



# Application for review of a Ministerial decision

## *Customs Act 1901 s 269ZZE*

This is the approved<sup>1</sup> form for applications made to the Anti-Dumping Review Panel (ADRP) on or after 2 March 2016 for a review of a reviewable decision of the Minister (or his or her Parliamentary Secretary).

Any interested party<sup>2</sup> may lodge an application for review to the ADRP of a review of a ministerial decision.

All sections of the application form must be completed unless otherwise expressly stated in this form.

### **Time**

Applications must be made within 30 days after public notice of the reviewable decision is first published.

### **Conferences**

You or your representative may be asked to attend a conference with the Panel Member appointed to consider your application before the Panel gives public notice of its intention to conduct a review. Failure to attend this conference without reasonable excuse may lead to your application being rejected. The Panel may also call a conference after public notice of an intention to conduct a review is given on the ADRP website. Conferences are held between 10.00am and 4.00pm (AEST) on Tuesdays or Thursdays. You will be given five (5) business days' notice of the conference date and time. See the ADRP website for more information.

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<sup>1</sup> By the Acting Senior Member of the Anti-Dumping Review Panel under section 269ZY *Customs Act 1901*.

<sup>2</sup> As defined in section 269ZX *Customs Act 1901*.

**Further application information**

You or your representative may be asked by the Panel Member to provide further information to the Panel Member in relation to your answers provided to questions 10, 11 and/or 12 of this application form (s269ZZG(1)). See the ADRP website for more information.

**Withdrawal**

You may withdraw your application at any time, by following the withdrawal process set out on the ADRP website.

If you have any questions about what is required in an application refer to the ADRP website. You can also call the ADRP Secretariat on (02) 6276 1781 or email [adrp@industry.gov.au](mailto:adrp@industry.gov.au).

**PART A: APPLICANT INFORMATION**

**1. Applicant's details**

Applicant's name: [Hunan Valin Xiangtan Iron & Steel Co., Ltd. \("Hunan Valin"\)](#)

Address: [Yuetang District, Xiangtan City, Hunan Province, China](#)

Type of entity (trade union, corporation, government etc.): [Limited liability company.](#)

**2. Contact person for applicant**

Full name: [Mr. WANG Libo](#)

Position: [Deputy Minister for Legal Affairs](#)

Email address: [wanglb668@126.com](mailto:wanglb668@126.com)

Telephone number: [+86-13907326302](#)

**3. Set out the basis on which the applicant considers it is an interested party**

[Hunan Valin is a producer and exporter of steel reinforcing bars from the Peoples Republic of China.](#)

**4. Is the applicant represented?**

[Yes](#)    ~~[No](#)~~

If the application is being submitted by someone other than the applicant, please complete the attached representative's authority section at the end of this form.

***\*It is the applicant's responsibility to notify the ADRP Secretariat if the nominated representative changes or if the applicant become self-represented during a review.\****

## PART B: REVIEWABLE DECISION TO WHICH THIS APPLICATION RELATES

### 5. Indicate the section(s) of the *Customs Act 1901* the reviewable decision was made under:

Subsection 269TG(1) or (2) – decision of the Minister to publish a dumping duty notice

Subsection 269TH(1) or (2) – decision of the Minister to publish a third country dumping duty notice

Subsection 269TJ(1) or (2) – decision of the Minister to publish a countervailing duty notice

Subsection 269TK(1) or (2) decision of the Minister to publish a third country countervailing duty notice

Subsection 269TL(1) – decision of the Minister not to publish duty notice

Subsection 269ZDB(1) – decision of the Minister following a review of anti-dumping measures

Subsection 269ZDBH(1) – decision of the Minister following an anti-circumvention enquiry

Subsection 269ZHG(1) – decision of the Minister in relation to the continuation of anti-dumping measures

### 6. Provide a full description of the goods which were the subject of the reviewable decision

The description of steel reinforcing bar that are subject of the reviewable decision are:

Hot-rolled deformed steel reinforcing bar whether or not in coil form, commonly identified as rebar or debar, in various diameters up to and including 50 millimetres, containing indentations, ribs, grooves or other deformations produced during the rolling process.

### 7. Provide the tariff classifications/statistical codes of the imported goods

The relevant tariff classification for the subject goods are:

- 7214.20.00 (statistical code 47)
- 7228.30.90 (statistical code 40)
- 7213.10.00 (statistical code 42)
- 7227.90.10 (statistical code 69)
- 7227.90.90 (statistical code 01, 02, 04)
- 7228.30.10 (statistical code 70)
- 7228.60.10 (statistical code 72)

### 8. Provide the Anti-Dumping Notice (ADN) number of the reviewable decision

*If your application relates to only part of a decision made in an ADN, this must be made clear in Part C of this form.*

Anti-Dumping Notice 2018/49 is attached at **Attachment A**.

### 9. Provide the date the notice of the reviewable decision was published

The attached ADN 2018/49 was published on 20 April 2018.

***\*Attach a copy of the notice of the reviewable decision (as published on the Anti-Dumping Commission's website) to the application\****

#### **PART C: GROUNDS FOR THE APPLICATION**

If this application contains confidential or commercially sensitive information, the applicant must provide a non-confidential version of the grounds that contains sufficient detail to give other interested parties a clear and reasonable understanding of the information being put forward.

Confidential or commercially sensitive information must be marked '**CONFIDENTIAL**' (bold, capitals, red font) at the top of each page. Non-confidential versions should be marked '**NON-CONFIDENTIAL**' (bold, capitals, black font) at the top of each page.

For lengthy submissions, responses to this part may be provided in a separate document attached to the application. Please check this box if you have done so:

- 10. Set out the grounds on which the applicant believes that the reviewable decision is not the correct or preferable decision.**

Please refer at [Attachment B](#).

- 11. Identify what, in the applicant's opinion, the correct or preferable decision (or decisions) ought to be, resulting from the grounds raised in response to question 10.**

Please refer at [Attachment B](#).

- 12. Set out the reasons why the proposed decision provided in response to question 11 is materially different from the reviewable decision.**

Please refer at [Attachment B](#).

*Do not answer question 12 if this application is in relation to a reviewable decision made under subsection 269TL(1) of the Customs Act 1901.*

## PART D: DECLARATION

The applicant/the applicant's authorised representative [*delete inapplicable*] declares that:

- The applicant understands that the Panel may hold conferences in relation to this application, either before or during the conduct of a review. The applicant understands that if the Panel decides to hold a conference *before* it gives public notice of its intention to conduct a review, and the applicant (or the applicant's representative) does not attend the conference without reasonable excuse, this application may be rejected;
- The information and documents provided in this application are true and correct. The applicant understands that providing false or misleading information or documents to the ADRP is an offence under the *Customs Act 1901* and *Criminal Code Act 1995*.

Signature:



Name: [John Bracic](#)

Position: [Director](#)

Organisation: [J.Bracic & Associates Pty Ltd](#)

Date: [20 May 2018](#)

**PART E: AUTHORISED REPRESENTATIVE**

*This section must only be completed if you answered yes to question 4.*

**Provide details of the applicant's authorised representative**

Full name of representative: [Mr John Bracic](#)

Organisation: [J.Bracic & Associates Pty Ltd](#)

Address: [PO Box 6203, Manuka, ACT 2603](#)

Email address: [john@jbracic.com.au](mailto:john@jbracic.com.au)

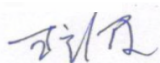
Telephone number: [+61 \(0\)499056729](tel:+61(0)499056729)

**Representative's authority to act**

***\*A separate letter of authority may be attached in lieu of the applicant signing this section\****

The person named above is authorised to act as the applicant's representative in relation to this application and any review that may be conducted as a result of this application.

Signature:



Name: [Mr. WANG Libo](#)

Position: [Deputy Minister for Legal Affairs](#)

Organisation: [Hunan Valin Xiangtan Iron & Steel Co., Ltd.](#)

Date: [20 / 05 / 2018](#)



**J.BRACIC & ASSOCIATES**  
TRADE REMEDY ADVISORS

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20 May 2018

Anti-Dumping Review Panel  
c/o Legal, Audit and Assurance Branch  
Department of Industry and Science  
10 Binara Street  
Canberra City ACT 2601

**Review of a Ministerial decision – Review of measures applying to  
steel reinforcing bar exported from China by  
Hunan Valin Xiangtan Iron & Steel Co., Ltd.**

## **1. INTRODUCTION**

On 19 May 2017, following an application for review of measures lodged by Hunan Valin, the Anti-Dumping Commission (the Commission) initiated a review into steel reinforcing bar exported from China by Hunan Valin.

On 17 October 2017 and again on 27 October 2017, the Commission requested extensions to the deadline for publishing the preliminary findings in Statement of Essential Facts Report No. 412 (SEF 412).

On 21 December 2017, the Commission published its preliminary findings in SEF 412, and on 20 April 2018, the final report containing the basis and reasons for the Assistant Minister's decision was published.

## **2. REASONS FOR BELIEVING THAT THE REVIEWABLE DECISION IS NOT THE CORRECT OR PREFERABLE DECISION.**

Hunan Valin seeks a review of a following findings and conclusions which led to the decision by the Assistant Minister to ascertain variable factors:

**Ground 1:** The Assistant Minister erred in retrospectively applying new legislative amendments to the review of measures.

**Ground 2:** The Assistant Minister made incorrect assessments and determinations with respect to Hunan Valin's exports, pursuant to subsection 269TAB(2A).



**Ground 3:** The Assistant Minister erred by determining an external billet benchmark price which does properly compare with Hunan Valin's integrated production and manufacturing costs.

**Ground 4:** The Assistant Minister erred by incorrectly calculating the timing adjustment in determining Hunan Valin's export prices.

## **2.1 Ground 1: The Assistant Minister erred in retrospectively applying new legislative amendments to the review of measures.**

Hunan Valin submits that the Commission and the Assistant Minister erred in retrospectively applying newly legislation which was not relevant at the time of Hunan Valin's application for review or the Commissioner's decision to initiate the review. Instead, the newly introduced legislation only became effective many months after the scope of the review had been announced.

By way of background, Hunan Valin lodged its application for review of the measures applicable to steel reinforcing bar on 26 April 2017. The Commission then initiated the review on 19 May 2017. At the time of initiation, subsection 269TAB(3) of the *Customs Act 1901* (the Act) provided that:

*(3) Where the Minister is satisfied that sufficient information has not been furnished, or is not available, to enable the export price of goods to be ascertained under the preceding subsections, the export price of those goods shall be such amount as is determined by the Minister having regard to all relevant information.*

It was the Commission's practice in circumstances where no exports were made during the review period, to ascertain the export price equal to the ascertained normal value to ensure that future exports were being sold at least equivalent to the established non-dumped price.

On 13 September 2017, the Government introduced the *Customs Amendment (Anti-Dumping Measures) Bill 2017* ("the Bill"), which passed both Houses of Parliament on 19 October 2017 and received royal assent on 30 October 2017.

Therefore, the legislative amendments from the Bill too effect more than six months after Hunan Valin had applied for its review and more than five months after the Commission had initiated the review. This period of time between initiation and introduction of the bill to Parliament is considered directly relevant given that the Bill included a retrospective provision. Item 4 of the Bill provided that the legislative amendments would apply to:

- (a) a review under Division 5 of Part XVB of the Customs Act 1901 for which an application is lodged, or request is made, on or after the commencement of this Schedule;*
- (b) such a review that was being undertaken **immediately** before the commencement of this Schedule but for which a declaration in accordance with subsection 269ZDB(1) of that Act had not been made at that time;*
- (c) an application for such a review that was lodged, or a request for such a review that was made, before the commencement of this item but for which a notice of a review under subsection 269ZC(4), (5) or (6) of that Act had not been made at that commencement.*

[Emphasis added]

Parts (a) and (c) are not relevant to Hunan Valin's circumstances given that its application and the initiation of the review commenced prior to commencement of the Schedule. In

considering then whether to retrospectively apply the new legislative amendments, the Commission was required to determine whether the circumstances of Hunan Valin's review complied with part (b) – that is, whether the review was being undertaken immediately before the commencement of the Schedule and whether a declaration pursuant to ss.269ZDB(1) of the Act had yet been made.

It is clear to Hunan Valin that the introduced amendments outlined in the Bill should only be applied to those reviews that were 'undertaken **immediately** before the commencement of this schedule'. Had the Government intended for the amendments to apply to all reviews underway at the commencement of the schedule, there would have been no need to include the word 'immediately' in defining the retrospective application of the amendments.

The use of the term 'immediately' also ensures that the retrospective application of the legislative amendments observe the rule of law principal that the law should be capable of being known in order to comply. Limiting the retrospective application of the legislative amendments to only reviews commenced **immediately** prior to the commencement of the schedule, mitigates any adverse impact. In so doing, it allows for the legitimate and reasonable expectations of interested parties to be observed by ensuring that the retrospective amendments only applied to those reviews where the amendments were capable of being known and complied with.

To that end, 'immediately' should be defined consistent with the Oxford dictionary definition as "At once; instantly." and "Without any intervening time or space." Interpreted this way, the retrospective application of the legislative amendments would only be relevant to reviews initiated after the Government had announced its intention to amend the Act, by introducing the bill to Parliament on 13 September 2017. Support for this view is found in the practices of the Australian Tax Office (ATO) which has relied on announcements and published draft legislation to observe the rule of law principal that the law should be capable of being known in order to comply<sup>3</sup>.

The *Tax Laws Amendment (Countering Tax Avoidance and Multinational Profit Shifting) Bill 2013*<sup>4</sup> also provides a recent example of legislation that highlights the preferred date for retrospective legislation to take effect. That bill was announced on 1 March 2012 and first read in parliament on 13 February 2013. However, the ATO gave retrospective effect to the bill on 16 November 2012 (the day on which draft legislation was released for public comment).

In its final report, the Commission outlines its interpretation of the intent of the term immediately in '*... item 4(b) of the amending legislation distinguishes between any review undertaken and completed prior to the commencement of the amendment, and those reviews that had been initiated, were underway and not yet completed prior to commencement. The Commission's view is that the amendments were intended to apply to the latter reviews.*' The Commission's view cannot be accepted as the second condition of part (b) automatically excludes any reviews which were completed prior to the commencement of the amendment, irrespective of whether they were undertaken immediately prior to the amendments or not.

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<sup>3</sup> <http://law.ato.gov.au/atolaw/view.htm?docid=PSR/PS200711/NAT/ATO/00001>

<sup>4</sup> [http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22legislation%2Fems%2Fr4965\\_ems\\_b7b5685c-d33d-4c8c-8d95-24a621d41242%22](http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22legislation%2Fems%2Fr4965_ems_b7b5685c-d33d-4c8c-8d95-24a621d41242%22)

The distinction between reviews which had been completed and those still underway is clearly reflected in that second condition of part (b) and not by the use of the term 'immediately'. This is confirmed by a reading of part (b) without the inclusion of 'immediately', which would have the exact same effect of limiting the retrospective application of the amendments to only reviews underway prior to the amendments and had not yet been completed.

Therefore, it is not correct to interpret the term 'immediately' as a way of distinguishing between those reviews which had been completed and those that had not yet been completed at the time of the amendments becoming effective. By doing so, the Commission has removed the effect and relevance of the term 'immediately' in assessing whether the newly introduced legislative amendments should be retrospectively applied to Hunan Valin's review.

Instead, Hunan Valin contends that item 4 is aimed at ensuring that the amendments are retrospectively applied only to reviews which were underway immediately prior to the commencement. Consistent with the retrospective application of other legislative amendments, and ensuring that parties are not adversely disadvantaged, Hunan Valin submits that immediately should be interpreted as applying to reviews where the date of lodgement of the application was made after the date of the bill being introduced into parliament, being 13 September 2017. As Hunan Valin lodged its application for review nearly five months prior to the bill being introduced to Parliament, the legislative amendments should not have been applied retrospectively to Review 412.

## **2.2 Ground 2: The Assistant Minister made incorrect assessments and determinations with respect to Hunan Valin's exports, pursuant to subsection 269TAB(2A).**

In accordance with the newly introduced subsection 269TAB(2A), the Minister must have regard to (i) previous volumes of exports by that exporter, (ii) patterns of trade for like goods, and (iii) factors affecting patterns of trade for like goods that are not within the control of the exporter. Notwithstanding its contention that the new legislative provisions ought not to have been applied retrospectively, Hunan Valin nevertheless considers that the Commission erred in each of its assessments and the determination that Hunan Valin's circumstances met the conditions for be considered a 'low volume exporter'.

### **2.2.1 Previous volumes of exports by that exporter**

In REP 412, the Commission assessment is limited to the statement that '*Hunan Valin has previously exported the goods prior to the review period, during both the original investigation period (1 July 2014 to 30 June 2015) and subsequently. Hunan Valin has not exported the goods to Australia since the September 2016 quarter.*' The Commission has not undertaken any further assessment or consideration of the relative volumes as expressed in the explanatory memorandum.

*14. New paragraph 269TAB(2A)(b)(i) requires consideration of the previous volumes of exports (if any) of the goods that are the subject of the review to Australia by that Exporter. If the previous volumes of exports are ***much higher*** than the volume of exports during the period being examined by the review, this may indicate that the Exporter has adopted a strategy of low volume exports in an attempt to exploit the unintended*

*consequence of the review of measures to obtain a more favourable rate of duty. This may be relevant in the Minister's determination that the information (if any) provided by the Exporter is insufficient or unreliable for the purpose of determining an appropriate export price and that the specific methods prescribed under new subsection 269TAB(2B) should be applied.*

[emphasis added]

It is clear that the new legislation required of the Commission to consider whether the previous volumes of exports were 'much higher than the volumes of exports during the period being examined by the review' in order to understand and determine whether the exporter had 'adopted a strategy of low volume exports in an attempt to exploit the unintended consequence of the review of measures to obtain a more favourable rate of duty'. It is also clear that the Commission has not undertaken any such assessment or consideration, despite having access to all relevant information with respect to Hunan Valin's exports since June 2014.

That data clearly shows the following:

- exports to Australia by Hunan Valin during the original investigation period totalled [REDACTED] metric tonnes;
- that export volumes represent a tiny fraction at approximately [REDACTED]% of the total Australian market during that original investigation;
- that export volumes represent a tiny fraction at approximately [REDACTED]% of the total Australian market during the current review period; and
- that export volume represents a mere [REDACTED]% of Hunan Valin's total production capacity.

As such, a reasonable assessment of the data would conclude that the export volumes during the original investigation period were not 'much higher', and in no way are indicative of an intended strategy to exploit the dumping framework.

### 2.2.2 Patterns of trade for like goods

In assessing the patterns of trade for like goods, the totality of the Commission's conclusion in REP 412 states:

*As shown above in Figure 1, while exports from China to Australia declined markedly around the time securities were implemented on exports of the goods from China, exports from all other countries increased substantially. The Commission interprets these results as the general market for the goods remaining persistent and that Hunan Valin's absence of exports during the review period does not pertain to a general lack of exports or low volumes of exports to Australia.*

Hunan Valin contends that the Commission's assessment and consideration of the patterns of trade for like goods to be fundamentally flawed and missing objective examination of the evidence. Apart from merely noting the marked decline in export volumes of like goods from China, the Commission's assessment focuses on and gives entire weight to the export volumes of like goods from other exporting countries.

This is in direct contrast to the example and guidance contained in the explanatory memorandum to the Customs Amendment (Anti-Dumping Measures) Bill 2017.

15. *New paragraph 269TAB(2A)(b)(ii) requires consideration of the patterns of trade for those goods. For example, some goods are specialty or custom products that are consistently exported in low volumes. Considering patterns of trade may involve an examination of the previous patterns of trade for the Exporter in question, or the pattern of trade generally among Exporters of goods from the country of export. The Minister may also consider the pattern of trade in other ways. For example, if a decline in the pattern of trade from the Exporter reflects a similar decline in the pattern of trade from the country of export generally, during the period being examined by the review, this may demonstrate that low volumes are indicative of broader market trends, rather than a strategy of low volume exports in an attempt to exploit the unintended consequence of the review of measures to obtain a more favourable rate of duty. This may weigh in favour of the Minister determining that the information (if any) provided by the Exporter is sufficient and/or reliable for the purpose of determining an appropriate export price and that the specific methods prescribed under new subsection 269TAB(2B) should not be applied.*

It is clear from the explanatory memorandum that the assessment of patterns of trade is to be undertaken in the context of the 'exporter in question' and 'the pattern of trade generally among Exporters of goods from the country of export'. As highlighted by example, a similar pattern of decline or trend between that of the exporter's volumes and from the country of export more broadly, suggests a broader market trend rather than an attempt by the export to reduce its export volumes to obtain a more favourable measure.

As noted by the Commission and highlighted in Figure 1 of REP 412, exports from China ceased entirely in March quarter 2016, with no exports from China during the review period. This pattern of trade to Australia by Hunan Valin and Chinese exporters more broadly reflects a contrast in market dynamics between the Australian and Chinese domestic markets. This also demonstrates and supports a conclusion that the patterns of trade to Australia are similar between Hunan Valin's exports and exports more broadly from China, and as such, the Commission ought to have given weight to these facts and determined that Hunan Valin is not a low volume exporter as defined, and recommend that the new subsection 269TAB(2B) of the Act should not be applied.

### 2.2.3 Factors affecting patterns of trade for like goods that are not within the control of the exporter.

With regard to factors affecting patterns of trade, Hunan Valin submitted that there was relevant information available to the Commission from the concurrent dumping investigation into steel reinforcing bars exported from Greece, Indonesia, Spain, Taiwan and Thailand, and its findings in that investigation with regards to dumping (REP 418). The period of investigation for that investigation mirrored that of review 412 and therefore the Commission's findings are directly relevant and pertinent to understanding the factors affecting the Australian market and the consequential impact on Hunan Valin's pattern of trade.

The Commission found in REP 418 that exports of steel reinforcing bar from the countries subject to investigation ranged in the margins of dumping from 4.4% to 42.1% during the same review period as review 412. These dumped export prices from exporters that were not

subject to interim dumping duties during the period of review for REP 412, prevented from Hunan Valin from reasonably achieving export sales to Australia. The decisions of exporters from other countries to export at dumped prices is a factor that is not within Hunan Valin's control.

The Commission has dismissed Hunan Valin's view by stating:

*The explanatory memorandum to the amending legislation defines factors outside the exporter's control as supply disruptions or natural events that reduce production levels (e.g. a flood, drought or fire).*

*In their submissions in response to the SEF, the applicants, including Hunan Valin, stated that dumping from other countries, as well as the anti-dumping measures placed on the applicants' exports have prevented them from exporting to Australia.*

*The Commission considers that the anti-dumping measures in place in relation to the applicants' exports to Australia are not a result of factors outside their control. In fact the measures directly resulted from the behaviour of the applicants during the original investigation period, in the sense that the goods were priced and sold by the exporters willingly at that time, and were found to have been dumping.*

*In terms of dumping occurring from countries other than China preventing the applicants from exporting, the Commission considers that the behaviour of other exporters in no way prevents the applicants from exporting rebar to Australia.*

Hunan Valin considers the Commission's assessment to be incorrect.

Firstly, it is discriminatory for the Commission to selectively reference sections of the explanatory memorandum to support its view, whilst ignoring other sections highlighted earlier that provide clear guidance on the assessments to be undertaken.

Second, the Commission provides a loose and misleading reproduction of the relevant text of the explanatory memorandum that it presents as supporting its position. The explanatory memorandum does not define 'factors outside the exporter's control'. It simply provides two examples that may be considered such factors and does not in any way limit or provide an exhaustive list of such factors that may be considered.

Finally, it is plainly incorrect for the Commission to conclude '*that the behaviour of other exporters in no way prevents the applicants from exporting rebar to Australia.*' In its application for dumping duties on exports of steel reinforcing bars subject to REP 418, the applicant highlights that steel reinforcing bars are '*a commodity product which, when having similar grade and dimension, are interchangeable regardless of origin*' and '*competes primarily on the basis of price*'<sup>5</sup>.

Similarly, the Commission has found that the commodity nature of steel reinforcing bar indicated a willingness by parties to switch between import sources '*due to the degree of price sensitivity in the rebar market, price competition is a major condition of competition between the imported goods.*'<sup>6</sup> Given these confirmed market dynamics, the high price sensitive competition and substitutability between imports, the price of steel reinforcing bar imports

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<sup>5</sup> EPR 418, Record no. 001, page 15.

<sup>6</sup> EPR 418, Record no. 041, page 55.

from the countries subject to investigation in case 418 clearly must have impacted Hunan Valin's pattern of trade to Australia.

As there is no doubt that Hunan Valin does not and cannot control the pricing of its competitors in either China or other countries, the pricing behaviour of other exporters and price sensitivity and interchangeability of sources of supply prevented Hunan Valin from commencing exports to Australia.

Based on the above, Hunan Valin submits that the Commission erred in finding that it is a 'low volume exporter'. The relevant and available evidence confirms that Hunan Valin's circumstances did not meet the terms of the matters to be considered in establishing whether it was a low volume exporter.

### **2.3 Ground 3: The Assistant Minister erred by determining an external billet benchmark price which does properly compare with Hunan Valin's integrated production and manufacturing costs.**

Hunan Valin submits that the Commission erred in determining the billet benchmark price as it does not provide for a reasonable or proper comparison with its actual production circumstances.

As verified and noted by the Commission, Hunan Valin is an integrated steel producer which produces the raw steel billet inputs used in the production of steel reinforcing bar, using purchased iron ore, coal, coking coal and other raw material inputs. In SEF 412, the Commission advised:

*Given that the applicants are fully-integrated manufacturers of the goods, and given the availability of verified and relevant information from Investigations 416 and 418, the Commission considers that it is appropriate to use verified costs of steel billet manufacturers (at comparable terms) in Indonesia, Korea, Spain, Taiwan, Thailand, and Vietnam for the purpose of replacing the applicants' steel billet costs.*

Inexplicably, REP 412 concludes:

*Given that the applicants are fully-integrated manufacturers of the goods, and given the availability of verified and relevant information from Investigations 416 and 418, the Commission considers that it is appropriate to use verified costs of steel billet manufacturers (at comparable terms) in Indonesia, Spain, and Taiwan for the purpose of replacing the applicants' steel billet costs.*

Without any explanation or reasoning, the Commission altered its view and position with regard to the countries relevant to the determination of the billet benchmark price, by excluding verified costs of steel billet by cooperating exporters from Korea, Thailand and Vietnam. This change in cost data used to calculate market benchmark prices is considered flawed given the available evidence about the production differences and similarities between the various cooperating exporters.

In particular, Hunan Valin contends that it was incorrect for the Commission to exclude verified costs of steel billet by the cooperating Vietnamese exporter, Hoa Phat Group, as this exporter is known and confirmed to be an integrated exporter with

operations comparable to that of Hunan Valin's integrated operations. Apart from PT Ispat Indo from Indonesia, each of the other cooperating exporters from the nominated countries did not produce billet but instead purchased billet as confirmed in the respective visit reports on the public records including:

- PT Putra Baja Deli – Indonesian re-roller;
- PT Ispat Indo – Integrated Indonesian billet producer.
- PT Ispat Panca Putera – Indonesian re-roller;
- Millcon Steel – Integrated Thai billet producer;
- Nervacero S.A. - Spanish re-roller;
- Power Steel – Taiwanese re-roller;
- Hoa Phat Group –Integrated Vietnamese billet producer;

Whilst the Commission does not confirm which particular cooperating exporters were included in its benchmark calculations, it is apparent that the Commission agrees with Hunan Valin's position that the benchmark should be based on costs of the integrated exporters only:

*The Commission agrees with the premise of the applicants' submission, but has instead removed non-integrated producers from the calculation of the competitive benchmark for billet, to ensure that the billet costs are more comparable to the applicants'.*

However, the Commission provides no justification for its decision to exclude the verified billet costs of the Vietnamese cooperating exporter which is also an integrated steel producer and whose production circumstances were most like Hunan Valin's steel production. That is, the Hoa Phat Group produced steel billet using the basic oxygen steelmaking method utilised by Hunan Valin.

Hunan Valin submits that the Commission is under an obligation to ensure that the determined benchmark prices reflect a comparable cost to that being substituted, and that to the extent possible, adjustments may be required to ensure proper comparison. To that end, the correct benchmark prices should rely only on the verified billet costs of the known integrated exporters, which must include the Hoa Phat Group from Vietnam.

The questionnaire response of the Hoa Phat Group<sup>7</sup> confirms its integrated operations:

*The major input is sourced as part of an integrated production process (Please refer to Attachment No. G-61). PRODUCER will provide detailed information on the full costs of production of that input as Attachment No.G-6.2.*

It appears then that the Commission has incorrectly excluded verified billet costs of the Hoa Phat Group from Vietnam from the benchmark price.

### **3. THE CORRECT AND PREFERABLE DECISIONS**

Hunan Valin contends that the correct and preferable decisions to the challenged findings are:

**Ground 1:** Hunan Valin considers that the Assistant Minister should not have retrospectively applied the new legislative provisions to Hunan Valin's review as the review

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<sup>7</sup> EPR 416, Record no. 006, page 43.



was not undertaken immediately before the commencement of the relevant schedule. Instead, the correct and preferable decision was for the Assistant Minister to ascertain Hunan Valin's export price in accordance with 269TAB(3) of the Act, based on the determined normal value which would ensure its future exports to Australia are not dumped.

**Ground 2:** Hunan Valin disputes the Commission's assessment and determination that its circumstances match that of a 'low volume exporter'. Instead, the correct and preferable decision was to ascertain Hunan Valin's export price in accordance with 269TAB(3) of the Act, based on the determined normal value which would ensure its future exports to Australia are not dumped.

The explanatory memorandum envisages this possible outcome by noting:

*... the Bill makes allowance for the fact that some Exporters may have exported low volumes or made no exportations, but applying subsections 269TAB(1) or (3) will not lead to a less effective rate of duty.*

**Ground 3:** The correct and preferable decision is to ensure that the billet benchmark price includes the verified costs of the cooperating integrated steel producer, Hoa Phat Group from Vietnam.

#### **4. REASONS WHY THE PROPOSED DECISIONS ARE MATERIALLY DIFFERENT FROM THE REVIEWABLE DECISION.**

**Ground 1:** The proposed decision is materially different to the reviewable decision as the new provisions would not have been applied, and Hunan Valin's export price would have been ascertained under subsection 269TAB(3) of the Act, which would have allowed the Commission to ascertain an export price equal to the ascertained normal value, and impose a 0% rate of duty and a floor price measure.

**Ground 2:** The proposed decision is materially different to the reviewable decision as a finding that Hunan Valin was not a low volume exporter would have allowed the Assistant Minister to ascertain Hunan Valin's export price under subsection 269TAB(3) of the Act, which would have provided for the export price to be ascertained equal to the ascertained normal value, resulting in a 0% rate of duty and a floor price measure.

**Ground 3:** The proposed decision to include the verified costs of the cooperating integrated steel producer, Hoa Phat Group from Vietnam, would have reduced the billet benchmark prices and resulted in a significantly lower ascertained normal value, and as a consequence lower dumping duty rate.