



## Investigation 584

### Merchant Bar exported to Australia from Taiwan

#### Preliminary variable factors assessment – TS Steel Co. Ltd

The Anti-Dumping Commission (the commission) sought<sup>1</sup> and received exporter questionnaire responses in relation to investigation 584. This investigation relates to merchant bar exported to Australia from Taiwan. Public versions of the questionnaires are available on the commission website. The questionnaire sought relevant and reliable information from exporters to inform the commission in an assessment of whether dumping has occurred. This document outlines the commission's assessment of dumping in relation to TS Steel Co. Ltd (TS Steel).

An aspect of the questionnaire seeks to determine the particulars and the roles of parties involved in the export of the goods to Australia. This allows the case team to establish which party is the exporter of the goods. The questionnaire seeks detailed information regarding sales of the goods and like goods made by the exporter into domestic and export markets. It also seeks detailed costing information regarding the cost of production of the goods and like goods.

The case team have considered the level of detail provided by TS Steel in the questionnaire response regarding sales and costs of the goods and like goods. The case team is satisfied that the information provided by TS Steel is relevant information.

The Minister may disregard any information that they consider unreliable<sup>2</sup>. The case team have assessed the information in TS Steel's questionnaires in accordance with the intent of Anti-Dumping Notice No. 2016/30. Where necessary, the case team compared TS Steel's response to other relevant information available to the commission. The case team is satisfied the information provided by TS Steel is reliable unless noted otherwise.

Having considered the information provided relevant and reliable, the case team have conducted a preliminary assessment of export prices and normal values. The case team have compared the export prices and normal values to establish a preliminary dumping margin for TS Steel:

Exporter	Export Price	Normal Value	Dumping Margin
TS Steel Co. Ltd	269TAB(1)(a)	269TAC(1)	9.9%

Table 1 - Summary of preliminary variable factors

This report outlines the analysis and evidence relied upon to reach this preliminary margin. This margin reflects the case team's initial assessment of TS Steel's questionnaire response and may not reflect the final position of the commission.

<sup>1</sup> The case team has the power to seek this information under sections 269SMG and 269SMR of the *Customs Act 1901 (the Act)*.

<sup>2</sup> Sections 269TAB(4) and 269TAC(7) provide the Minister this authority.

## TS STEEL CO. LTD

### Export Price

#### Importer

In relation to the goods exported by TS Steel Co. Ltd (TS Steel) to Australia, the case team is satisfied that the customers listed for each sale were the beneficial owners of the goods at the time of importation, and therefore were the importers of the goods.

#### Exporter

The commission generally identifies the exporter as a principal in the transaction, located in the country of export from where the goods were shipped, that gave up responsibility by knowingly placing the goods in the hands of a carrier, courier, forwarding company, or its own vehicle for delivery to Australia; or a principal in the transaction, located in the country of export, that owns, or previously owned, the goods but need not be the owner at the time the goods were shipped.

The case team considers that TS Steel is the exporter of the goods, for all of its Australian export sales during the investigation period, as it:

- is the manufacturer of the goods
- is named on the commercial invoice as the supplier/seller
- is named as the shipper on the bill of lading
- arranges and pays for the inland transport to the port of export
- arranges and pays for the port handling charges at the port of export
- pays for harbour duty for international freight

#### Arms length

TS Steel did not make export sales of the goods to related customers during the investigation period. In respect of TS Steel's export sales of the goods to its unrelated customers during the investigation period, the case team found no evidence that:

- there was any consideration payable for, or in respect of, the goods other than its price
- the price appeared to be 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 receive a benefit for, or in respect of, the whole or any part of the price.<sup>3</sup>

The case team therefore considers that all export sales made by TS Steel during the investigation period were 'arms length' transactions.

#### Determination of export price

From the above findings, the case team is satisfied that TS Steel is the exporter of the goods to Australia, that the goods were exported to Australia otherwise than by the importer and

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<sup>3</sup> Section 269TAA of the Act refers.

that the goods were purchased in 'arms length' transactions by the importer from the exporter.

Accordingly, in respect of the Australian sales of the goods by TS Steel, the case team has determined the export price under section 269TAB(1)(a), being the price paid by the importer to the exporter less transport and other costs arising after exportation. The case team's preliminary export price calculations are at **Confidential Appendix 1**.

## **Normal Value**

### Arms length

In respect of TS Steel's domestic sales of like goods to both its related and unrelated customers during the period, the case team found no evidence that:

- there was any consideration payable for, or in respect of, the goods other than its price
- 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 not directly or indirectly reimbursed, compensated or otherwise received a benefit for, or in respect of, the whole or any part of the price.<sup>4</sup>

The case team therefore considers that all domestic sales made by TS Steel to its domestic customers during the period were 'arms length' transactions.

### Ordinary course of trade

Section 269TAAD states that domestic sales of like goods are not in the ordinary course of trade (OCOT) if 'arms length' transactions are:

- unprofitable in substantial quantities over an extended period and
- unlikely to be recoverable within a reasonable period.<sup>5</sup>

The case team tested profitability by comparing the net invoice price, less any reimbursements, against the relevant cost for each domestic sales transaction.

The case team then tested whether the unprofitable sales were in substantial quantities (not less than 20%) by comparing the volume of unprofitable sales to the total sales volume, for each model over the period.

Finally, the case team tested recoverability by comparing the net invoice price, less any reimbursements, against the relevant weighted average cost over the period for each domestic sales transaction.

### Determination of normal value

The normal value is determined in accordance with section 269TAC.

Section 269TAC(1) provides that:

*...[T]he normal value of any goods exported to Australia is the price paid or payable for like goods sold in the ordinary course of trade for home consumption in the*

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<sup>4</sup> Section 269TAA of the Act refers.

<sup>5</sup> In general, the commission will consider 'extended period' and 'reasonable period' to be the investigation, review or inquiry period.

*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) provides alternative methods for calculating the normal value of goods exported to Australia where there is an absence, or low volume, of relevant sales of like goods in the market of the country of export. An exporter's domestic sales of like goods are taken to be in a low volume where the total volume of sales of like goods for home consumption in the country of export by the exporter is less than 5% of the total volume of the goods under consideration that are exported to Australia by the exporter (unless the Minister is satisfied that the volume is still large enough to permit a proper comparison for the purposes of assessing a dumping margin).

The case team found that in relation to one model there was insufficient sales of like goods sold in OCOT on the basis that there was an absence, or low volume, of relevant sales of like goods in the market of the country of export. For this model, the case team was satisfied that there were sufficient domestic sales volumes of a surrogate model based on the model with the closest physical characteristics under the model control code hierarchy structure. Accordingly, the case team has applied a specification adjustment to this model when calculating the normal value.

As the volume of domestic sales of the remainder of TS Steel's exported models are 5% or more of the volume exported, the case team considers it can make a proper comparison at the model level.

The case team also assessed the total volume of relevant domestic sales of like goods as a percentage of the total volume of goods exported to Australia and found that the volume of relevant domestic sales was not less than 5%.

From the above, the case team is satisfied that there are sufficient volumes of sales of like goods sold for home consumption in the country of export that were 'arms length' transactions and at prices that were within the OCOT.

Accordingly, the case team has determined the normal value for TS Steel under section 269TAC(1).

The case team's preliminary normal value calculations are in **Confidential Appendix 3**.

## Adjustments

In using domestic sales as a basis for normal value, the case team considers that certain adjustments, in accordance with section 269TAC(8), are necessary to ensure that differences between the normal value of goods exported to Australia and the export price of the exported goods would not affect comparison of domestic prices with export prices.

The case team is satisfied there is sufficient information to justify the following adjustments in accordance with section 269TAC(8). The case team considers these adjustments to be necessary to ensure a fair comparison of normal value and export prices:

Adjustment type	Basis for adjustment	Deduction/addition
Domestic credit terms	Credit terms are different between export and domestic sales	<b>Deduct</b> an amount for domestic credit terms
Domestic inland transport	Cost incurred from transporting like goods from the factory to the domestic customer	<b>Deduct</b> an amount for domestic inland transport

Adjustment type	Basis for adjustment	Deduction/addition
Domestic sales commission expenses	Cost of sales commissions	<b>Deduct</b> an amount for domestic sales team expenses
Export inland transport	Cost incurred from transporting the goods from the factory to the port	<b>Add</b> an amount for export inland transport
Export handling & other	Cost incurred at the port, including port handling charges, bill of lading fees, etc	<b>Add</b> an amount for export handling & other
Export Bank Charges	Cost of bank charges incurred on export	<b>Add</b> an amount for bank charges
Export stuffing charge	Cost incurred on export goods	<b>Add</b> an amount for stuffing charge
Export promotion fee	Cost incurred on exports from Taiwan	<b>Add</b> an amount for promotion fee
Export harbour duty	Duty charges for goods at harbour	<b>Add</b> an amount for harbour duty
Export credit terms	Credit terms are different between export and domestic sales	<b>Add</b> an amount for export credit terms
Specification adjustment	For one model exported to Australia, P-U-300, there were no corresponding sales of the same model on the domestic market. For that model, the case team used domestic sales of P-U-250 with a specification adjustment.	Adjustment made using the cost to make and sell difference and an amount for OCOT profit

Table 2 - Summary of adjustments

## Dumping margin

The case team assessed the dumping margin by comparing weighted average export prices to the corresponding quarterly weighted average normal value for the investigation period.<sup>6</sup>

The case team has calculated a preliminary dumping margin for the goods exported to Australia by TS Steel of **9.9%**.

The preliminary dumping margin calculation is at **Confidential Appendix 4**.

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<sup>6</sup> Section 269TACB(2)(a).

**CONFIDENTIAL APPENDICES**

<b>Confidential Appendix 1</b>	Export price
<b>Confidential Appendix 2</b>	Cost to make and sell
<b>Confidential Appendix 3</b>	Normal value
<b>Confidential Appendix 4</b>	Dumping margin