

The Director - Investigations 2
 Anti-Dumping Commission
 GPO Box 2013
 Canberra ACT 2600

17 August 2020

Dear Director,

RE: Continuation Inquiry No. 546 into steel reinforcing bar exported from Korea, Singapore, Spain (except Nervacero S.A.) and Taiwan (except Power Steel Co. Ltd.)

This submission is made on behalf of InfraBuild (Newcastle) Pty Ltd (**InfraBuild Steel**) in response to matters contained in the exporter questionnaire responses and verification reports for the Korean exporter Daehan Steel Co. Ltd (**Daehan**) and the Spanish exporter Compañía Española de Laminación, S.L. (**Celsa**).

1. Daehan

1.1 Model Control Codes (MCCs)

The verification report for Daehan lists the MCCs for the steel reinforcing bar (**rebar**) exported by Daehan to Australia and the rebar reportedly sold by Daehan into the Korean market¹.

Australian export MCCs	
1	P-C-C-B-C-N
2	P-C-C-C-C-N

The export sales to Australia consist of two models of rebar in coil, differing only in nominal diameter. One has a nominal diameter of between 12 and 16mm (subcategory 'B') and the other has a nominal diameter of greater than 16mm up to 32mm (subcategory 'C'). Given that rebar coil is typically produced in sizes 12mm, 16mm and 20mm, it is likely that the 20mm coil produced by Daehan and exported to Australia constitutes the bulk of the goods included under export model P-C-C-C-C-N.

InfraBuild Steel was very surprised to find that in the list of domestic MCCs for Daehan, this model (P-C-C-C-C-N) was completely absent. Daehan has zero sales of 20mm rebar (or other nominal diameters above 16mm) in coil form in it's domestic sales listing as shown below.

¹ EPR 546/014 at p 5-6

Domestic sales MCCs	
1	P-B-C-A-C-N
2	P-B-C-B-C-N
3	P-C-C-A-C-N
4	P-C-C-B-C-N
5	P-A-S-A-2-N
6	P-A-S-B-2-N
7	P-A-S-C-1-N
8	P-A-S-C-2-N
9	P-B-S-A-1-N
10	P-B-S-A-2-N
11	P-B-S-B-1-N
12	P-B-S-B-2-N
13	P-B-S-C-1-N
14	P-B-S-C-2-N
15	P-B-S-D-2-N
16	P-C-S-A-2-N
17	P-C-S-B-1-N
18	P-C-S-B-2-N
19	P-C-S-C-1-N
20	P-C-S-C-2-N
21	P-C-S-D-2-N
22	P-D-S-B-2-N
23	P-D-S-C-1-N
24	P-D-S-C-2-N
25	P-D-S-D-2-N

As the demand for larger diameter rebar coil has grown, many rebar coil producers have invested in the capability to produce 20mm and 25mm coil to supplement 12mm and 16mm coil. Achieving heavier coil mass has also been important, particularly for the larger diameter coils, to minimise the number of coil changes required during processing.

Daehan appears to be no different, in 2018 the SMS Group reported *“Daehan Pyeongtaek modernizes existing VCC mill with new SMS Group Billet Welder and VCC Line to produce 5.0ton coils²”*, improvements made in the quest to offer customers larger coils of larger diameter rebar. The article states that *“The plant produces 450,000 tons per year of compact coils in diameters from 10 to 25 millimeters which is internally processed in the own cut-and-bend facilities or exported to the Far East market.”*

Having made this investment and having the cut-and-bend facilities in-house to process the rebar coils greater than 16mm domestically, it is surprising that Daehan would not sell any 20mm coil domestically. InfraBuild Steel notes that the verification team is not satisfied that the sales data provided by Daehan in respect of its domestic sales of rebar in straight lengths (DBIL) during the inquiry period is complete, relevant or accurate. InfraBuild Steel requests that in addition to the DBIL clarification, the Anti-Dumping Commission (**Commission**) further review the domestic sales listing for rebar in coil sales to ascertain whether domestic sales of 20mm rebar coil have been omitted or have been erroneously included in the ‘barter sales’.

1.2 Date of Sale

InfraBuild Steel notes that in this instance Daehan *“would like to establish date of contract as date of sale since all material terms was established on the **date of contract**³”*. In the original investigation (INV 264), the verification team reported *“Daehan advised that it applies the exchange rate for the date of sale based on **invoice date**⁴”*.

² <https://www.sms-group.com/press-media/press-releases/press-detail/daehan-pyeongtaek-modernizes-existing-vccr-mill-with-new-sms-group-billet-welder-and-vccr-line-to-produce-50-ton-coils-1017/>

³ EPR 546/008 at p15

⁴ EPR 264/054 at p14

With regard to establishing date of sale, the Commission's Dumping and Subsidy Manual (**Manual**) states:

*In establishing the date of sale, the Commission will normally use the **date of invoice** as it best reflects the material terms of sale. For the goods exported, the date of invoice also usually approximates the shipment date⁵. [emphasis added]*

The Manual helpfully clarifies in relation to any proposed change from invoice date as date of sale nominated by the exporter:

*Any claim for an adjustment would need to **substantively address**:*

- *whether, why, and to what degree, the considerations in determining price differed between export and domestic sales;*
- *whether the materials cost differs at the time of subsequent invoicing of that export sale (compared to domestic sale invoices in the same invoice month of that export sale) having regard to factors such as the production schedules for domestic and export; and lead times for purchasing main input materials;*
- *whether contracts were entered into for the materials purchases, and materials inventory valuation.⁶*

InfraBuild Steel submits that Daehan continues to sell rebar into Australia via intermediary traders, as it did during the original investigation, when date of invoice presumably delivered a better dumping margin outcome for the exporter than date of contract. In the absence of evidence **substantively addressing** the matters listed above, there should be no reason to change the date of sale from invoice date to date of contract.

1.3 Containerisation costs

Daehan's exporter questionnaire response states that Daehan report "*transaction-specific inland transport expense incurred to transport the goods from the factory to the port*". InfraBuild Steel requests clarification from the Commission on whether containerisation costs have been included for export sales made by Daehan to Australia.

⁵ Dumping and Subsidy Manual at p66

⁶ Ibid

⁷ EPR 546/008 at p24

2.0 Celsa

2.1 Model Control Codes

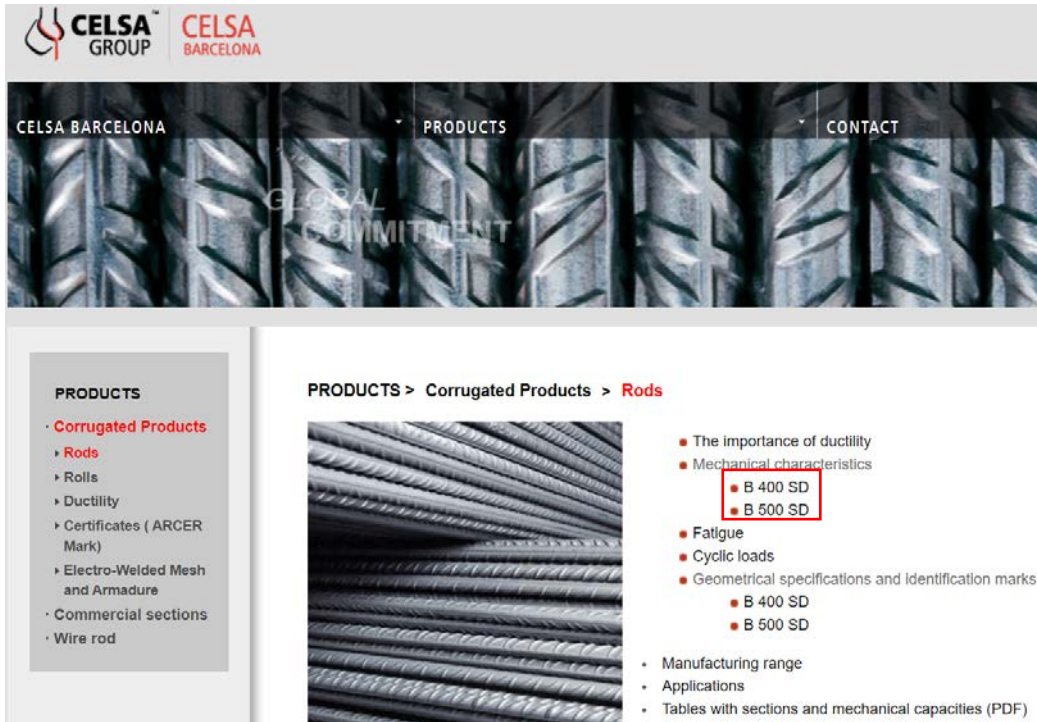
The verification report for Celsa confirms that there were no exports by Celsa to Australia during the inquiry period and lists the MCCs for the steel reinforcing bar (**rebar**) reportedly sold by Celsa into the Spanish market⁸.

Domestic Sales MCC	
1	P-C-C-A-C-N
2	P-C-C-B-C-N
3	P-C-C-C-C-N
4	P-C-C-D-C-N
5	P-C-S-A-1-N
6	P-C-S-A-2-N
7	P-C-S-B-1-N
8	P-B-C-A-C-N
9	P-C-S-B-2-N
10	P-C-S-C-1-N
11	P-C-S-C-2-N
12	P-C-S-C-3-N
13	P-C-S-D-1-N
14	P-C-S-D-2-N
15	P-C-S-D-3-N
16	P-C-S-E-2-N

InfraBuild Steel notes with some surprise that for domestic model sales by Celsa, there is only one coil model and zero rebar straights models that falls within the minimum yield strength category “B” ie. having minimum yield strength of greater than 300MPa to 480MPa.

The Celsa (Barcelona) website shows two grades that are produced and sold domestically both in coil (referred to as “corrugated rolls”) and straight rebar (referred to as “corrugated rods”) forms. These grades are B400SD and grade B500SD (both produced in accordance with Standard UNE 36065 EX).

⁸ EPR 546/013 at p5-6



CELSA GROUP CELSA BARCELONA

CELSA BARCELONA PRODUCTS CONTACT

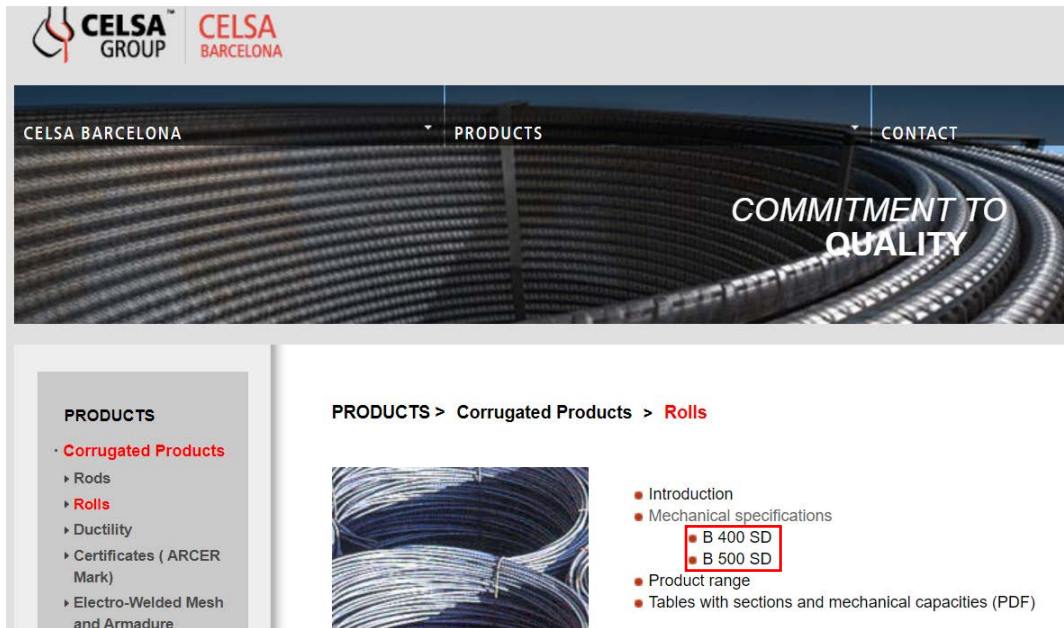
CELSA COMMITMENT

PRODUCTS

- Corrugated Products
- Rods**
- Rolls
- Ductility
- Certificates (ARCER Mark)
- Electro-Welded Mesh and Armadure
- Commercial sections
- Wire rod

PRODUCTS > Corrugated Products > **Rods**

- The importance of ductility
- Mechanical characteristics
 - B 400 SD**
 - B 500 SD**
- Fatigue
- Cyclic loads
- Geometrical specifications and identification marks
 - B 400 SD
 - B 500 SD
- Manufacturing range
- Applications
- Tables with sections and mechanical capacities (PDF)



CELSA GROUP CELSA BARCELONA

CELSA BARCELONA PRODUCTS CONTACT

COMMITMENT TO QUALITY

PRODUCTS

- Corrugated Products
- Rods
- Rolls**
- Ductility
- Certificates (ARCER Mark)
- Electro-Welded Mesh and Armadure

PRODUCTS > Corrugated Products > **Rolls**

- Introduction
- Mechanical specifications
 - B 400 SD**
 - B 500 SD**
- Product range
- Tables with sections and mechanical capacities (PDF)

The grades are designated by their minimum yield strength requirements ie. B400SD refers to a grade having a minimum yield strength of 400MPa. Sales of this grade should appear under subcategory “B” in the MCCs for minimum yield strength. Sales of grade B500SD refers to a grade having a minimum yield strength of 500MPa and should appear under subcategory “C” in the MCCs for minimum yield strength.

InfraBuild Steel requests that the Commission review the domestic sales listing provided by Celsa to identify whether domestic sales of grade B400SD rebar (both in coils and straight lengths) have been omitted or whether they have incorrectly been classified as subcategory “C” in the MCCs.

In the event that Celsa have provided test certificates for rebar classified as grade B400SD that shows tensile test results where the yield strength of a sample, or multiple samples, exceeded 500MPa, this is not a justifiable basis to classify those sales as subcategory “C”. These goods remain certified as grade B400SD and can only be sold as such and must be classified as subcategory “B”.

2.2 Date of Sale

InfraBuild Steel notes that in the absence of export sales by Celsa to Australia during the inquiry period and in the context of third country sales, Celsa states:

*“Celsa Barcelona sees the **date of sale as the date of proforma invoice** because this is the date of the binding contract that sets out all main agreed conditions of the purchase order.”⁹ [emphasis added]*

It is noted that in Dumping Investigation 264, the exporter visit report for Celsa Group companies Celsa Barcelona and Nervacero S.A reported:

*“Both companies recorded the **date of sale as the date of the sales invoice.**”¹⁰*

In Investigation 418, the representative of Celsa entity Nervacero S.A, in nominating the date of proforma invoice as date of sale, stated:

*“Nervacero accepts that it did not put forward its view regarding the date of its sales, and that it simply followed the Commission’s “default” position in Investigation 264. However **nothing turned on that distinction at the time, because on the basis of the company’s calculations it was not engaged in dumping no matter which date of sale was used for comparison purposes.**”¹¹ [emphasis added]*

For export sales which may be produced and invoiced two months after a proforma invoice/ contract is negotiated, changing the date of sale from sales invoice date to proforma invoice/contract date means misalignment of cost of production including raw material costs (typically closely aligned with sales invoice date in costing systems) with a date of sale which may be two months prior. The Celsa Group have been found to be dumping in multiple jurisdictions and their representatives are adept at performing dumping margin calculations and assessing which date of sale is likely to deliver the best dumping margin outcome.

InfraBuild Steel reiterates its view expressed earlier in this submission that, in the absence of evidence **substantively addressing** the matters required to be addressed by the Manual in consideration of an adjustment to date of sale from invoice date, there should be no reason to change the date of sale from invoice date to date of contract or date of proforma invoice.

FOR AND ON BEHALF OF THE AUSTRALIAN INDUSTRY

⁹ EPR 546/006 at p34

¹⁰ EPR 264/071 at p21

¹¹ EPR 418/051 at p4