



**ANTI-DUMPING COMMISSION  
REPORT TO THE ANTI-DUMPING REVIEW PANEL**

**REINVESTIGATION OF CERTAIN FINDINGS  
REPORT 318**

**ROD IN COILS EXPORTED TO AUSTRALIA FROM THE  
REPUBLIC OF INDONESIA AND TAIWAN**

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**ABBREVIATIONS**

ACBPS	Australian Customs and Border Protection Service
the Act	<i>Customs Act 1901</i>
ADRP	Anti-Dumping Review Panel
AUD	Australian dollar
the Commission	the Anti-Dumping Commission
the Commissioner	the Commissioner of the Anti-Dumping Commission
Diler	Diler Demir Celik Sanayi ve Ticaret A.S.
the Direction	the <i>Ministerial Direction on Material Injury (dated 27 April 2012)</i>
EPR	Electronic public record
FIS	Free into store
FOB	Free on board
the goods	the goods the subject of the application (also referred to as the goods under consideration)
Gunung	PT Gunung Rajapaksi
Habaş	Habaş Sinai ve Tibbi Gazlar Istihsal Endüstrisi A.Ş
Indonesia	the Republic of Indonesia
the investigation period	1 January 2013 to 31 December 2013
IPP	Import parity price
Ispat	PT Ispat Indo
the Minister	the Minister for Industry, Innovation and Science
OneSteel	OneSteel Manufacturing Pty Ltd
the Parliamentary Secretary	the Assistant Minister for Science and the Parliamentary Secretary to the Minister for Industry, Innovation and Science
Quintain	Quintain Steel Co., Ltd
REP 240	Report No. 240
SEF 240	Statement of Essential Facts No. 240
Turkey	the Republic of Turkey

## **1. INTRODUCTION AND FINDINGS**

### **1.1 Introduction**

This report provides the results of the reinvestigation by the Commissioner of the Anti-Dumping Commission (the Commissioner) of certain findings in Report No. 240 (REP 240), relating to the dumping of steel rod in coils exported to Australia from the Republic of Indonesia (Indonesia), except by PT Ispat Indo (Ispat), and Taiwan.

### **1.2 Summary of findings**

The Anti-Dumping Commission (the Commission) has reinvestigated the finding that rod in coils exported from Indonesia (except by Ispat) and Taiwan at dumped prices had caused material injury to the Australian industry producing rod in coils (like goods). The Australian industry is represented by OneSteel Manufacturing Pty Ltd (OneSteel).

As requested by the Anti-Dumping Review Panel (ADRP), the Commission has considered the impact of the local price premium in the degree of undercutting found during the investigation period, the volume and price impact of undumped imports on injury, and the impact of the dumping margin on pricing in the Australian market during the investigation period. Having considered those factors, the Commission considers that:

- based on the information available, it was not possible to accurately isolate and distinguish the impact of the local price premium on the undercutting found to exist during the investigation period. As a result, the impact of that premium on material injury could not be determined (Section 4.2 refers);
- the overall reduction in volume and market share attributed to dumped goods from Indonesia and Taiwan during the investigation period was not consistent with a finding that OneSteel had suffered material injury due to dumping, particularly when taking into account that undumped imports from Indonesia and Turkey had significantly increased over that same period in a contracting market (Section 4.3.1 refers);
- there was insufficient evidence available to demonstrate that injury caused by the undercutting of OneSteel's prices from dumped imports, or the impact of those imports on OneSteel's import parity price (IPP), was material (Section 4.3.2 refers); and
- taking into account the price sensitivity of the Australian rod in coils market, the reduced demand for rod in coils and the impact of dumping margins on price, it could not be determined whether participants in the market would, in the absence of dumping, have achieved higher selling prices during the investigation period (Section 4.4 refers).

## 2. BACKGROUND

### 2.1 Original investigation

On 10 April 2014, the Commissioner initiated an investigation regarding the alleged dumping of rod in coils exported to Australia from Indonesia, Taiwan and the Republic of Turkey (Turkey). The investigation period for the purposes of determining dumping was 1 January 2013 to 31 December 2013 (the investigation period).

On 13 May 2015, the Commissioner terminated part of the investigation in respect of rod in coils exported from Indonesia by Ispat and from Turkey by all exporters. Termination Report No. 240 sets out the reasons for the termination and is available on the public record for this investigation on the Commission's website at [www.adcommission.gov.au](http://www.adcommission.gov.au).

The Parliamentary Secretary to the then Minister for Industry (the Parliamentary Secretary)<sup>1</sup> accepted the findings and recommendations in REP 240. A dumping duty notice imposing dumping duties on rod in coils exported to Australia from Indonesia (except by Ispat) and Taiwan was published on 17 June 2015.

### 2.2 Legislative framework for a review

Division 9 of Part XVB of the *Customs Act 1901* (the Act)<sup>2</sup> sets out procedures for review by the ADRP of certain decisions made by the Parliamentary Secretary or the Commissioner.

Interested parties can apply to the ADRP to review certain decisions (reviewable decisions)<sup>3</sup> in relation to anti-dumping matters.<sup>4</sup> If an application for review is not rejected, the ADRP must make a report to the Parliamentary Secretary on the application either:

- recommending that the Parliamentary Secretary affirm the reviewable decision; or
- recommending that the Parliamentary Secretary revoke the reviewable decision and substitute a specified new decision.<sup>5</sup>

If the ADRP has not rejected an application for review, before making a recommendation under subsection 269ZZK(1), the ADRP may, by written notice, require the Commissioner to:

- reinvestigate a specific finding or findings that formed the basis of the reviewable decision; and

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<sup>1</sup> On 23 December 2014, the Minister for Industry and Science delegated his powers and functions under Part XVB of the *Customs Act 1901* to the Parliamentary Secretary to the Minister for Industry and Science. On 20 September 2015, the Prime Minister appointed the Parliamentary Secretary to the Minister for Industry, Innovation and Science as the Assistant Minister for Science.

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

<sup>3</sup> As defined in subsection 269ZZA(1).

<sup>4</sup> Section 269ZZC.

<sup>5</sup> Subsection 269ZZK(1).

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- report the result of the reinvestigation to the ADRP within a specified period.<sup>6</sup>

### 2.3 Review by the ADRP

On 16 July 2015, the ADRP received an application from OneSteel, the sole Australian producer of rod in coils, for review of the method by which anti-dumping measures had been applied to rod in coils exported to Australia from Indonesia (except by Ispat) and Taiwan and determination of the 'all other exporters' rate for Indonesia and Taiwan.

On 17 July 2015, the ADRP received another application from PT Gunung Rajapaksi (Gunung) for review of a decision by the Parliamentary Secretary to publish a dumping duty notice in respect of rod in coils exported to Australia from Indonesia (except by Ispat) and Taiwan. Gunung is a member of a group of companies directly concerned with the manufacture, importation and exportation of rod in coils from Indonesia to Australia.

On 21 August 2015, the ADRP invited the Commissioner to provide comments in relation to certain findings that formed the basis of the reviewable decision. The Commissioner provided his response to the ADRP on 11 September 2015, and a non-confidential version of that response was published on the ADRP's website at [www.adreviewpanel.gov.au](http://www.adreviewpanel.gov.au).

On 16 October 2015, under subsection 269ZZL(1), the ADRP asked the Commissioner to reinvestigate the finding in REP 240 that rod in coils exported from Indonesia (except by Ispat) and Taiwan at dumped prices caused material injury to the Australian industry producing like goods.

In particular, the ADRP asked the Commissioner to consider:

- the impact of the local price premium in the degree of undercutting found during the investigation period, noting the conclusions in the *Panel Report in European Communities – Anti-Dumping Measure on Farmed Salmon from Norway*, (WT/DS337/R, para 7.640, page 273), which provide guidance on how such price premiums should be assessed in considering the injury margin;
- the volume and price impact of undumped imports on injury noting the conclusions in the *Appellate Body Report, US – Anti-Dumping Measures on certain Hot-Rolled Steel products from Japan* (WT/DS184/AB/R), para 223, pages 74-75, dealing with non-attribution; and
- the impact of the dumping margin on pricing in the Australian market during the investigation period.

The ADRP acknowledged that there was information in REP 240 regarding price effects; however, it asked the reinvestigation to specifically cover the above mentioned issues in the context of the finding that dumped exports had caused material injury. The reinvestigation was asked to pay particular attention to the levels and trends relating to prices and volumes between dumped and undumped exports. While it was recognised by the ADRP that dumped exports did not have to be the sole cause of injury, there must be

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<sup>6</sup> Subsection 269ZZL(1).

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evidence that the injury by caused dumped goods was material and not attributed to undumped exports.

The Commission's reinvestigation report is due to be provided to the ADRP by 22 December 2015.

### **2.4 Relevant information**

In conducting a review, subsection 269ZZK(4) provides that the ADRP must, subject to subsections 269ZZK(4A) and (5), only have regard to relevant information and any conclusions based on the relevant information that are contained in the application for the review, or in any submissions received under section 269ZZJ within the period of 30 days referred to in that section.

Under paragraph 269ZZK(6)(a), relevant information is the information to which the Commissioner had regard to, or was required to have regard to, under subsection 269TEA(3) when making the findings in REP 240. This comprises the application, submissions concerning the publication of the dumping duty notice which the Commissioner had regard to for the purpose of the Statement of Essential Facts No. 240 (SEF 240), submissions in response to SEF 240, REP 240 and any other matters considered relevant by the Commissioner in the course of the original investigation.

### 3. ORIGINAL INVESTIGATION

#### 3.1 The size of the Australian rod in coils market

The size of the Australian rod in coils market is discussed in Section 5.5 of REP 240 as follows:

The Commission has used information gathered from the Australian industry, exporters, importers and the [Australian Customs and Border Protection Service] ACBPS import database to examine the Australian market for rod in coils.

The size of the market for rod in coils from 2010 to 2013 by calendar years is shown in the following chart.

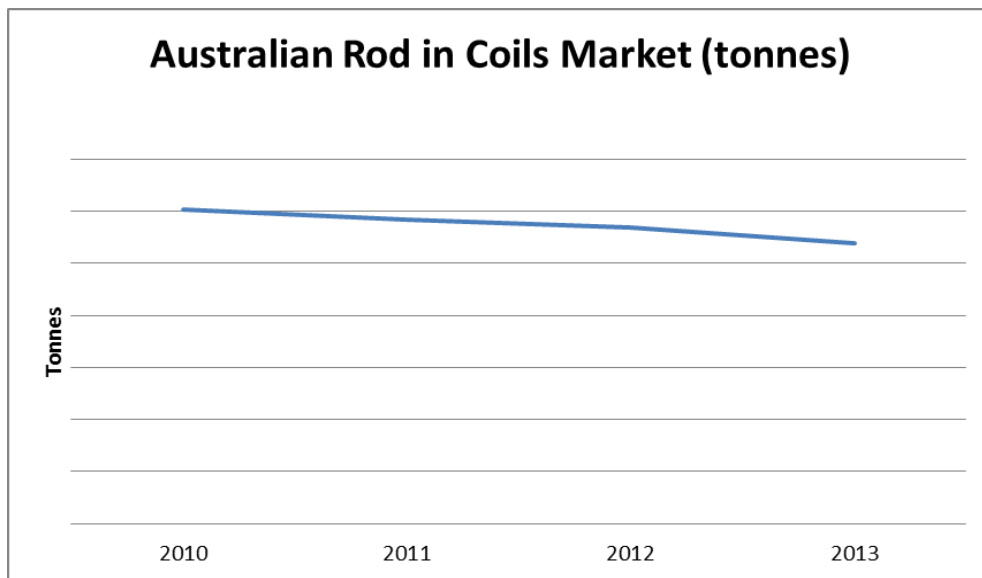


Figure 1 – Rod in coils market 2010 to 2013 (Source: OneSteel and ACBPS Data)

For calendar years 2010 to 2013 the size of the Australian market for rod in coils has declined each year. The Commission estimated the market for rod in coils was over 600,000 tonnes per year in 2010, and the available data shows the market declined to approximately 540,000 tonnes in 2013.

The reinvestigation observed from the supporting data that there was a 10% reduction in market size between 2010 and 2013, and a reduction of 4% between 2012 and the investigation period. This data is provided in **Confidential Appendix 1**.

These observations and background from REP 240 provide context when examining the volume impact of undumped goods (Section 4.3.1 refers), and the impact of the dumping margin on pricing in the Australian market during the investigation period (Section 4.4 refers).

#### 3.2 Dumping

Dumping margins for the investigation period have been summarised in the following table:



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Country	Exporter/manufacturer	Dumping margin
Indonesia	Gunung	10.1%
	Ispat	-0.7%
	<i>All other exporters</i>	10.1%
Taiwan	Quintain Co., Ltd	2.7%
	<i>All other exporters</i>	2.7%
Turkey	Habaş Sinai ve Tibbi Gazlar Istihsal Endüstrisi A.Ş	0.4%
	Diler Demir Celik Sanayi ve Ticaret A.S.	5.8%
	<i>All other exporters</i>	5.8%

As noted in Section 2.1 above, the investigation was terminated in so far as it related to rod in coils exported from Indonesia by Ispat and from Turkey by all exporters.

### 3.3 Summary of whether dumping caused material injury

As a result of the original investigation, the Commission found that rod in coils exported to Australia from Indonesia (except Ispat) and Taiwan caused material injury to the Australian industry producing like goods. Sections 3.3.1 to 3.3.5 below outline some of the key factors that contributed to this finding.

#### 3.3.1 Volume effects

##### Sales volume

In undertaking the original investigation, the Commission analysed the end purchaser data provided in relation to rod in coils exported by Gunung and Quintain Steel Co., Ltd (Quintain). From this, the Commission established that the majority of the goods exported by Gunung were ultimately purchased by OneSteel customers, whereas none of the goods exported by Quintain were purchased by a customer of OneSteel.

The Commission concluded that OneSteel would have been in a stronger position to achieve sales to both its existing customers and prospective customers had the price offerings of the dumped goods been less competitive.

The Commission considered that OneSteel had therefore suffered material injury in the form of reduced sales volume and domestic revenue due to dumped imports of rod in coils from Indonesia and Taiwan.

##### Market share

The Commission determined that OneSteel's market share diminished from 89% to 83% over the injury analysis period, while the market share of each of the countries under investigation increased.

The Commission accepted that undumped imports from Indonesia and Turkey had captured a portion of OneSteel's market share; however, OneSteel had also suffered material injury in the form of reduced market share due to dumped imports of rod in coils from Indonesia and Taiwan.

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### **3.3.2 Price effects**

#### Pricing in the Australian market

The Commission considered that rod in coils was a commodity product, and that when produced to a similar grade and dimension was interchangeable regardless of origin. As a result, price was found to be one of the primary factors affecting purchasing decisions.

The Commission accepted that customers could purchase either from OneSteel or from an import supply source. Because of this, import offers and the movement in the price of import offers were used by customers to negotiate prices with OneSteel. As such, in order to remain competitive, OneSteel was obliged to respond to the price of imported products.

Accordingly, the price of imports was a key determinant of OneSteel's selling price and falling import prices could directly cause price injury resulting in lost revenue and profits.

#### Price undercutting

In comparing the sales data of importers that cooperated with the Commission with OneSteel's sales data, the Commission found that the weighted average quarterly selling price per tonne for imported goods was between 4% and 10% below the OneSteel weighted average quarterly selling price.

Given the presence of both dumped and undumped imports in the market, the Commission further refined this analysis to compare contemporaneous sales of imported goods by distributors. The Commission determined that the level of undercutting was highest in relation to the dumped imports.

#### Price depression and suppression

The analysis undertaken by the Commission demonstrated that OneSteel had experienced price depression since 2011 and price suppression since 2013.

As stated previously, the market for rod in coils was considered to be highly price sensitive, and the Commission was satisfied that during the investigation period dumped imports had a competitive price advantage. In the absence of dumping, the prices achieved in the market, including OneSteel's, would have been higher by at least the margin of dumping.

### **3.3.3 Profit effects**

The Commission established that dumped imports caused injury in the form of adverse price effects for OneSteel, particularly in terms of price depression and price suppression. The Commission also established that OneSteel had experienced reduced sales volume as a result of dumped imports.

The price depression caused by dumping, combined with reduced sales volume, resulted in reduced domestic revenues for OneSteel.

The price suppression caused by dumping, which was demonstrated by the lower margin between unit prices and unit costs, resulted in lower profitability for OneSteel. The lower

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profitability, combined with reduced sales volume, resulted in reduced profits for OneSteel.

The Commission therefore considered that OneSteel had suffered injury in the form of reduced profit and profitability due to dumped imports.

### **3.3.4 Injury caused by factors other than dumping**

#### Undumped goods

The Commission found that imports from Ispat (Indonesia) and Habaş Sinai ve Tibbi Gazlar İstihsal Endüstrisi A.Ş (Habaş) (Turkey) were not at dumped prices.

As detailed above, the Commission considered that rod in coils was a commodity product, and therefore price was one of the primary factors affecting purchasing decisions. The Commission considered that the volume of undumped imports, and the prices achieved in the market, were such that they had an impact on the Australian market. While the increase in the volume of sales by these exporters over the injury analysis period took market share from other suppliers, including OneSteel, the Commission considered that the price sensitivity in the market was such that the presence of dumped imports in the market would be impacting the pricing behaviour of all market participants, including the Australian industry and those exporters found to have not sold dumped goods into the market.

The Commission considered that in the absence of dumping, all other participants in the market would achieve higher selling prices.

#### Imports from countries not subject to the investigation

Information from the ACBPS import database showed that for 2013 approximately 63% of rod in coils imported into Australia came from the countries under investigation, 36% were imported from New Zealand, and 1% from other countries.

Imports from other countries not subject to the investigation were noted to have declined in terms of both volume and market share as imports from the countries under investigation increased.

#### Weakening demand

The Commission confirmed that the domestic market for rod in coils suffered a gradual decline over the course of the injury analysis period. Specifically, the domestic market for rod in coils contracted by approximately 10% over the injury analysis period; however, weakening demand for steel was considered a global issue post global financial crisis, and therefore OneSteel had to compete with imports at prices that had been affected by depressed global demand.

#### Strengthening Australian dollar

The Australian dollar (AUD) was noted to have remained at historically high levels over the duration of the injury analysis period.

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The Commission was of the view that the continued strength of the AUD throughout the injury analysis period made it more attractive for purchasers to source rod in coils from overseas suppliers. Given the primacy of import prices in the negotiation of OneSteel's price offers, the impact of the historically high AUD impacted OneSteel's economic performance.

The Commission concluded that the price sensitive nature of the market for rod in coils was such that the presence of factors such as weakened domestic demand and a high AUD had contributed to, but was not the primary cause of, the injury experienced by OneSteel.

### **3.3.5 The Commission's assessment**

The Commission was satisfied that rod in coils was a commodity product, and that the market was highly price sensitive. In this environment, OneSteel had to negotiate its pricing offers within the context of import price offers. As such, the Commission considered that the minimum amount of injury suffered by OneSteel that could be directly attributed to dumped exports was reflective of the individual dumping margins.

Given that OneSteel established its selling prices into the market on the basis of the price of imports, the weakening of domestic demand and the strength of the AUD did not detract from the Commission's assessment that prices were lower than they otherwise might have been had rod in coils not been exported to Australia at dumped prices. This assessment led the Commission to conclude that dumping, in and of itself, had caused material injury to OneSteel.

The Commission took into consideration other possible injury factors raised during the investigation, and was of the view that these other possible causes of injury did not detract from the assessment that dumping caused material injury to the Australian industry.

## 4. REINVESTIGATION

### 4.1 Request to reinvestigate

The ADRP requested there be a reinvestigation into the original investigation finding that rod in coils exported from Indonesia (except by Ispat) and Taiwan at dumped prices caused material injury to the Australian industry producing like goods. In particular, it requested that three aspects to this finding be considered:

1. the impact of the local price premium in the degree of undercutting found during the investigation period, noting the conclusions in the *Panel Report in European Communities – Anti-Dumping Measure on Farmed Salmon from Norway, (WT/DS337/R)*, which provide guidance on how such price premiums should be assessed in considering the injury margin;
2. the volume and price impact of undumped imports on injury noting the conclusions in the *Appellate Body Report, US – Anti-Dumping Measures on certain Hot-Rolled Steel products from Japan (WT/DS184/AB/R)* dealing with non-attribution; and
3. the impact of the dumping margin on pricing in the Australian market during the investigation period.

### 4.2 Impact of the local price premium

The Commission has considered the conclusions in the *Panel Report in European Communities – Anti-Dumping Measure on Farmed Salmon from Norway (WT/DS337/R)*, dated 16 November 2007, and notes that an investigating authority cannot conclude, *without explanation*, that a price premium had no bearing on whether there was significant price undercutting.

The original investigation found that OneSteel's prices were based on an IPP plus a local premium. The local premium took into account [REDACTED]

[REDACTED] [confidential customer pricing details].<sup>7</sup>

In considering this issue, the Commission has taken the view that any higher price negotiated by OneSteel reflected its ability to negotiate the best possible price with its customers that took into account the benefits of local supply. It follows that in these circumstances the price premium was part of normal market pricing. This view is consistent with the findings in other dumping investigations, such as steel reinforcing bar exported to Australia from Korea, Malaysia, Singapore, Spain, Taiwan, Thailand and Turkey.<sup>8</sup>

Further to this, the reinvestigation was unable to identify a specific value or premium amount that could be obtained by OneSteel. While the Australian industry verification report notes the existence of a local price premium, it does not provide any indication

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<sup>7</sup> Refer confidential version of the Australian industry verification report, page 22.

<sup>8</sup> Refer electronic public record (EPR) 264/098, pages 83-4.

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regarding the potential quantum of such a premium, nor does any of the supporting documentation. As such, it was not possible for the Commission to accurately isolate and distinguish the impact of the local price premium on the level of undercutting found to exist during the investigation period.

That the size of the local price premium cannot be identified, and [REDACTED], is considered to reinforce the finding that OneSteel's premium was part of normal market pricing. Because of this, OneSteel's local price premium has not been taken into account when considering the degree of price undercutting in Section 4.3.2.1 of this report, and therefore the Commission could not determine the impact of that premium on any material injury experienced by OneSteel.

The Commission also considers that these circumstances are distinguishable from those in the farmed salmon Panel report, where the domestic product was known to obtain a clear, and identifiable, premium of 12%.

### 4.3 Attribution of injury

The Commission has considered the conclusions in the *Appellate Body Report, US – Anti-Dumping Measures on certain Hot-Rolled Steel products from Japan (WT/DS184/AB/R)*, dated 24 July 2001, and notes that if the injurious effects of the dumped imports are not appropriately separated and distinguished from the injurious effects of all the other known factors, the investigating authority will be unable to conclude that the injury ascribed to dumped imports is actually caused by those imports, rather than the other factors. In the absence of a separation and distinction of the different injurious effects, the investigating authority would have no rational basis to conclude that dumped imports caused injury. The Commission considers that these conclusions are consistent with subsection 269TAE(2A) of the Act.

#### 4.3.1 Volume of dumped and undumped goods

The original investigation found that dumped goods exported to Australia from Indonesia and Taiwan comprised 2% of the Australian rod in coils market, and 14% of total imports. While that investigation concluded that undumped imports from Indonesia and Turkey had captured a portion of OneSteel's market share, it also found that OneSteel had suffered material injury in the form of reduced market share due to dumped imports from Indonesia and Taiwan (Section 3.3.1 refers).

In considering the volume impact of undumped imports on the injury experienced by OneSteel for the purpose of this reinvestigation, the Commission has referred to the information provided in **Confidential Appendix 1**. In particular the Commission notes that during the investigation period OneSteel's sales volume reduced by [REDACTED]%, while:

- the Australian market for rod in coils reduced by 4%;
- there was a significant increase in volume related to undumped imports from Ispat (of [REDACTED]%), as well as smaller increases related to dumped imports from Quintain ([REDACTED]%), and undumped imports from Turkey and dumped imports from Turkey not subject to measures<sup>9</sup> ([REDACTED]%); and

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<sup>9</sup> Note that the investigation was terminated in so far as it related to Turkey, as the total volume of goods that was found to be dumped was negligible – EPR 240/071 refers.



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- there was a decrease in the volume related to dumped imports from Gunung (■%).

The Commission also notes that during the investigation period OneSteel's market share (in absolute terms) reduced by ■%, while:

- undumped imports from Ispat gained ■%;
- undumped imports from Turkey, and dumped imports from Turkey not subject to measures, gained ■%;
- dumped imports from Quintain gained ■%;
- dumped imports from Gunung reduced by ■%; and
- all other imports reduced by ■%.

Whilst the Commission does not disagree with the observations made in the original investigation regarding market share over the injury analysis period, it considers that weight should also be given to the respective trends in absolute market share identified for the investigation period, particularly in relation to dumped imports from Gunung and undumped imports from Ispat.

In considering the volume impact of undumped imports on the injury experienced by OneSteel, the Commission has also referred to an assessment of the monthly import volumes for the investigation period.<sup>10</sup> This assessment indicated that:

- dumped goods exported to Australia by Gunung were only evident in six months, and five of those were in the first half of the period;
- the volume exported by Gunung exceeded Ispat in only one month (this was noted to be a month where Ispat did not export any products to Australia); and
- in ten of the 12 months, the volume of undumped goods from Indonesia and Turkey, as well as dumped goods from Turkey not subject to measures, was greater than the volume of dumped goods from Indonesia and Taiwan.

The Commission's monthly volume analysis for the investigation period is at **Confidential Appendix 2**.

The Commission considers that the reduction in sales volume and market share experienced by OneSteel during the investigation period has been influenced by the reduced size of the Australian rod in coils market, and the considerable increase in undumped imports from Indonesia and Turkey. This is not wholly inconsistent with the original investigation.

However, the *Ministerial Direction on Material Injury* (dated 27 April 2012) (the Direction) provides that the law does not prevent the Commission from judging the materiality of the injury caused by a given degree of dumping differently, depending on the economic circumstances of the industry. An industry which at one point in time was healthy and not adversely affected by dumping could, at another point in time, suffer a material injury from the same amount of dumping because it had been weakened by other events.

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<sup>10</sup> The Commission revisited the import volumes contained in the ACBPS import database, and revised the monthly volume analysis to reflect the date goods were entered for home consumption. This was considered to better reflect the time at which goods were entering Australia. Due to this change, the total import volume for the investigation period increased by 1%.

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In undertaking this reinvestigation, the Commission has therefore considered the possibility that OneSteel, being weakened by the contracting size of the rod in coils market, was materially injured by the dumped imports from Indonesia and Taiwan. However, when the overall reduction in volume and market share experienced by dumped imports during the investigation period<sup>11</sup> is contrasted with the significant increase experienced by Ispat, and to a lesser extent Turkey, during that same period (despite the contracting size of the market), the Commission considers these trends to be inconsistent with a finding that OneSteel suffered material injury in the form of reduced market share due to dumping. This observation has taken into account the noted conclusions from *Appellate Body Report, US – Anti-Dumping Measures on certain Hot-Rolled Steel products from Japan (WT/DS184/AB/R)* (Section 4.3 refers), as well as paragraph 269TAE(2A)(a) of the Act.

### 4.3.2 Prices of dumped and undumped goods

#### 4.3.2.1 Price undercutting

The Commission has revisited the price undercutting analysis undertaken in the original investigation. It is noted that the verified domestic sales data of OneSteel and the importers visited by the Commission was sufficiently detailed to enable the Commission to compare Australian selling prices in the investigation period for:

- OneSteel;
- dumped goods from Indonesia (being Australian sales of Gunung products);
- undumped goods from Indonesia (being Australian sales of Ispat products); and
- dumped goods from Turkey not subject to measures (being Australian sales of Diler Demir Celik Sanayi ve Ticaret A.S. (Diler) products).<sup>12</sup>

It is noted that Australian sales of undumped goods from Turkey, being Habaş products, were not included in this analysis, as the prices were [REDACTED].

The Commission also noted that rod in coil products exported by Quintain during the investigation period were [REDACTED]

[REDACTED] **[confidential import details]**. As a result, there were no Australian sales during the investigation period of dumped Taiwanese products that could be used in a price undercutting analysis.

In reinvestigating the price undercutting analysis, the Commission has:

- separated the sales data provided by importers to more accurately identify which prices were dumped and undumped (this only impacted the aggregate analysis);
- limited the data to those transactions at FIS delivery terms only;
- removed particular sales transactions that related to dates outside the investigation period; and

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<sup>11</sup> This equated to an overall reduction in volume of [REDACTED] tonnes (or [REDACTED]%), and a reduced market share (in absolute terms) of [REDACTED]%.

<sup>12</sup> Note that the investigation was terminated in so far as it related to Turkey, as the total volume of goods that was found to be dumped was negligible – EPR 240/071 refers.



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- ensured that the correct date was used for the basis of allocating transactions to particular months.

The Commission's revised price undercutting analysis is at **Confidential Appendix 3**.

### Comparison of aggregate weighted average FIS prices

A comparison of aggregate weighted average FIS prices means that sales values of all rod in coil products during the investigation period have been included in each weighted average calculation of Australian selling prices.

Based on the supplier information provided by importers, the Commission was able to distinguish dumped and undumped products for analysis.

The aggregate comparison showed that:

- dumped Gunung products were sold in Australia at prices that undercut OneSteel in three months of the investigation period at rates between ■% and ■%;
- dumped Diler products were sold in Australia at prices that undercut OneSteel in two months of the investigation period at rates between ■% and ■%; and
- undumped Ispat products were sold in Australia at prices that undercut OneSteel in 11 months of the investigation period at rates between ■% and ■%.

### Comparison of weighted average FIS prices for selected customers

As a further refinement of the price comparisons detailed above, the Commission has also compared the prices of rod in coil products to customers that were common to OneSteel and Australian suppliers of those products. This analysis is similar to the contemporaneous analysis undertaken in the original investigation (Section 3.3.2 refers).

The Commission notes that, due to removal of certain transactions found to be outside the investigation period, the number of customers common to OneSteel and the Australian suppliers of rod in coil products changed from the original investigation.

The revised comparison showed that dumped Gunung products were sold in Australia at prices that undercut OneSteel prices by ■% in one month for one customer and by ■% in one other month for another customer. The volume of goods attributed to these transactions was found to be 2% of total imports.

The revised comparison also showed that undumped Ispat products were sold in Australia at prices that undercut OneSteel in nine months of the investigation period across both common customers at rates between ■% and ■%. The volume of goods attributed to these transactions was found to be 17% of total imports.

That the range of undercutting attributed to dumped imports from Gunung is greater than the range attributed to undumped imports from Ispat, is somewhat consistent with the original investigation (Section 3.3.2 refers). However, when considering the significance to place on this, the Commission notes that:

- the rates of undercutting identified for Gunung were only relevant to two months of the investigation period, compared to nine for Ispat; and

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- there were no months of the investigation period where both Gunung and Ispat products were purchased by the same customer, and could be directly compared.<sup>13</sup>

### 4.3.2.2 IPP

As outlined in Section 4.2, OneSteel's prices are based on an IPP, plus a local premium. The IPP is determined in response to [REDACTED] [REDACTED] [confidential pricing details]. OneSteel prices, which are subject to negotiation, are communicated to customers in [REDACTED] (applicable to the month of delivery).<sup>14</sup>

In considering the price impact of undumped imports on the injury experienced by OneSteel during the investigation period, the Commission has had regard to the IPP documentation supplied by OneSteel during the Australian industry verification visit.

In having regard to this information, the Commission observed that OneSteel's IPP documentation could not always identify [REDACTED] (although in some instances [REDACTED] [REDACTED] [confidential observations regarding pricing]). Overall, the Commission observed that during the investigation period there were:

- three months where there was [REDACTED] [REDACTED]; and
- five months where [REDACTED] [REDACTED].

In the four remaining months of the investigation period where [REDACTED] [REDACTED], the Commission observed that:

- in two months [REDACTED] [REDACTED];<sup>15</sup>
- in a third month [REDACTED] [REDACTED]; and
- it follows that there was only one month in the investigation period (being January 2013) where [REDACTED] [REDACTED].

The Commission's IPP analysis for the reinvestigation is at **Confidential Appendix 4**.

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<sup>13</sup> This was also true of the original investigation, after transactions not at FIS delivery terms were removed. Even so, prior to the removal of those transactions, there was only one month where both Gunung and Ispat products were purchased by the same customer.

<sup>14</sup> Refer confidential version of the Australian industry verification report, page 22.

<sup>15</sup> As OneSteel advised during the Australian industry verification visit that it uses [REDACTED] [REDACTED] (refer confidential version of Australian industry verification report, page 40), this methodology was considered appropriate for the analysis.

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As [REDACTED] during the investigation period for Taiwanese suppliers, the Commission considered that these dumped imports had no direct influence on the [REDACTED] IPP. When considering the influence of dumped imports from Indonesia, the Commission concludes that, while the [REDACTED] IPP used by OneSteel [REDACTED] may have been impacted by those offers, offers from suppliers found not to be dumping would also have influenced those prices.

The Commission also compared OneSteel's monthly [REDACTED] IPP with:

- the monthly weighted average free-on-board (FOB) export prices for dumped and undumped goods;<sup>16</sup>
- monthly import volumes of the dumped and undumped goods; and
- OneSteel's actual weighted average selling prices.

The Commission considers that these comparisons (**Confidential Appendix 5** refers) demonstrate that:

- OneSteel did not have complete information regarding prices being offered in the market during the investigation period. For this reason, it is not unexpected to see some discrepancies in the trends for the IPP and the FOB prices actually paid for imported goods;
- the prices actually obtained by OneSteel during the investigation period were not necessarily an 'IPP plus premium', supporting the view that the IPP is merely a starting point for negotiations;
- OneSteel's prices appear to follow the IPP trend from May to November during the investigation period, but were substantially different in the months prior; and
- dumped goods were present in the market in those prior months, and at prices which tended to be lower than the undumped goods.

From this, the Commission considers there is evidence to suggest that the dumped goods had an impact on OneSteel's prices in part of the investigation period.

The Commission also notes that OneSteel provided evidence at the Australian industry verification visit to highlight particular instances where sales volume was lost to imports and/or prices were reduced in order to compete. Upon reviewing the three examples submitted by OneSteel, the reinvestigation noted that at least two referred to competing offers from Ispat (found to be undumped), and another did not have an identified supplier.

#### 4.4 Impact of dumping margins on price

The original investigation held that the price sensitivity of the rod in coils market was such that the presence of dumped imports would have impacted the pricing behaviour of all market participants, and that in the absence of dumping all other participants in the market would have achieved higher selling prices.

An analysis of monthly weighted average FOB prices in the ACBPS import database (**Confidential Appendix 6** refers), indicates that if the monthly prices for dumped Gunung

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<sup>16</sup> The Commission considers this analysis to be suitable only for the purpose of identifying broad trends, notwithstanding that 'into store' costs would be unlikely to vary significantly between importing suppliers.

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(Indonesia) and Quintain (Taiwan) products had been increased by the full amount of the dumping margins:

- prices of Gunung products would have been █% to █% greater than the corresponding prices of Ispat products; but
- prices of Quintain products would have been up to █% higher, or up to █% lower, than the corresponding prices of Ispat products.

In reinvestigating this issue, the Commission does not dispute the possibility that, per the original investigation, the price sensitivity of the rod in coils market was such that the presence of dumped imports was likely to have impacted the pricing behaviour of all market participants (although there was no specific evidence provided to support this). However, noting the price sensitivity of the market, reduced demand for rod in coils and the observations made in relation to Quintain prices above, the Commission considers that it is inconclusive whether, in the absence of dumping, the prices offered by exporters that were not dumping (that is, Ispat) would have also risen and thereby enabled OneSteel to increase its prices and reduce the injury it experienced.

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**ATTACHMENTS**

<b>Confidential Appendix 1</b>	Market size and share analysis
<b>Confidential Appendix 2</b>	Monthly volume analysis for the investigation period
<b>Confidential Appendix 3</b>	Revised price undercutting analysis
<b>Confidential Appendix 4</b>	IPP analysis
<b>Confidential Appendix 5</b>	Trends in pricing over investigation period
<b>Confidential Appendix 6</b>	ACBPS import database, weighted average export prices