup> The level of dumping duty imposed by the Minister cannot exceed the margin of dumping, but, where the NIP of the goods is less than the normal value of the goods, the Minister must also have regard to the desirability of fixing a lesser amount of duty.

Pursuant to section 8(5BAA) of the Dumping Duty Act, the Minister is not required to have regard to the desirability of fixing a lesser amount of duty in certain circumstances. Neither of those circumstances (being the composition of the Australian industry, or the method of ascertaining normal value in circumstances of a particular market situation in the country of export), are relevant to the present review.

### 6.3 Calculating the NIP

BlueScope is the sole Australian manufacturer of the goods for sale in the Australian domestic market. Based on a recent verification visit to BlueScope in September 2019, the Commission is satisfied with the accuracy and relevance of the information BlueScope has provided in this review to support the calculation of the NIP.

The Commission generally derives the NIP by first establishing a price at which the Australian industry might reasonably sell its product in a market unaffected by dumping. This price is referred to as the unsuppressed selling price (USP). The Commission’s preferred approach to establishing the USP is set out in chapter 23 of the Manual and observes the following hierarchy:

- industry selling prices at a time unaffected by dumping;
- constructed industry prices – industry CTMS plus profit; or
- selling prices of un-dumped imports.<sup>35</sup>

Having calculated the USP, the Commission then calculates a NIP by deducting the costs incurred in getting the goods from the export FOB point (or another point if appropriate) to the relevant level of trade in Australia. The deductions normally include overseas freight, insurance, into store costs and amounts for importer expenses and profit.

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<sup>34</sup> Section 8(5B) of the Dumping Duty Act refers.

<sup>35</sup> Page 138 of the Manual refers.



### **6.3.1 Past approaches to calculating the NIP**

In REP 400 and REP 454, the Commission established the USP by reference to BlueScope's CTMS, plus an amount for the profit actually realised during the relevant period that was examined. The Commission then made deductions for the profit obtained and the SG&A expenses and into store costs incurred by the most efficient importer amongst those verified during that case.

### **6.3.2 Submissions**

At an early stage of this review, BlueScope submitted that it supports the use of the same methodology as was applied in REP 400 and REP 454.<sup>36</sup> Following publication of SEF 528, BlueScope highlighted that the global price for HRC is higher, but the level of profit that the Commission proposed to use in the SEF 528 is not a sufficient level of profit to support ongoing investment in the industry.<sup>37</sup> BlueScope does not consider that the recommended NIP is adequate to remove the injury caused by dumping in a market where pricing is volatile, and therefore proposes that a more appropriate basis for the NIP "is that based upon an unsuppressed selling price that reflects the full margin of dumping based upon the respective normal value for each exporter."

CSC stated its support for the NIP calculation proposed in SEF 528.<sup>38</sup>

CA Steel Products Pty Ltd (CASP), as an importer of HRC from CSC, made a number of comments about the appropriateness of the measures and requested their revocation.<sup>39</sup> CASP submitted that the NIP should be based on "the lowest non-dumped source of supply", proposing that this should be derived from the ABF import database and having regard to the lowest priced FOB value of HRC exported from any country during the review period other than from the three known Taiwan exporters.

In a later submission, CASP largely reiterated its previous views and noted that currently prevailing HRC prices are less than occurred during the review period.<sup>40</sup> In the alternative, CASP proposes the NIP be based on "the applicant's prevailing market price in the review period less the evidenced importation costs from FOB to [Free Into Store] including interest, [SG&A], profit, transport and clearance costs."

### Commission Assessment

The Act provides that the Minister must not make a revocation declaration in relation to anti-dumping measures unless a revocation notice has been published in relation to the relevant review of those measures.<sup>41</sup> No such notice was published in relation to this review.

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<sup>36</sup> EPR 528, [document no. 6](#) refers.

<sup>37</sup> EPR 528, [document no. 18](#) refers.

<sup>38</sup> EPR 528, [document no. 19](#) refers.

<sup>39</sup> EPR 528, [document no. 20](#) refers.

<sup>40</sup> EPR 528, [document no. 21](#) refers.

<sup>41</sup> Section 269ZDA(1A)(a).

The NIP is specific to exports of HRC from Taiwan because it is in respect of the exporters from that country that the anti-dumping measures have been imposed. The FOB prices of HRC exported from other countries is not relevant to removing the injury caused to the Australian industry by goods exported from Taiwan at dumped prices.

With respect to the calculation of the USP, the Manual sets out the hierarchy that the Commission will ordinarily apply. The first of these is Australian industry prices at a time unaffected by dumping. The Commission found that BlueScope was profitable in the period examined in this review, at the same time as negative dumping margins were established for all exporters from Taiwan and when there were no measures or active investigations on HRC exported to Australia from any other country. Therefore, the Commission is satisfied that BlueScope's actual selling prices achieved during the review period reflect a price unaffected by dumping. While BlueScope notes that this approach does not provide a sufficient level of profit for ongoing investment in the industry, the purpose of the NIP is to establish the minimum price necessary to prevent the injury, or a recurrence of the injury, caused by dumping. Accordingly, the Commission is satisfied that determining the NIP on the basis of a USP derived from BlueScope's actual selling prices achieves that purpose in this instance.

### **6.3.3 Calculation of the NIP in this Review**

The Commission found that BlueScope was profitable in the period examined in this review, at the same time as negative dumping margins were established for all exporters from Taiwan and when there were no measures on HRC exported to Australia from any other country. The Commission therefore considers it is reasonable to establish the USP by reference to BlueScope's actual selling prices achieved during the review period, being a period unaffected by dumping.

From this USP, the Commission then made deductions for the profit obtained and the SG&A expenses and into store costs incurred by the most efficient importer in the review period to calculate a NIP at FOB delivery terms. Details of the USP and NIP calculations are at **Confidential Attachment 5**.

During the review period, the Commission found the NIP has changed based on the calculations above, and is operative for all exporters. The NIP is higher than was established in REP 454.

## **6.4 Form of measures**

The Commission has found that the NIP is the operative measure for all exporters. The effective rate of duty for all exporters of HRC from Taiwan is therefore zero. The Commission notes that the interim dumping duty for HRC exported from Taiwan for all exporters is currently calculated by reference to the floor price duty method.

The Commissioner recommends that there be no change to the form of measures. The following table therefore summarises the effect of the Commissioner's recommendations if they are accepted by the Minister.

**PUBLIC RECORD**

<b>Country</b>	<b>Exporter</b>	<b>Effective rate of duty</b>	<b>Variable (basis of floor price component)</b>
Taiwan	China Steel Corporation	0%	The lower of ANV and NIP
	Chung Hung Steel Corporation	0%	The lower of ANV and NIP
	Shang Chen Steel Co., Ltd	0%	The lower of ANV and NIP
	Uncooperative and all other exporters	0%	The lower of ANV and NIP

**Table 20 - Recommended measures**

## 7 RECOMMENDATIONS

### 7.1 Conclusion

The Commission has found in relation to exports to Australia of HRC from Taiwan during the review period, that:

- the AEP has changed;
- the ANV has changed; and
- the NIP has changed.

The Commissioner recommends that the Minister **declare**:

- in accordance with section 269ZDB(1)(a)(iii), with effect from the day after the publication of the notice declaring the outcome of the review, and for the purposes of the Act and the Dumping Duty Act, the dumping duty notice is taken to have effect in relation to CSC, Shang Chen, Chung Hung and all other Taiwanese exporters, as if different variable factors (as set out in **Confidential Attachments 1, 2, 4 and 5**) had been fixed relevant to the determination of duty.

The Commissioner recommends that the Minister be **satisfied** that:

- sufficient information has not been furnished to enable the export price of HRC exported to Australia from Taiwan by uncooperative exporters to be ascertained under the subsections preceding section 269TAB(3);
- sufficient information has not been furnished to enable the normal value of HRC exported to Australia from Taiwan by uncooperative exporters to be ascertained under the subsections preceding section 269TAC(6).

The Commissioner recommends that the Minister **determine** that:

- the export price of HRC exported from Taiwan to Australia by CSC is the price paid by the importer to the exporter less transport and other cost arising after exportation, as set out in **Confidential Attachment 1**;
- the normal value of HRC exported from Taiwan to Australia by CSC, is the price paid or payable for like goods, sold in the OCOT for home consumption in the country of export in sales that are arms length transactions by the exporter, as adjusted in accordance with section 269TAC(8) and as set out in **Confidential Attachment 1**;
- the export price of HRC exported from Taiwan to Australia by Shang Chen is the price paid by the importer to the exporter less transport and other cost arising after exportation, as set out in **Confidential Attachment 2**;
- the normal value of HRC exported from Taiwan to Australia by Shang Chen is the price paid or payable for like goods sold in the OCOT for home consumption in the country of export in sales that are arms length transactions by the exporter as adjusted in accordance with sections 269TAC(8) and as set out in **Confidential Attachment 2**;
- there is insufficient or unreliable information to ascertain the export price for Chung Hung due to an absence of exports of those goods to Australia by Chung Hung, having regard to previous volumes of those goods, patterns of trade for like goods, and factors affecting patterns of trade for like goods that are not within the control of Chung Hung, as set out in **Confidential Attachment 3**;

## PUBLIC RECORD

- the export price of HRC exported from Taiwan to Australia by Chung Hung is the export price for like goods exported to Australia from the country of export by other exporters established in accordance with section 269TAB(1) for a decision mentioned in section 269TAB(2D), adjusted in accordance with section 269TAB(2G), as set out in **Confidential Attachment 4**;
- the adjustments set out in Confidential Attachment 4 are necessary to reflect what the export price would have been for Chung Hung had there not been an absence of exports;
- the normal value of HRC exported from Taiwan to Australia by Chung Hung is the price paid or payable for like goods sold in the OCOT for home consumption in the country of export in sales that are arms length transactions by the exporter, as adjusted in accordance with section 269TAC(8) and as set out in **Confidential Attachment 4**;
- the export price of HRC exported from Taiwan to Australia by uncooperative exporters is the lowest weighted average export price (at FOB level) established amongst the cooperating exporters (CSC, Shang Chen and Chung Hung), as set out in **Confidential Attachment 5**;
- the normal value of HRC exported from Taiwan to Australia by uncooperative exporters is the highest weighted average normal value established amongst cooperating exporters, less any favourable adjustments and adjusted to FOB level, as set out in **Confidential Attachment 5**.

The Commissioner recommends that the Minister **direct** that:

- the price paid or payable for HRC exported from Taiwan to Australia by CSC is to be taken to be a price adjusted so that differences which relate to sales occurring at different times, or are not in respect of identical goods, or are modified in different ways by taxes or the terms of circumstances of the sales to which they relate, would not affect its comparison with that export price under section 269TAC(8), as set out in **Confidential Attachment 1**;
- the price paid or payable for HRC exported from Taiwan to Australia by Shang Chen is to be taken to be a price adjusted so that differences which relate to sales occurring at different times, or are not in respect of identical goods, or are modified in different ways by taxes or the terms of circumstances of the sales to which they relate, would not affect its comparison with that export price under section 269TAC(8), as set out in **Confidential Attachment 2**;
- the price paid or payable for HRC exported from Taiwan to Australia by Chung Hung is to be taken to be a price adjusted so that differences which relate to sales occurring at different times, or are not in respect of identical goods, or are modified in different ways by taxes or the terms of circumstances of the sales to which they relate, would not affect its comparison with that export price under section 269TAC(8), as set out in **Confidential Attachment 4**.

The Commissioner recommends that the Minister **ascertain** that:

- the NIP of HRC exported from Taiwan to Australia for the purposes of the dumping duty notice is as set out in **Confidential Attachment 5**.

**8 APPENDICES AND ATTACHMENTS**

<b>Confidential Attachment 1</b>	CSC calculations
<b>Confidential Attachment 2</b>	Shang Chen calculations
<b>Confidential Attachment 3</b>	Chung Hung export price consideration
<b>Confidential Attachment 4</b>	Chung Hung calculations
<b>Confidential Attachment 5</b>	NIP and uncooperative exporter calculations