

## Summary

**Summary record of Anti-Dumping Review Panel (ADRP) Conference with the Anti-Dumping Commission held under Section 269ZZHA of the Customs Act 1901 (Customs Act) in relation to the ADRP Review regarding Steel Rod in Coils (RIC) exported from The People's Republic of China.**

**Date:** 9 December 2016

**Time:** Teleconference call commenced at 09h30s

**Participants:** Leora Blumberg (Chair, ADRP Reviewing Member); Chris Hill (ADC); Bora Akdeniz (ADC); Jukka Mantynen (ADC), Courtney Fitzpatrick (ADC).

### **Summary**

The Reviewing Member opened the conference call and participants introduced themselves.

The Reviewing Member advised that the conference is being held pursuant to section 269ZZHA of the Customs Act 1901 (Act) and that a non-confidential summary will be published on the ADRP website.

The Reviewing Member confirmed that the summary would be provided to the Anti-Dumping Commission (ADC) prior to publication.

The Reviewing Member noted that the conference call was being recorded and that the transcript would be used to prepare the summary of the meeting.

The Reviewing Member advised that the conference related to parties' confidential information.

1. The reviewing member requested clarification on Hunan Valin's claim that the conversion cost percentage incorporated any yield loss with particular reference to "Confidential Appendix 1 – Hunan Valin conversion cost" of the Reinvestigation Report.

The ADC provided the clarification and an explanation.

2. The reviewing member requested clarification on the reinvestigation of Finding 4 (in the Reinvestigation Request) relating to the conversion of the benchmark price to a benchmark cost.

In particular, the Reviewing Member requested clarification on the average profitability of selected Latin American steel producers used in Reinvestigation Report, as well as clarification on the Chinese profitability used in REP 301:

- The ADC confirmed that the profitability of the Latin American steel producers was based on a broad product base, while the Chinese profitability calculation (in REP 301) was specific to steel billet sold on the domestic Chinese market.
- The ADC confirmed that the Latin American profitability calculations were based on annual reports and other public documents of the selected companies, while the Chinese profitability percentage was based on verified information in Investigation No. 300 and related to actual sale of billet on the Chinese domestic market.

- The ADC advised that it had compared the Chinese profit rate of steel billet to other steel producers in South East Asia and other jurisdictions during the investigation period, and that the profitability was comparable.
- The ADC provided clarification on the significant differences in the profit margins of the selected Latin American producers, stating that the selected companies were all based in different regions of Latin America, with different access to raw materials, technology, management and ports, resulting in wide ranging differences in costs and profitability.
- The Reviewing Member enquired whether there was a more reliable profitability database for Latin America, such as a Platts profit index or any other data base relating to profitability. The ADC said that it had been unable to find any more reliable data. It advised that it had approached the Latin America Steel Association (Alacero) in this regard, but was unable to obtain any more reliable information on profitability of Latin American steelmakers.
- The ADC confirmed that the Chinese profitability calculation for the adjustment to the Latin American surrogate in REP 301 was based on actual company CTMS data for steel billet (from Investigation No. 300). It was confirmed that in that investigation a market situation existed and the normal value for steel rebar was calculated in accordance with the cost of production methodology (s.269TAC(c)(ii)), using a surrogate cost for steel billet.

The Reviewing Member requested the ADC to provide the ADRP with updated normal value and dumping margin calculations for both exporters, so that the ADRP had the calculations for both alternatives for the profit adjustment to the surrogate price.

3. The Reviewing Member requested clarification on Shagang's claim relating to the adjustment for VAT. The ADC advised that it was a standard adjustment made in all anti-dumping investigations involving Chinese exports, being a direct cost, clearly observable in the exporters' accounts and directly affecting their cost structures. The ADC was well informed on the mechanics of the Chinese VAT and it was relatively easy to calculate. The ADC pointed out that this was not the case with regard to certain other taxation adjustments (such as duty drawbacks) where it was more difficult to calculate and track in company's accounts, and demonstrate that costing and price comparability was affected.

The Conference call ended at 10:45.