



Australian Government
Anti-Dumping Commission

CUSTOMS ACT 1901 - PART XVB
ANTI-DUMPING COMMISSION

**PRELIMINARY AFFIRMATIVE
DETERMINATION
REPORT NO. 264**

STEEL REINFORCING BAR

EXPORTED FROM

**THE REPUBLIC OF KOREA, MALAYSIA, SINGAPORE,
SPAIN, TAIWAN, THE KINGDOM OF THAILAND AND THE
REPUBLIC OF TURKEY**

MARCH 2015

Steel Reinforcing Bar– Preliminary Affirmative Determination Report 264

PUBLIC RECORD

CONTENTS

CONTENTS	2
ABBREVIATIONS	4
1 SUMMARY & PRELIMINARY DECISIONS	5
1.1 Background.....	5
1.2 PAD and provisional dumping measures.....	5
1.3 Application of law to facts.....	5
1.4 The role of the Anti-Dumping Commission.....	5
1.5 The role of the Commissioner.....	6
1.6 Preliminary assessments.....	6
1.7 Information considered.....	7
1.8 Conclusion.....	8
2 BACKGROUND	9
2.1 Initiation of dumping investigations.....	9
2.2 SEF and due dates.....	9
2.3 Submissions.....	10
3 THE GOODS UNDER INVESTIGATION	11
3.1 Description.....	11
3.2 Tariff classification.....	11
3.3 Australian Standards.....	12
4 AUSTRALIAN INDUSTRY & LIKE GOODS ASSESSMENT	13
4.1 Preliminary assessment.....	13
4.2 Like goods.....	13
4.3 Conclusion.....	14
5 AUSTRALIAN MARKET	15
5.1 Background.....	15
5.2 Market segmentation and end use.....	15
5.3 Market size and share.....	15
5.4 Marketing and distribution.....	16
6 PRELIMINARY DUMPING ASSESSMENT	17
6.1 Preliminary assessment.....	17
6.2 Traders.....	18
6.3 Exporter questionnaire responses.....	18
6.4 Thailand.....	18
6.5 Korea.....	19
6.6 Malaysia.....	19
6.7 Singapore.....	20
6.8 Spain.....	20
6.9 Taiwan.....	21
6.10 Turkey.....	22
6.11 Uncooperative exporters (all other).....	23
6.12 Preliminary dumping margin summary.....	23
6.13 Volumes.....	23
7 PRELIMINARY INJURY ASSESSMENT	25
7.1 Preliminary injury assessment approach.....	25
7.2 Legislative framework.....	25
7.3 Commencement of injury, and analysis period.....	25

Steel Reinforcing Bar– Preliminary Affirmative Determination Report 264

PUBLIC RECORD

7.4	Cumulation of injury	25
7.5	Volume trends	26
7.6	Price effects - Price suppression	29
7.7	Profit and profitability effects	30
7.8	Other injury trends.....	31
7.9	Preliminary determination of injury indicators	31
8	PRELIMINARY CAUSATION ASSESSMENT.....	33
8.1	Causation factors	33
8.2	Price injury.....	33
8.3	Volume injury	35
8.4	Profit injury	36
8.5	Injury caused by factors other than dumping	36
8.6	Summary	37
9	PRELIMINARY NON INJURIOUS PRICE ASSESSMENT	38
9.1	Preliminary assessment.....	38
9.2	Introduction.....	38
9.3	Australian Industry	38
9.4	The Commission's preliminary assessment.....	38
10	REASONS FOR MAKING A PAD.....	40
10.1	General.....	40
11	PROVISIONAL DUMPING MEASURES	41
11.1	Preliminary finding.....	41
11.2	Preliminary provisional measures	41
12	APPENDICES & ATTACHMENTS	43

PUBLIC RECORD

ABBREVIATIONS

The Act	<i>Customs Act 1901</i>
ABS	Australian Bureau of Statistics
ACBPS	Australian Customs and Border Protection Service
ADN	Anti-Dumping Notice
the Commission	Anti-Dumping Commission
the Commissioner	Commissioner, Anti-Dumping Commission
CTMS	Cost to make and sell
FOB	Free on board
the goods	the goods the subject of the application (also referred to as the goods under consideration or GUC)
the Minister	the Minister for Industry & Science
NIP	Non-injurious Price
PAD	Preliminary Affirmative Determination
Parliamentary Secretary	Parliamentary Secretary to the Minister for Industry & Science
SEF	Statement of Essential Facts
USP	Unsuppressed Selling Price
Rebar	Steel Reinforcing Bar
SEF	Statement of Essential Facts
OneSteel	OneSteel Manufacturing Pty Ltd
Daehan	Daehan Steel Co Ltd
Amsteel	Amsteel Mills Sdn Bhd
Southern Steel	Southern Steel Berhad
Natsteel	Natsteel Holdings Pte Ltd
Celsa Barcelona	Compañía Española de Laminación, S.L
Nervacero	Nervacero, SA
Power Steel	Power Steel Co .Ltd
Wei Chih	Wei Chih Steel Industrial Co Ltd
Milcon	Millcon Steel Public Company Ltd
Habas	Habas Sinai Ve Tibbi Gazlar Istihsal Endustrisi A.S
Nominated Countries	Collective referral to Korea, Malaysia, Singapore, Spain, Taiwan, Thailand and Turkey
Korea	The Republic Of Korea
Thailand	The Kingdom Of Thailand
Turkey	The Republic Of Turkey

1 SUMMARY & PRELIMINARY DECISIONS

1.1 Background

This Preliminary Affirmative Determination (PAD) Report Number 264 sets out the reasons for the Commissioner of the Anti-Dumping Commission (the Commissioner) making a PAD under s. 269TD of the *Customs Act 1901* (the Act).¹

The preliminary findings, conclusions and provisional calculations discussed in this report are made for the purpose of the PAD and are based on information available at the time of making the PAD. It is possible for these findings, conclusions and calculations to change between publication of the PAD and the statement of essential facts (SEF) as more information becomes available.

1.2 PAD and provisional dumping measures

In making this PAD, the Commissioner is satisfied there are sufficient grounds for the publication of a dumping duty notice in relation to Steel Reinforcing Bar (rebar) exported to Australia from the Republic of Korea (Korea), Malaysia, Singapore, Spain, Taiwan, the Kingdom of Thailand (Thailand) and the Republic of Turkey (Turkey), collectively referred to as the Nominated Countries in this report (s. 269TD(1)(a)).

Therefore, in making this PAD, the Commissioner is satisfied that the Australian Customs and Border Protection Service (ACBPS) should require and take securities under s. 42 of the Act in respect of interim dumping duty that may become payable in relation to rebar exported to Australia from the Nominated Countries. The Commissioner is satisfied that securities are necessary to prevent material injury to the Australian industry occurring while the investigation continues (s. 269TD(4)(b)).

Securities will apply to imports of rebar exported to Australia from the Nominated Countries entered for home consumption on and after **13 March 2015**.

The following documents give effect to the Commissioner's decision:

- the determination for the PAD (**Confidential Attachment 1**); and
- the public notice (**Attachment A**).

1.3 Application of law to facts

Division 2 of Part XVB of the Act sets out the procedures for the consideration of anti-dumping matters by the Commissioner.

1.4 The role of the Anti-Dumping Commission

The role of the Anti-Dumping Commission (the Commission) is to provide a report to the Commissioner with its recommendations. Those recommendations are based on information gathered during the investigation.

¹ References to any section or subsection are references to sections or subsections of the *Customs Act 1901* unless stated otherwise.

PUBLIC RECORD

1.5 The role of the Commissioner

The Commissioner may make a PAD at any time after 60 days from the date of initiation of an investigation if satisfied that there appears to be sufficient grounds for the publication of a dumping duty notice, or that it appears that there will be sufficient grounds subsequent to the importation of the goods into Australia (s. 269TD(1)).

In deciding whether to make a PAD, the Commissioner must have regard to the application, any submissions received within 40 days after the date of initiation of the investigation, and may have regard to any other matters the Commissioner considers relevant (s. 269TD(3)).

If the Commissioner makes a PAD, the Commissioner must also give public notice of that decision and ACBPS may, at the time of the determination, require and take securities under section 42 in respect of interim duty that may become payable if the Commissioner is satisfied that it is necessary to do so to prevent injury to the Australian industry, (s. 269TD(4)(b)).

1.6 Preliminary assessments

1.6.1 Australian industry and like goods (Chapter 5 of this report)

The Commission is satisfied that there is an Australian industry producing 'like goods' (rebar) to the goods the subject of the investigation. The Commission is satisfied that the like goods are manufactured in Australia by the sole producer, OneSteel Manufacturing Pty Ltd (OneSteel).

1.6.2 Dumping (Chapter 7 of this report)

The Commission's assessment shows:

- rebar exported to Australia from the Nominated Countries during the investigation period were dumped; and
- the volume of dumped goods from each of these countries and the dumping margin for each exporter were not negligible.

The Commission's assessment of dumping margins for rebar exported from each of the Nominated Countries is outlined below:

Country	Exporter / Manufacturer	Preliminary dumping margin
Korea	Daehan Steel Co., Ltd	17.6%
	<i>Un-cooperative Exporters</i>	25.5%
Malaysia	Amsteel Mills Sdn Bhd	17.9%
	Southern Steel Berhad	4.5%
	<i>Un-cooperative Exporters</i>	24.9%
Singapore	Natsteel Holdings Pte Ltd	5.0%
	<i>Un-cooperative Exporters</i>	9.7%

PUBLIC RECORD

Spain	Compañía Española de Laminación, S.L	14.0%
	Nervacero, S.A.	6.2%
	<i>Un-cooperative Exporters</i>	17.9%
Taiwan	Power Steel Co., Ltd	6.7%
	Wei Chih Steel Industrial Co., Ltd.	23.2%
	<i>Un-cooperative Exporters</i>	24.9%
Thailand	Millcon Steel Public Company Limited	2.2%
	<i>Un-cooperative Exporters</i>	3.8%
Turkey	Habas Sinai Ve Tibbi Gazlar Istihsal Endustri A.S.	4.7%
	<i>Un-cooperative Exporters</i>	8.2%

Table 1- Preliminary Dumping Margins – Korea, Malaysia, Singapore, Spain, Taiwan, Thailand and Turkey

1.6.3 Injury (Chapter 8 of this report)

The Commission is satisfied that the Australian industry producing like goods experienced injury in the form of:

- loss of sales volumes;
- loss of market share;
- price suppression; and
- reduced profits and profitability.

1.6.4 Causation (Chapter 9 of this report)

The Commission is satisfied for the purpose of the PAD there are sufficient grounds to find that that dumping of rebar by exporters from Korea, Malaysia, Singapore, Spain, Taiwan, Thailand and Turkey caused material injury to the Australian industry (OneSteel) producing like goods.

1.7 Information considered

In making this PAD, the Commission has had regard to:

- The application for the dumping duty notice and other evidence provided by the applicant.

The Commission has verified the data provided by the applicant, with the visit report to be published on the public record in due course. The Commission is satisfied as to the accuracy and relevance of the sales data, cost to make and sell data, and other information provided by OneSteel in connection with this investigation.

- Exporter questionnaire responses.

Exporter questionnaire responses were received from 10 exporters. The Commission has not verified the data contained in these exporter questionnaire responses.

PUBLIC RECORD

Although unverified, the Commission relied on this information for the purposes of completing the preliminary dumping assessment.

- Evidence provided by Importers.

Importer Questionnaire responses were received from four importers. The data provided in these questionnaire responses has not been verified.

- Submissions Received.

Eight submissions have been received to date in relation to this investigation. Although two of these submissions were received outside the 40 day period specified under section 269TD(2)(a)(ii), the Commission has had regard to all eight submissions for the purpose of this PAD.

- Other evidence where applicable

The Commission has relied on other information, where applicable, for the purpose of making this PAD. Where other evidence has been considered, this evidence is specifically identified and referred to in the applicable section of this report.

1.8 Conclusion

Based on the available information and evidence before it, the Commission considers that:

- rebar has been exported from Korea, Malaysia, Singapore, Spain, Taiwan, Thailand and Turkey at dumped prices;
- there is an Australian industry producing like goods that is experiencing injury; and
- the dumped goods have caused material injury to the Australian industry.

The Commission is satisfied that there appears to be sufficient grounds for the publication of a dumping duty notice in respect of rebar exported to Australia from Korea, Malaysia, Singapore, Spain, Taiwan, Thailand and Turkey.

The Commission recommends that the Commissioner therefore make a PAD pursuant to s. 269TD by signing the instrument at **Attachment A**. The Commission proposes that the ACBPS take securities under s. 42 in respect of interim dumping duties that may become payable.

2 BACKGROUND

2.1 Initiation of dumping investigations

On 8 August 2014 OneSteel lodged an application requesting that the then Parliamentary Secretary to the Minister for Industry publish a dumping duty notice in respect of rebar exported to Australia from the nominated countries.

OneSteel provided further information and data in support of its application on two occasions, the last of which was received on 17 September 2014. As a result, the Commission on two occasions restarted the 20 day period for considering the application in accordance with section 269TC(2A) of the Act.

OneSteel alleges that the Australian industry has suffered material injury caused by rebar exported to Australia from the nominated countries at dumped prices. OneSteel alleges that the industry has been injured through:

- loss of sales volumes;
- loss of market share;
- price suppression; and
- reduced profits and profitability.

The Commissioner after examining the application gave public notice of his decision to initiate this investigation. Public notification of the initiation of the investigation was made on 17 October 2014 in *The Australian* newspaper and through Anti-Dumping Notice (ADN) No. 2014/100².

There have been no previous dumping investigations in relation to rebar in Australia.

In respect of the investigation:

- the investigation period for the purpose of assessing dumping is 1 July 2013 to 30 June 2014; and
- the injury analysis period for the purpose of determining whether material injury has been caused to the Australian industry is from 1 July 2010.

2.2 SEF and due dates

The public notice advised that the SEF for the investigation would be placed on the public record by 4 February 2015. However, the Commissioner requested that the Minister for Industry and Science (the Minister) extend the prescribed 110 days for publication of the SEF, as the timeframe proved to be insufficient.³

Pursuant to s. 269ZHI of the Act, the Minister approved an extension of time to publish the SEF, which is now due on or before 23 March 2015. The final report with the Commissioner's recommendations is now due to the Parliamentary Secretary to the Minister for Industry and Science (the Parliamentary Secretary) on or before 7 May 2015 (unless extended).

² Anti-Dumping Notice No. 2014/100 - Electronic Public Record Document Number 002

³ The extension of time granted to issue the SEF was detailed in ADN 2015/13

PUBLIC RECORD

2.3 Submissions

At the date of this PAD, the Commission has received eight submissions from interested parties. These submissions have been considered for the purpose of this PAD, and will continue to be considered as the investigation progresses.

3 THE GOODS UNDER INVESTIGATION

3.1 Description

The goods that are the subject of the investigation (the goods) 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.

The goods covered by this application include all steel reinforcing bar meeting the above description of the goods regardless of the particular grade or alloy content or coating.

Goods excluded from this application are plain round bar, stainless steel and reinforcing mesh.”

The goods are referred to as rebar in this report.

3.2 Tariff classification

The goods are classified to the following tariff subheadings in Schedule 3 to the *Customs Tariff Act 1995*:

- 7214.20.00 (statistical code 47);
- 7228.30.90 (statistical code 49);
- 7213.10.00 (statistical code 42); and
- 7227.90.90 (statistical code 42).

These goods if imported from Spain under these tariff subheadings are subject to a general rate of duty of 5%; and goods imported from all other countries are subject to a “free” rate of duty.

The Australian Customs and Border Protection Service (ACBPS) confirmed with the Commission that the goods under consideration were classified to the following tariff sub-headings:

- 7213.10.00 (statistical code 42) for *bars and rods, hot-rolled, in irregularly wound coils, of iron or non-alloy steel containing indentations, ribs, grooves or other deformations produced during the rolling process;*
- 7214.20.00 (statistical code 47) for *other bars and rods of iron or non alloy steel, not further worked than forged, hot-rolled, hot-drawn or hot extruded, but including those twisted after rolling containing indentations, ribs, grooves or other deformations produced during the rolling process or twisted after rolling;*
- 7227.90.90 (statistical code 42) for *bars and rods, hot-rolled, in irregularly wound coils, of other alloy steel; and*
- 7228.30.90 (statistical code 49) for *other bars and rods of other alloy steel; angles, shapes and sections, of other alloy steel; hollow drill bars and rods, of alloy or non-alloy steel.*

PUBLIC RECORD

- *have indentations, ribs, grooves or other deformations produced during the rolling process (reinforcing bars and rods);*
- *be twisted after rolling.*

ACBPS advised that goods imported under tariff subheading 7228.30.90 may also include products other than 'hot rolled deformed rebar'. In such cases product descriptions would be used to determine if products declared under this tariff subheading fit the description of the goods under consideration (GUC).

3.3 Australian Standards

OneSteel confirmed that they manufacture rebar to meet the Australian Standard AS/NZS 4671.2001.

AS/NZS 4671.2001 specifies the requirements for the chemical composition, mechanical and geometrical properties of rebar used in the reinforcement of concrete.

The standard further identifies minimum yield strength levels of 250 Mpa, 300 MPa and 500 MPa. The standard also identifies three ductility classes for rebar (low, normal and earthquake).

OneSteel also stated that an industry-based product certification scheme operates within Australia. The Australasian Certification Authority for Reinforcing and Structural Steels (ACRS) administers this scheme. OneSteel advised that it has ACRS accreditation and that the manufacturers identified in its application also have ACRS accreditation. It was noted that rebar can be imported into Australia from manufacturers who do not have accreditation.

4 AUSTRALIAN INDUSTRY & LIKE GOODS ASSESSMENT

4.1 Preliminary assessment

Based on information available at the time of making the PAD, the Commissioner is satisfied there is an Australian industry producing like goods to the goods the subject of the application and that the like goods are produced in Australia.

4.2 Like goods

Subsections 269T(2) of the Act specify that, for goods to be regarded as being produced in Australia, they must be wholly or partly manufactured in Australia. Subsection 269T(3) of the Act provides that in order for the goods to be considered as partly manufactured in Australia, at least one substantial process in the manufacture of the goods must be carried out in Australia.

Further, subsection 269TB(6) provides:

An application under subsection (1) in relation to a consignment of goods is taken to be supported by a sufficient part of the Australian industry if the Commissioner is satisfied that the persons (including the applicant) who produce or manufacture like goods in Australia and who support the application:

- (a) *account for more than 50% of the total production or manufacture of like goods produced or manufactured by that portion of the Australian industry that has expressed either support for, or opposition to, the application; and*
- (b) *account for not less than 25% of the total production or manufacture of like goods in Australia.*

Subsection 269T(1) of the Act defines like goods as:

goods that are identical in all respects to the goods under consideration or that, although not alike in all respects to the goods under consideration, have characteristics closely resembling those of the goods under consideration.

OneSteel stated in its application that it is the sole Australian producer of rebar in Australia. Having undertaken a verification visit to OneSteel's Laverton steel mill, the Commission is satisfied that OneSteel wholly manufactures rebar in Australia. The Commission is not aware of any other producer of rebar in Australia and no submissions or other information has been received to indicate that there are any other manufacturers of rebar in Australia

Accordingly, the Commission is satisfied that there is an Australian industry that wholly manufactures rebar in Australia and that industry solely consists of OneSteel.

4.2.1 Commission's assessment - like goods

The Commission has assessed, based on the information currently before it, that OneSteel has demonstrated the following in relation to rebar:

- the primary physical characteristics of the goods and locally produced goods are similar;

PUBLIC RECORD

- the goods and locally produced goods are commercially alike as they are sold to common users, and directly compete in the same market;
- the goods and locally produced goods are functionally alike as they have a similar range of end-uses; and
- the goods and locally produced goods are manufactured in a similar manner.

In light of the above, the Commission is satisfied that the Australian industry produces like goods to the goods the subject of the application, as defined in subsection 269(T) of the Act.

The Commission has released a position paper on how it proposes to approach the issue of how to match models of domestically sold rebar and exported rebar.

To date no submissions have been received raising issues in relation to like goods.

4.3 Conclusion

The Commission is satisfied that the Australian industry produces like goods to the goods the subject of the application, as defined in s. 269(T) of the Act.

5 AUSTRALIAN MARKET

5.1 Background

The Commission's analysis indicates that the Australian market is supplied by OneSteel and imports from a range of countries including Korea, Malaysia, Singapore, Spain, Taiwan, Thailand, Turkey and New Zealand. OneSteel also submitted that rebar is a commodity product and that end users can quickly change their source of supply between exporters and countries.

5.2 Market segmentation and end use

Key market segments for rebar are commercial and residential construction, mining and resource construction, and, to a lesser degree, swimming pool construction.

Rebar is typically cut, bent, and/or welded into various shapes before use in concrete reinforcement as a tension device. However, whilst the majority of rebar is fabricated in some way, there are instances where no cutting, bending or welding is required by a fabricator or service centre prior to end use.

The information provided by OneSteel shows that there is a range of grades of steel used to manufacture rebar for the market sectors and those factors, such as carbon content and or alloy content may not necessarily determine the sector or end use for that product.

5.3 Market size and share

In its application OneSteel estimated the size of the Australian market using Australian Bureau of Statistics import data, data from an independent recognised international supplier of trade statistics and sales to external customers.

The Commission examined the Australian Customs and Border Protection (ACBPS) import database to determine if OneSteel's estimates were reasonable. For the purposes of estimating the size of the Australian market for rebar the Commission combined OneSteel's sales data with ACBPS import data. OneSteel's sales data was verified during the Australian industry visit and the Commission considers that the ACBPS import database is a reliable source for imported rebar data. Therefore, the Commission considers that this combined data is reliable, relevant and suitable for estimating the size of the Australian market for rebar.

The data indicates that there was year on year growth in the Australian market from financial year 2010/11 to financial year 2013/14, however from financial year 2012/13 to financial year 2013/14 the growth rate declined to 1% compared to 4% and 10% in the prior two years. Imports from the nominated countries increased by 20% from financial year 2012/13 to financial year 2013/14 compared to 2% growth in the prior financial year.

PUBLIC RECORD

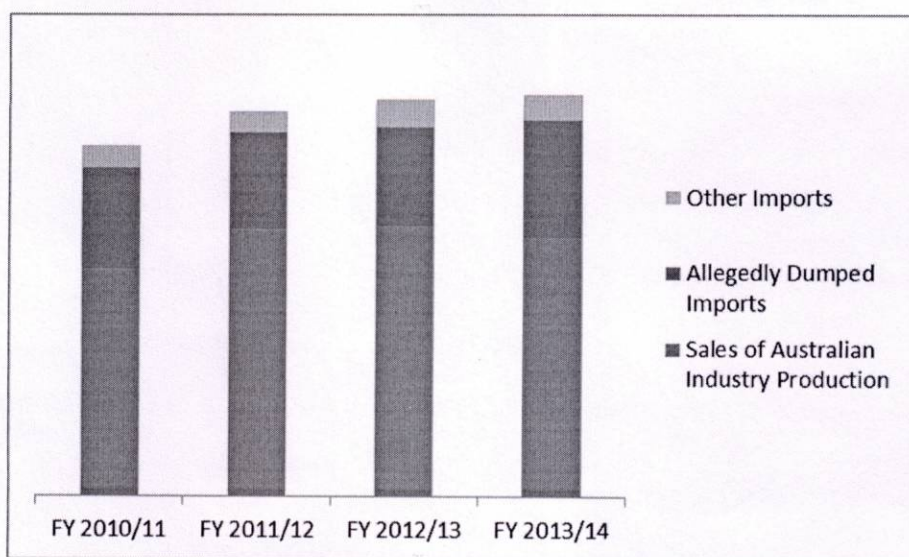


Figure 1. Australian market size and share

Import data will be verified with importers and exporters to further update the size of the Australian market.

5.4 Marketing and distribution

Although some rebar is imported by end users (fabricators and marketers), the majority of the local and imported rebar is on-sold to end user customers.

End users are supplied by OneSteel, OnSteel downstream subsidiaries, direct imports from the exporter or overseas trader or direct imports through local steel trading houses.

The supply chain for Rebar is shown below. The Commission notes that the reinforcing and steel service centres include related OneSteel companies.

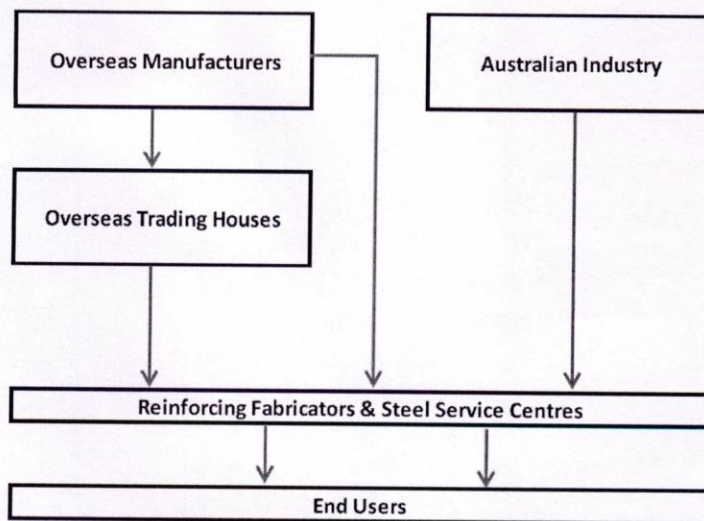


Diagram 1: Distribution Chart for rebar in Australia

6 PRELIMINARY DUMPING ASSESSMENT

6.1 Preliminary assessment

Based on unverified information and data available at the time of making the PAD, the Commissioner is satisfied that exports of rebar to Australia from the nominated countries was dumped during the investigation period.

At the time of publication of the PAD, substantially completed questionnaire responses were received by the Commission from the following exporters:

- Daehan Steel Co., Ltd (Korea);
- Amsteel Mills Sdn Bhd (Malaysia);
- Southern Steel Berhad (Malaysia);
- Natsteel Holdings Pte Ltd (Singapore);
- Compañía Española de Laminación, S.L. (Spain);
- Nervacero, S A (Spain);
- Power Steel Co., Ltd (Taiwan);
- Wei Chih Steel Industrial Co., Ltd (Taiwan);
- Millcon Steel Public Company Ltd (Thailand); and
- Habas Sinai Ve Tibbi Gazlar Istihsal Endustrisi A.S. (Turkey).

The Commission's assessment is:

- Rebar exported to Australia from Korea, Malaysia, Singapore, Spain, Taiwan, Thailand and Turkey during the investigation period was dumped; and
- the volume of dumped goods from these countries, and the dumping margins for all exporters were not negligible.

Preliminary dumping margins are tabulated below:

Country	Exporter / Manufacturer	Preliminary dumping margin
Korea	Daehan Steel Co., Ltd	17.6%
	<i>Un-cooperative Exporters</i>	25.5%
Malaysia	Amsteel Mills Sdn Bhd	17.9%
	Southern Steel Berhad	4.5%
	<i>Un-cooperative Exporters</i>	24.9%
Singapore	Natsteel Holdings Pte Ltd	5.0%
	<i>Un-cooperative Exporters</i>	9.7%
Spain	Compañía Española de Laminación, S.L	14.0%
	Nervacero, S.A.	6.2%
	<i>Un-cooperative Exporters</i>	17.9%

PUBLIC RECORD

Taiwan	Power Steel Co., Ltd	6.7%
	Wei Chih Steel Industrial Co., Ltd.	23.2%
	<i>Un-cooperative Exporters</i>	24.9%
Thailand	Millcon Steel Public Company Limited	2.2%
	<i>Un-cooperative Exporters</i>	3.8%
Turkey	Habas Sinai Ve Tibbi Gazlar Istihsal Endustri A.S.	4.7%
	<i>Un-cooperative Exporters</i>	8.2%

Table 2 - Preliminary dumping margins – Korea, Malaysia, Singapore, Spain, Taiwan, Thailand and Turkey

6.2 Traders

For the purpose of the PAD, the Commission considers that manufacturers are the exporters for all sales to Australia. The Commission will further examine this issue, as required, during the investigation.

6.3 Exporter questionnaire responses

The Commission contacted all exporters of the goods within the relevant tariff subheadings for rebar, as identified in the ACBPS import database.

Exporter questionnaire responses were received from 10 of the identified exporters, with at least one exporter questionnaire response received from an exporter in each of the nominated countries for this investigation.

Individual dumping margins have been calculated for each of these exporters. The basis for calculating preliminary export prices, preliminary normal values (including adjustments allowed) are specified below.

6.4 Thailand

6.4.1 Millcon Steel Public Company Ltd.

Preliminary export prices for exports by Millcon Steel Public Company Ltd (Milcon) were established pursuant to s. 269TAB(1)(a) of the Act using the invoiced export price, by product model, less any expenses representing a charge for any matter arising after exportation.

Normal values were established in accordance with s.269TAC(1) of the Act using Milcon's quarterly weighted average domestic invoice prices for like goods, by model, where those sales were in the ordinary course of trade.

Adjustments to normal values to allow for comparison between export and domestic sales were calculated pursuant to s. 269TAC(8). Using relevant information contained in Milcon's questionnaire response, the Commission calculated a product

PUBLIC RECORD

dumping margin by comparing the quarterly weighted average export price with the corresponding quarterly weighted average normal value over the investigation period.

The preliminary dumping margin for Milcon is 2.2 %.

6.5 Korea

6.5.1 Daehan Steel Co., Ltd

Preliminary export prices for Daehan Steel Co., Ltd (Daehan) were established pursuant to s. 269TAB(1)(a) of the Act using invoiced export price, by product model, less any expenses that represent a charge for any matter arising after exportation.

Where there were sufficient domestic sales of models of like goods sold in the ordinary course of trade normal values were determined pursuant to s.269TAC(1). For exported models with insufficient domestic sales sold in the ordinary course of trade, normal values were determined under s. 269TAC(2)(c). For those models, the normal value was constructed based on the cost to manufacture the exported goods, plus domestic selling, general and administrative costs and a weighted average profit calculated for domestic sales of like goods sold in the ordinary course of trade during the investigation period.

Adjustments to normal values to allow for comparison between export and domestic sales were calculated pursuant to s. 269TAC(8) or 269TAC(9). For the purpose of the PAD, the Commission has not made for claimed adjustments for domestic technical support and inventory carrying costs as it is not yet satisfied that such an adjustments are warranted. The need to make these and other adjustments will be further examined in the course of the investigation.

Using relevant information contained in Daehan's questionnaire response, the Commission calculated a product dumping margin by comparing the quarterly weighted average export price with the corresponding quarterly weighted average normal value over the investigation period.

The preliminary dumping margin for Daehan is 17.6 %.

6.6 Malaysia

6.6.1 Amsteel Mills Sdn Bhd.

Preliminary export prices for exports by Amsteel Mills Sdn Bhd (Amsteel) were established pursuant to s. 269TAB(1)(a) of the Act using the invoiced export price, by product model, less any expenses representing a charge for any matter arising after exportation.

Normal values were established in accordance with s.269TAC(1) of the Act using Amsteel's quarterly weighted average domestic invoice prices for like goods, by model, where those sales were in the ordinary course of trade.

Adjustments to normal values to allow for comparison between export and domestic sales were calculated pursuant to s. 269TAC(8). Using relevant information contained in Amsteel's questionnaire response, the Commission calculated a product

PUBLIC RECORD

dumping margin by comparing the quarterly weighted average export price with the corresponding quarterly weighted average normal value over the investigation period.

The preliminary dumping margin for Amsteel is 17.9%.

6.6.2 Southern Steel Berhad.

Preliminary export prices for exports by Southern Steel Berhad (Southern Steel) were established pursuant to s. 269TAB(1)(a) of the Act using the invoiced export price, by product model, less any expenses representing a charge for any matter arising after exportation.

Normal values were established in accordance with s.269TAC(1) of the Act using Southern Steel's quarterly weighted average domestic invoice prices for like goods, by model, where those sales were in the ordinary course of trade.

Adjustments to normal values to allow for comparison between export and domestic sales were calculated pursuant to s. 269TAC(8). Using relevant information contained in Southern Steel's questionnaire response, the Commission calculated a product dumping margin by comparing the quarterly weighted average export price with the corresponding quarterly weighted average normal value over the investigation period.

The preliminary dumping margin for Southern Steel is 4.5%.

6.7 Singapore

6.7.1 Natsteel Holdings Pte Ltd

Preliminary export prices for exports by Natsteel Holdings Pte Ltd (Natsteel) were established pursuant to s. 269TAB(1)(a) of the Act using the invoiced export price, by product model, less any expenses representing a charge for any matter arising after exportation.

Normal values were established in accordance with s.269TAC(1) of the Act using Natsteel's quarterly weighted average domestic invoice prices for like goods, by model, where those sales were in the ordinary course of trade.

Adjustments to normal values to allow for comparison between export and domestic sales were calculated pursuant to s. 269TAC(8). Using relevant information contained in Natsteel's questionnaire response, the Commission calculated a product dumping margin by comparing the quarterly weighted average export price with the corresponding quarterly weighted average normal value over the investigation period.

The preliminary dumping margin for Natsteel is 5.0%.

6.8 Spain

6.8.1 Compañía Española de Laminación, S.L

Preliminary export prices for exports by Compañía Española de Laminación, S.L (Celsa Barcelona) were established pursuant to s. 269TAB(1)(a) of the Act using the

PUBLIC RECORD

invoiced export price, by product model, less any expenses representing a charge for any matter arising after exportation.

Normal values were established in accordance with s.269TAC(1) of the Act using Celsa Barcelona's quarterly weighted average domestic invoice prices for like goods, by model, where those sales appeared to be in the ordinary course of trade.

Adjustments to normal values to allow for comparison between export and domestic sales were calculated pursuant to s. 269TAC(8). Using relevant information contained in Celsa Barcelona's questionnaire response, the Commission calculated a product dumping margin by comparing the quarterly weighted average export price with the corresponding quarterly weighted average normal value over the investigation period.

The preliminary dumping margin for Celsa Barcelona is 14.0%.

6.8.2 Nervacero, S A

Preliminary export prices for exports by Nervacero, S A (Nervacero) were established pursuant to s. 269TAB(1)(a) of the Act using the invoiced export price, by product model, less any expenses representing a charge for any matter arising after exportation.

Normal values were established in accordance with s.269TAC(1) of the Act using Nervacero's quarterly weighted average domestic invoice prices for like goods, by model, where those sales were in the ordinary course of trade.

Adjustments to normal values to allow for comparison between export and domestic sales were calculated pursuant to s. 269TAC(8). Using relevant information contained in Nervacero's questionnaire response, the Commission calculated a product dumping margin by comparing the quarterly weighted average export price with the corresponding quarterly weighted average normal value over the investigation period.

The preliminary dumping margin for Nervacero's is 6.2%.

6.9 Taiwan

6.9.1 Wei Chih Steel Industrial Co., Ltd

Preliminary export prices for Wei Chih Steel Industrial., Co Ltd (Wei Chih) were established pursuant to s. 269TAB(1)(a) of the Act using invoiced export price, by product model, less any expenses that represent a charge for any matter arising after exportation.

Where there were sufficient domestic sales of models of like goods sold in the ordinary course of trade normal values were determined pursuant to s.269TAC(1). For exported models with insufficient domestic sales sold in the ordinary course of trade, normal values were determined under s. 269TAC(2)(c). For those models, the normal value was constructed based on the cost to manufacture of the exported goods, plus domestic selling, general and administrative costs and a weighted

PUBLIC RECORD

average profit calculated for domestic sales of like goods sold in the ordinary course of trade during the investigation period.

Adjustments to normal values to allow for comparison between export and domestic sales were calculated pursuant to s. 269TAC(8).

Using relevant information contained in Wei Chih's questionnaire response, the Commission calculated a product dumping margin by comparing the quarterly weighted average export price with the corresponding quarterly weighted average normal value over the investigation period.

The preliminary dumping margin for Wei Chih is 23.2%.

6.9.2 Power Steel Co., Ltd

Preliminary export prices for exports by Power Steel Co., Ltd (Power Steel) were established pursuant to s. 269TAB(1)(a) of the Act using the invoiced export price, by product model, less any expenses representing a charge for any matter arising after exportation.

Where there were sufficient domestic sales of models of like goods sold in the ordinary course of trade normal values were determined pursuant to s.269TAC(1). For exported models with insufficient domestic sales sold in the ordinary course of trade, normal values were determined under s. 269TAC(2)(c). For those models, the normal value was constructed based on the cost to manufacture of the exported goods, plus domestic selling, general and administrative costs and a weighted average profit calculated for domestic sales of like goods sold in the ordinary course of trade during the investigation period.

Adjustments to normal values to allow for comparison between export and domestic sales were calculated pursuant to s. 269TAC(8).

Using relevant information contained in Power Steel's questionnaire response, the Commission calculated a product dumping margin by comparing the quarterly weighted average export price with the corresponding quarterly weighted average normal value over the investigation period.

The preliminary dumping margin for Power Steel is 6.7%.

6.10 Turkey

6.10.1 Habas Sinai Ve Tibbi Gazlar Istihsal Endustrisi A.S

Preliminary export prices for exports by Habas Sinai Ve Tibbi Gazlar Istihsal Endustrisi A.S (Habas) were established pursuant to s. 269TAB(1)(a) of the Act using the invoiced export price, by product model, less any expenses representing a charge for any matter arising after exportation.

Normal values were established in accordance with s.269TAC(1) of the Act using Habas' quarterly weighted average domestic invoice prices for like goods, by model, where those sales were in the ordinary course of trade.

PUBLIC RECORD

Adjustments to normal values to allow for comparison between export and domestic sales were calculated pursuant to s. 269TAC(8).

Using relevant information contained in Habas' questionnaire response, the Commission calculated a product dumping margin by comparing the quarterly weighted average export price with the corresponding quarterly weighted average normal value over the investigation period.

The preliminary dumping margin for Habas is 4.7%.

6.11 Uncooperative exporters (all other)

Subsection 269TACAB provides for the calculation of export prices and normal values for uncooperative exporters. The Commission used the highest quarterly dumping margin from the co-operating exporters of the relevant country, excluding any part of that price that relates to post-exportation charges, and excluding any other unverified adjustments.

The preliminary dumping margin for uncooperative exporters by country is outlined in the table at section 6.1.

6.12 Preliminary dumping margin summary

The Commission's calculation of export prices, normal values and dumping margins in respect of rebar are at **Confidential Attachment 2**.

These calculations are based on the information available at the time of making the PAD. As further verified information becomes available, these calculations may change as verification visit reports for exporters are finalised and other relevant submissions are further considered.

6.13 Volumes

Subsection 269TDA(3) of the Act provides that, the Commissioner must terminate an investigation if negligible volumes of dumped goods are found. The Commission examined the volume of goods from each country over the investigation period to determine if the volume of those goods was negligible.

Two submissions⁴ contended that the Turkish share of imports was negligible and the investigation should be terminated in relation to Turkey.

As outlined in section 5, the Commission estimated the size of the Australian market, including determining volume of imports from each nominated country. The Commission also considered import volumes during the investigation period provided in questionnaire responses. Import volumes were ascertained from the ACBPS import database and the Commission considers this to be a reliable and accurate source for ascertaining the volume of imported rebar.

⁴ Submissions – Trade Resources Company 17/12/2014 – EPR 264/011; Government of Turkey 17/12/2014 EPR 264/010

PUBLIC RECORD

Based on this information, the Commission is satisfied that, when expressed as a percentage of the total imported volume of the goods, the volume of allegedly dumped goods from each country, including Turkey, was greater than three per cent and therefore not negligible (see subsection 269TDA(3)(4)(a) of the Act).

7 PRELIMINARY INJURY ASSESSMENT**7.1 Preliminary injury assessment approach**

The injury analysis detailed in this section is based on financial information submitted by OneSteel and verified by the Commission. Information from the ACBPS import database was also used in this analysis. A report of the Commission's verification visit with the Australian industry will be available on the public record in due course.

The Commission considers OneSteel's verified financial data is reliable for making an assessment of its material injury claims. As previously mentioned, OneSteel has claimed it has suffered injury in the form of:

- loss of sales volumes;
- loss of market share;
- price suppression; and
- reduced profits and profitability.

7.2 Legislative framework

Under s. 269TG(1)(b)(i) of the Act, one of the matters that the Parliamentary Secretary must be satisfied of in order to publish a dumping duty notice is that because of dumping, material injury has been, or is being caused, or has been threatened to the Australian industry producing like goods.

7.3 Commencement of injury, and analysis period

OneSteel claimed that injury commenced prior to the 2010/11 financial year.

As specified in *Consideration Report 264 (CON 264)*, the Commission has set the investigation period as 1 July 2013 to 30 June 2014, and the period for assessing the condition of the Australian industry from 1 July 2010.

Charting and analysis has been completed on a financial year basis for the four financial years between 2010/11 and 2013/14.

7.4 Cumulation of injury

Subsection 269TAE(2C) of the Act provides for the consideration of the cumulative effect of exports from different countries, if the Parliamentary Secretary is satisfied that it is appropriate to do so, after having regard to:

- the conditions of competition between the exported goods; and
- the conditions of competition between the exported goods and the like goods that are domestically produced.

The Commission is satisfied, for the purposes of this PAD, that the conditions of competition between imported and domestically produced rebar are similar and that both importers and OneSteel are selling the product predominantly into the same market segment.

PUBLIC RECORD

The Commission is also satisfied that the goods are alike, have similar specifications and end-uses, are often sold to the same customers, and compete in the same markets.

For the purposes of this PAD, the Commission considers the conditions of competition are such that it is appropriate to consider the cumulative effect of the dumped imports from the Nominated Countries.

7.5 Volume trends

In its application, OneSteel submitted that that it has suffered material injury in relation to lost sales volumes of rebar and lost market share due to increased volumes of imports of rebar at dumped prices from the Nominated Countries.

In CON 264, the Commission formed the view that there were reasonable grounds to support OneSteel's claims of material injury in relation lost sales volume and market share.

Subsequent to the consideration report, the Commission has:

- completed verification of the sales data provided by OneSteel;
- completed further analysis of OneSteel's injury claims; and
- considered information provided in submissions.

7.5.1 Sales volumes

As mentioned above, OneSteel submitted that that it had lost sales volume of rebar due to increased volumes of imports of rebar at dumped prices.

Based on OneSteel's verified sales data, the Commission's analysis indicates that OneSteel's domestic sales volume of rebar increased during the 2011/12 and 2012/13 financial years, however, decreased in the 2013/14 financial year. The rate of growth in OneSteel's sales from the 2011/12 to 2012/13 financial years was significantly less than that in the prior year.

Submissions⁵ received questioned the Commission's focus on the decline in the sales volume in the final year of the injury analysis period and the Commission's failure to consider the overall trend or increases in the prior years. These submissions further indicated that OneSteel's sales volume/production level over the whole period had actually increased in absolute terms. A submission also contended that the imports from the nominated countries cannot be considered to be significant.

As discussed in section 6, the Commission's analysis indicates there was year on year growth in the Australian rebar market from financial year 2010/11 to financial year 2013/14. However, from financial year 2012/13 to financial year 2013/14 the growth rate declined to 1% compared to 4% and 10% in the prior two years. This

⁵ Submissions - Trade Resources Company 17/12/2014 – EPR 264/011; Corrs Chambers Westgarth 26/12/2014 – EPR 264/007; Government of Turkey 17/12/2014 EPR 264/010; European Commission 25/11/2014 – EPR 264/005; Government of Spain 2/12/2014 EPR 264/006

PUBLIC RECORD

analysis indicates that the Australian market for rebar grew during the investigation period, albeit at a reduced rate when compared with the prior years.

Figure 2, below, illustrates the Commission's estimated Australian market for rebar relative to OneSteel's sales volume of rebar in the domestic market during the injury analysis period.

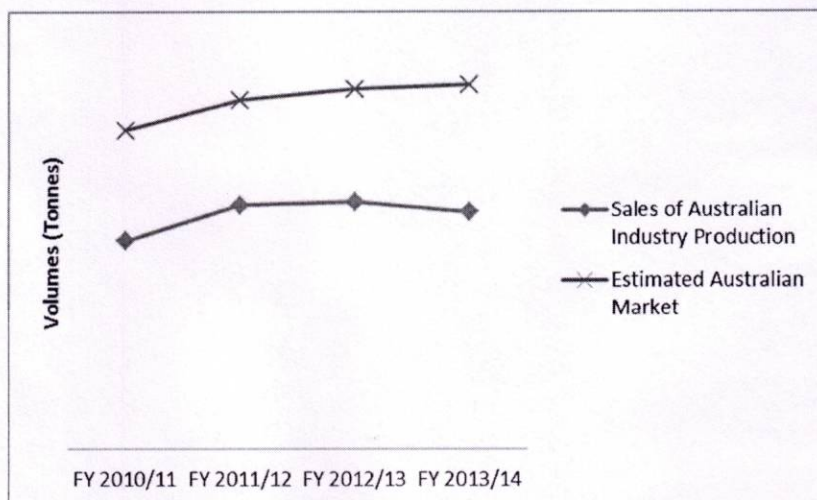


Figure 2 - Australian Rebar Market & Australian Industry Sales (Tonnes)

The Commission's preliminary assessment is that:

- Over the whole injury analysis period the overall Australian market for rebar has grown;
- Over the same period OneSteel's sales volume showed significant growth in the first year, small growth in the second year and a decline in the third year;
- OneSteel's sales volume growth in the first year was greater than the growth in the Australian rebar market. The sales growth in the second year was relatively less than the growth in the Australian market in the same period. The decline in sales volume in the third year was inconsistent with the small growth in the Australian market during the same period; and
- In the context of the increased market size, OneSteel's sales volume is greater in 2013/2014 than in 2010/11.

The Commission's Dumping and Subsidy Manual specifies, in part, that:

"...Anti-dumping or countervailing action is possible in cases where an industry has been expanding its market share, and the dumped or subsidised imports have slowed the rate of growth – a decline in growth may be as relevant as the movement from growth to decline".⁶

⁶ Page 13, Dumping & Subsidy Manual

PUBLIC RECORD

The Commission's preliminary assessment of the trend is that OneSteel's sales have shown a movement from growth to decline during the injury analysis period, with lost sales volume during the investigation period (2013/14).

7.5.2 Market Share

OneSteel claimed in its application that the increase in import volumes of rebar imported from the nominated countries accelerated by 33% in the 2013/14 financial year. OneSteel claimed that imports of dumped rebar from the nominated countries displaced OneSteel's sales and the import volumes from other countries. OneSteel's analysis was based on its own sales data and data from the ABS.

As mentioned above, various submissions requested the Commission to evaluate injury over the whole injury period. Other submissions⁷ questioned the impact of non-dumped imports.

For the purpose of the preliminary market share analysis, the Commission has relied on the verified sales data from OneSteel and the ACBPS import database.

Figure 3, below, illustrates the movements in market share for rebar, over the injury analysis period. This chart is based on a combination of OneSteel's verified sales data and data from the ACBPS import database.

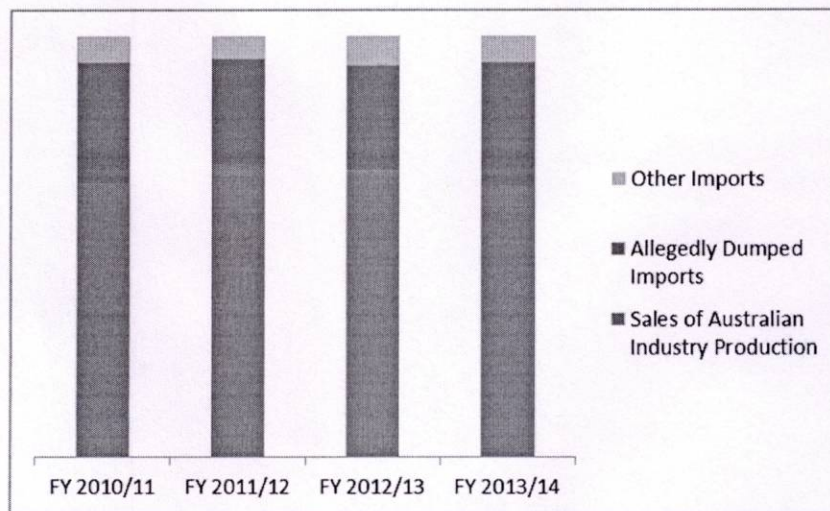


Figure 3 – Proportional Market share (%)

Figure 3 illustrates that:

- OneSteel's market share for rebar grew in 2011/12 before declining in 2012/13 and 2013/14. The decline in the 2013/14 year was greater than the decline in the 2012/13 year;
- Market share for the allegedly dumped imports fell in 2011/12, was relatively static in 2012/13 and increased in the 2013/14 financial year. The market

⁷ Submissions - Trade Resources Company 17/12/2014 – EPR 264/011;

PUBLIC RECORD

share for allegedly dumped imports was generally in the vicinity of a quarter of the total rebar market during the injury analysis period;

- Imports from the other countries fell from 6% to 5% in 2011/12, before increasing in 2012/13 to 7% and falling again in 2013/14 financial year to 6%.
- Whilst fluctuating over the injury analysis period, market shares in 2010/11 and 2013/14 are about the same.

In relation to OneSteel's claims about a 33% increase in dumped imports in 2013/2014, the Commission's own analysis indicates import volumes of dumped rebar increased by 20% during 2013/14. This 20% is considered to be consistent with OneSteel's claims of increased sales from the nominated countries and a subsequent loss of market share to the nominated countries during this period. It is also noted that, whilst imports from other countries gained market share in 2012/13, they lost market share to dumped imports during 2013/14.

In this context, the Commission's preliminary assessment is, whilst OneSteel was able to gain market share in 2011/2012, it lost market share in 2012/13 to imports from other countries and lost further market share to dumped imports from the nominated countries in 2013/14. The Commission assessment in relation to the investigation period is that OneSteel has lost market share.

7.6 Price effects - Price suppression

OneSteel in its application claimed that it suffered injury resulting from price suppression.

Price suppression occurs when price increases, which otherwise would have occurred, have been prevented. An indicator of price suppression may be the margin between revenues and costs.

Figure 4 illustrates movements in OneSteel's unit costs and prices for rebar during the injury analysis period. The data relating to this analysis was verified during the Australian industry visit.

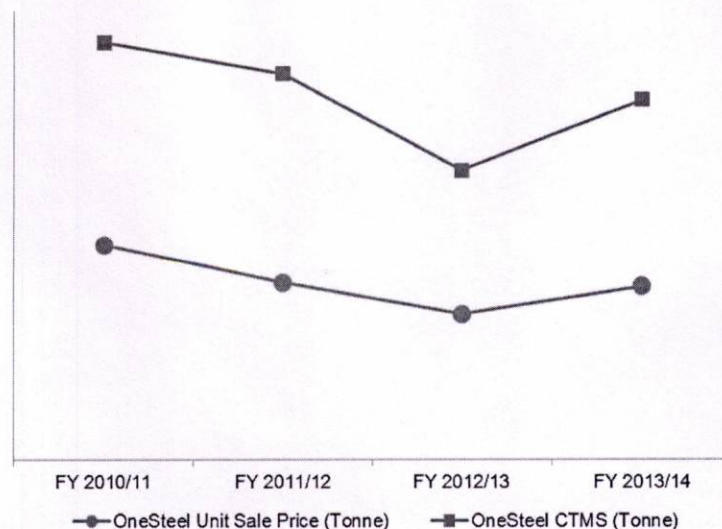


Figure 4 - OneSteel Unit Sale Price v Unit CTMS

PUBLIC RECORD

Figure 4 shows that OneSteel's unit costs exceeded its unit prices from the 2010/11 financial year to 2013/14 financial year, however the margin declined in 2012/13 year before widening in the 2013/14 financial year.

The Commission considers OneSteel to be a profit seeking entity that would normally strive to sell rebar at a price that exceeded its cost to make and sell. During the whole injury analysis period OneSteel has not been able to sell rebar at a unit price that would exceed its unit CTMS.

The Commission's preliminary assessment is that OneSteel was suffering from price suppression during the entire injury analysis period and that during the investigation period OneSteel was not able to fully recover a per unit CTMS increase.

7.7 Profit and profitability effects

In its application OneSteel claimed that it was suffering injury in the form of reduced profit and profitability. OneSteel contended that the negative impact on profit and profitability is directly attributable to the dumping of exports from the nominated countries.

Submissions⁸ received raised concerns in relation to the possibility of transfer pricing due to OneSteel's intergrated steel making processes. During the course of the Australian Industry verification visit the Commission clarified the basis on which related party transactions were priced and verified the reasonableness of pricing applied in the cost data provided by OneSteel for related party transactions. The Commission was satisfied that OneSteel's cost data was a reasonable and accurate reflection of the CTMS for rebar during the period 1 July 2010 to 30 June 2014 and was suitable for analysing the economic performance of its rebar operations from 1 July 2010 to 30 June 2014.

Figure 5, below, shows that OneSteel's profit and profitability for rebar fluctuated during the injury analysis period.

⁸ Submissions – Tay & Partners 5/12/2014 EPR 264/9; John Bracic & Associates, 21/10/14, EPR 264/005

PUBLIC RECORD

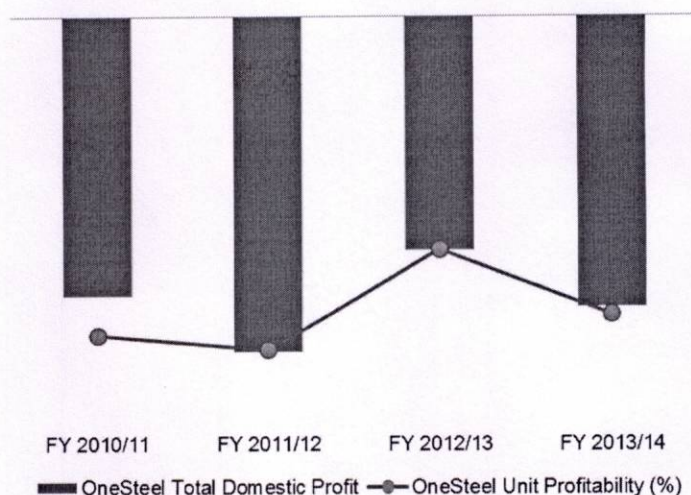


Figure 5 – OneSteel Profit and Unit Profitability

OneSteel has recorded four consecutive years of selling at a loss. Following a period of improvement in the 2012/13 financial year, profitability deteriorated in the investigation period as losses increased.

7.8 Other injury trends

OneSteel provided Appendix A7 data showing movements in capital investment, assets, R&D expenses, revenue, return on investment, capacity, capacity utilisation, employment, productivity, stock movements, cash flow measures, wages and funding for the four calendar years 2011 to 2014.

Submissions⁹ from interested parties specified that all the matters set out in Article 3.4 of the WTO Agreement are required to be examined in relation to the Commission's injury analysis.

A detailed analysis of this information is contained in the Australian industry verification report which will be available on the public record in due course. However, the Commission considers that nothing in the A7 data provided by OneSteel materially affects the Commission's assessment of OneSteel's injury claims at this stage. The Commission will consider any further submissions received in relation to these other factors after publication of the Australian industry report.

7.9 Preliminary determination of injury indicators

Based on the analysis detailed above, there appear to be sufficient grounds to support the claim that OneSteel experienced injury, including during the investigation period, in the form of:

- loss of sales volumes;
- loss of market share;

⁹ Submissions - Trade Resources Company 17/12/2014 – EPR 264/011; Government of Spain 2/12/2014 EPR 264/006

PUBLIC RECORD

- price suppression; and
- reduced profits and profitability.

Notwithstanding the above conclusions, the Commission will continue analysing additional information obtained, or provided to it, during the investigation in relation to injury.

8 PRELIMINARY CAUSATION ASSESSMENT**8.1 Causation factors**

Based on verified and unverified information and data available at the time of making the PAD, the Commission has made a preliminary assessment that rebar exported to Australia from the Nominated Countries at dumped prices caused material injury to the Australian industry producing like goods.

Section 269TAE outlines the factors that the Minister may take into account in determining whether material injury to an Australian industry has been or is being caused or threatened. The following section of this report provides a summary of the Commission's key considerations in its causation assessment. The Commission is continuing to investigate, analyse and assess all causation factors.

8.2 Price injury**8.2.1 Size of the dumping margins**

For the purposes of determining whether material injury has been caused, the Minister may have regard to the size of each of the dumping margins, calculated in respect of goods of that kind that have been exported to Australia.

The dumping margins outlined in section 6.1.1, ranging between 2.2% and 22.8%, are above negligible (two per cent) and enabled importers of rebar to have a competitive advantage on price compared to the Australian industry.

8.2.2 Price undercutting

For the purposes of the PAD, the Commission has undertaken an analysis of price undercutting claims by OneSteel. This involved analysis of sales data provided by importers and OneSteel (**Confidential Attachment 4**). The data provided by OneSteel was verified during the Australian industry visit. Data provided by the importers has not been verified to date.

The Commission analysed importer sales data (where supplied) and compared weighted average sales prices (AUD per tonne) of imported rebar to the weighted average selling prices for the Australian industry over the same period.

The Commission's analysis found that the prices of the imported goods undercut OneSteel's domestic selling prices for the 12 months during the investigation period. The Commission found that the weighted average quarterly selling price per tonne for imported goods was approximately 5.5% below the OneSteel weighted average selling price. The Commission is further satisfied the price undercutting related to a significant proportion of the overall market for rebar.

A submission received on behalf of Dahean and Stemcor Australia Pty Ltd¹⁰ contended that various factors, including production processes, Green Star

¹⁰ Submission – John Bracic & Associates, 21/10/14, EPR 264/005

PUBLIC RECORD

certification, coil weights, coil diameters, transport cost differences, inventory storage costs and currency fluctuations impacted on any price undercutting analysis and that these factors needed to be considered in any undercutting analysis. A submission was received from OneSteel in relation to the Daehan/Stemcor submission¹¹ and further information was provided during the Australian industry visit. At this stage, insufficient information has been provided with the Daehan/Stemcor submission to enable the Commission to adequately assess these claims. During the proposed verification visit with this exporter and importer, the Commission will seek further information in relation to the issues raised.

A submission on behalf of Amsteel¹² also made reference to removing the impact of OneSteel's transportation costs for the purposes of price comparison.

The Commission is continuing to validate the information provided by participating importers in the analysis of the undercutting claims by OneSteel for the purposes of this investigation.

However, at this time the Commission considers there is sufficient grounds at this time to establish OneSteel's claims of price undercutting in the relation of data during the investigation period.

8.2.3 Price Suppression

Onesteel claimed in its application that the rebar market is regarded as a commodity market that competes primarily on the basis of price.

OneSteel provided evidence during the Australian industry visit of its price setting practices. This evidence indicates that it constantly monitors price offerings in the market and that a key determinant for its prices to external customers was the price of imports.

Various submissions¹³ received queried OneSteels's claims of price suppression. These submissions, in part, raised concerns which focused on the lack of correlation between movements in the unit sale price and the unit CTMS and that the price suppression was not evident for the whole injury analysis period. Submissions have further sought the Commission to adequately consider whether price increases have been prevented to a significant degree by the price suppression. Interested parties also submitted that OneSteel was a dominant player in the Australian market and is a price setter in the market.

Price suppression in terms of Article 3.2 of the World Trade Organization Anti-Dumping Agreement, is where price increases for the Australian industry's products, which otherwise would have occurred, have been prevented to a significant degree.

¹¹ Submission – OneSteel Manufacturing Pty Ltd, 2/12/14, EPR 264/008

¹² Submission – Tay & Partners, 5/12/2014, EPR 264/009

¹³ Submissions - Tay & Partners, 5/12/2014, EPR 264/009; Trade Resources Company 17/12/2014 – EPR 264/011; Corrs Chambers Westgarth 26/12/2014 – EPR 264/007; Government of Turkey 17/12/2014 EPR 264/010; Government of Spain 2/12/2014 EPR 264/006

PUBLIC RECORD

As previously mentioned in section 7, OneSteel's unit costs exceeded its unit prices from the 2010/11 financial year to 2013/14 financial year; however the margin declined in the 2012/13 year before widening in the 2013/14 financial year. It is the Commission's view that, the lower sales during 2013/14 lowered OneSteel's capacity utilisation, and therefore contributed to a higher unit CTMS during 2013/14. However, without the presence of dumping, it is likely that OneSteel would be in a position to maintain pricing at levels necessary to recover the full increase in CTMS. Without the presence of dumping OneSteel would not have had such lower sales volumes nor the consequential increased unit CTMS.

The Commission's view is also that the lack of correlation between unit sale price and unit CTMS may be indicative of the fact that CTMS is not the primary influencing factor in relation to rebar pricing for OneSteel and that prices of imported rebar has a significant impact on OneSteel's pricing of rebar into the Australian market.

The Commission's analysis indicates that throughout the injury assessment period, OneSteel's CTMS exceeded its selling prices of the goods. It is also noted by the Commission that OneSteel contends that the injury caused by dumped imports commenced prior to the injury analysis period. The Commission considers that, without the presence of dumping, it is likely that OneSteel, as a profit-seeker, would be in a position to maintain pricing at levels necessary to cover its CTMS or a larger portion of its CTMS..

In particular, the widening gap between the unit CTMS and per unit revenue during the investigation period (2013/14) is evidence of OneSteel's incapacity to increase prices to recover to a significant degree an increase its per unit CTMS

Therefore, it is the Commission's view that OneSteel has suffered material injury in the form of price suppression.

8.3 Volume injury

OneSteel further claimed that the increase in volumes of rebar from the nominated countries accelerated by 33% in the 2013/14 financial year. OneSteel claims that imports of dumped rebar from the nominated countries displaced OneSteel's sales and import volumes from other countries.

The Commission's own analysis, based on ACBPS import database, indicates import volumes of rebar from the nominated countries increased by 20%, not the 33% specified by OneSteel. However, this 20% is considered to be consistent with OneSteel's claims of increased sales from the nominated countries. In relation to other countries, it was noted that imports from these other countries lost sales volume to dumped imports after increasing import volume in 2012/2013.

During the verification visit OneSteel also provided evidence of actual lost sales to individual customers. This further supported OneSteel's claims of lost sales volume to imported rebar.

OneSteel submitted that the lost sales volumes contributed to injury through the loss of revenue, profits and the efficiency gains that would be achieved via higher production output.

PUBLIC RECORD

The evidence provided supports the claims of lost sales volumes and market share to the allegedly dumped imports in relation to the investigation period.

8.4 Profit injury

The lost sales volume, price undercutting and dumping margins outlined in prior sections support OneSteel's claims that the impact of dumping is detrimental to the Australian industry's profit and profitability.

Various submissions¹⁴ raise issues concerning OneSteel's costs and/or the profit injury suffered by OneSteel. At this stage, the Commission, having considered these submissions is satisfied that there are sufficient grounds to establish that OneSteel has suffered profit injury caused by dumped goods during the investigation period. These and the other injury factors will continue to be examined during the course of this investigation.

8.5 Injury caused by factors other than dumping

Under s. 269TAE(2A) of the Act, in determining material injury for the purposes referred to under s. 269TAE(1) and s. 269TAE(2), the Minister must consider whether any injury to an industry, or hindrance to the establishment of an industry, is being caused or threatened by a factor other than the exportation of those goods. Any such injury or hindrance must not be attributed to the dumping.

Interested parties through submissions¹⁵ have suggested there have been factors other than dumping that would have contributed to injury experienced by OneSteel.

The other factors submitted as causing injury to the Australian industry include:

- A high Australian dollar;
- International steel prices;
- High raw material or billet costs;
- High energy costs;
- High tax costs;
- Level of domestic growth/declining domestic growth;
- Effect of imports from other countries;
- Initiation of the carbon tax;
- Efficiency or competitiveness of OneSteel's operations;
- High labour costs;
- Declining domestic demand;
- Injuries caused by the mere ebb and flow of business and/or the business cycle;
- OneSteel undertaking a restructure process after the acquisition of Smorgon Steel;

¹⁴ Submissions - Trade Resources Company 17/12/2014 – EPR 264/011; Corrs Chambers Westgarth 26/12/2014 – EPR 264/007; European Commission 25/11/2014 – EPR 264/005.

¹⁵ Submissions – Tay & Partners 5/12/2014 EPR 264/9; Trade Resources Company 17/12/2014 – EPR 264/011; Government of Turkey 17/12/2014 EPR 264/010; European Commission 25/11/2014 – EPR 264/005; Government of Spain 2/12/2014 EPR 264/006.

PUBLIC RECORD

- Inconsistency of statements made in Arrium's Annual reports or other public announcements made by OneSteel compared to the application submitted.

It is noted that similar concerns were raised in both the Hot Rolled Structural Steel and Rod in Coil investigations where OneSteel was the sole Australian industry representative. In both of these investigations it was noted that these injury factors may have exacerbated the injury caused to OneSteel by dumped imports rather than displacing it. However, the Commission will continue to seek further evidence on these issues and continue to assess the degree to which, if at all, these factors may have caused injury to the Australian industry in relation to this investigation.

8.6 Summary

It is the Commission's view that, for the purposes of the PAD, there appear to be sufficient grounds to establish that the loss of sales volumes, the loss of market share, the price suppression, reduced profits and profitability suffered by the Australian industry during the investigation period were caused by dumping and that the injury suffered by the Australian industry as a result of the dumping was material.

9 PRELIMINARY NON INJURIOUS PRICE ASSESSMENT**9.1 Preliminary assessment**

The Commission has preliminarily assessed the non-injurious price (NIP) as equal to the normal value for each exporter, on the basis that the injury caused by dumping is due to OneSteel's matching of import prices. The recommended level of securities is therefore at the full amount of the preliminary dumping margins found. As a result, the lesser duty rule does not come into effect.

9.2 Introduction

Duties may be applied where it is established that dumped imports have caused or threatened to cause material injury to the Australian industry producing like goods. The level of dumping duty imposed by the Parliamentary Secretary cannot exceed the margin of dumping, but the Parliamentary Secretary must have regard to the desirability of fixing a lesser amount of duty if it is sufficient to remove the injury.

The NIP provides the mechanism whereby this lesser duty provision is given effect. It is the price that would be sufficient to remove the injury caused to the Australian industry by the dumping, except in certain circumstances.

Dumping duties are based on free-on-board (FOB) prices in the country of export. Therefore a NIP is calculated in FOB terms for the country of export.

The Commission generally derives the NIP by first establishing a price at which the Australian industry might reasonably sell its product in a market unaffected by dumping. This price is referred to as the unsuppressed selling price (USP).

The Commission's preferred approach to establishing USPs observes the following hierarchy:

- industry selling prices at a time unaffected by dumping;
- constructed industry prices - industry CTMS plus profit; or
- selling prices of un-dumped imports.

Having calculated the USP, the Commission then calculates a NIP by deducting the costs incurred in getting the goods from the export free on board point (or another point if appropriate) to the relevant level of trade in Australia. The deductions normally include overseas freight, insurance, into-store costs and amounts for importer expenses and profit.

9.3 Australian Industry

OneSteel, to date, has not made a submission in relation to determining a USP for the Australian industry.

9.4 The Commission's preliminary assessment

PUBLIC RECORD

The Commission, at this stage, does not have any data available to it to establish industry selling prices at a time unaffected by dumping and, therefore, is unable to establish USPs on this basis.

Whilst the Commission has received information on Australian industry's CTMS, no submissions or information has been received in relation to a suitable profit margin that could be applied. Due to the lack of information in this regard, the Commission's approach is not to apply this methodology at this time.

The Commission is of the preliminary view that USP's should be established on the basis of selling prices of un-dumped imports. Further, it's the Commission's preliminary view that in a market unaffected by dumping, it is reasonable to expect that OneSteel would continue to set its prices with regard to benchmarked import prices. In this case, as the price of imports would be higher in the absence of dumping, it would be expected that OneSteel's prices would also be higher.

Accordingly, the Commission considers that the NIP for each exporter is a price equal to the respective normal value. As the NIP is set at the same price as the normal value, the lesser duty rule does not come into effect. The Commission will consider any submissions from interested parties in relation to establishing the USPs

NIP calculations are at **Confidential Attachment 5**.

10 REASONS FOR MAKING A PAD

10.1 General

The Commission has been able to complete assessments of dumping based on verified and unverified information. The Commission's assessment shows that exports of rebar from the nominated countries in the investigation period were at dumped prices. The volume and dumping margins of the dumped goods were not negligible.

The available evidence indicates that competition from dumped imports has caused the Australian industry to suffer from the loss of sales volumes, the loss of market share, price suppression, reduced profits and profitability.

Based on the available information as at **13 March 2015**, the Commissioner is satisfied that for the purpose of the PAD:

- Rebar has been exported from Korea, Malaysia, Singapore, Spain, Taiwan, Thailand and Turkey at less than their normal value;
- there is an Australian industry producing like goods that is experiencing injury; and
- the dumped goods are causing material injury to the Australian industry.

Consequently, the Commissioner is satisfied there appears to be sufficient grounds for the publication of a dumping duty notice in respect rebar exported to from Korea, Malaysia, Singapore, Spain, Taiwan, Thailand and Turkey.

In making the PAD, the Commissioner had regard to the application and submissions received within 40 days of the public notice of initiation. Additionally, the Commissioner has also had regard to other matters considered relevant including information and data gathered by the Commission or submitted by interested parties (where appropriate), including:

- data from importers;
- data from exporters;
- data submitted by the Australian industry; and
- submissions made to the investigations from day 40 of the investigation to the date of making the PAD (where possible).

11 PROVISIONAL DUMPING MEASURES

11.1 Preliminary finding

The Commissioner is satisfied there are sufficient grounds for the publication of a dumping duty notice in relation to Rebar exported to Australia from Korea, Malaysia, Singapore, Spain, Taiwan, Thailand and Turkey (s.269TD(1)(a)).

Therefore, in making this PAD, the Commissioner is satisfied that the ACBPS should require and take securities under s. 42 of the Act in respect of interim dumping duty that may become payable in relation to rebar exported to Australia from Korea, Malaysia, Singapore, Spain, Taiwan, Thailand and Turkey. The Commissioner is satisfied that securities are necessary to prevent material injury to the Australian industry occurring while the investigation continues (s. 269TD(4)(b)).

11.2 Preliminary provisional measures

The forms of duty available when implementing measures are prescribed in the *Customs Tariff (Anti-Dumping) Regulation 2013* and include:

- combination of fixed and variable duty method (combination method);
- floor price duty method;
- fixed duty method (\$X per tonne); or
- ad valorem duty method (i.e. a percentage of the export price).

Securities for the purpose of this PAD will be taken in respect of rebar exported from Korea, Malaysia, Singapore, Spain, Taiwan, Thailand and Turkey where the preliminary margin of dumping is greater than 2%. The securities will be calculated ad valorem (i.e. a proportion of export price).

Securities will be at the level of the full dumping margins calculated, as tabulated below.

Country	Exporter / Manufacturer	Preliminary dumping margin
Korea	Daehan Steel Co., Ltd	17.6%
	<i>Un-cooperative Exporters</i>	25.5%
Malaysia	Amsteel Mills Sdn Bhd	17.9%
	Southern Steel Berhad	4.5%
	<i>Un-cooperative Exporters</i>	24.9%
Singapore	Natsteel Holdings Pte Ltd	5.0%
	<i>Un-cooperative Exporters</i>	9.7%
Spain	Compañía Española de Laminación, S.L	14.0%
	Nervacero, S.A.	6.2%
	<i>Un-cooperative Exporters</i>	17.9%

PUBLIC RECORD

Taiwan	Power Steel Co., Ltd	6.7%
	Wei Chih Steel Industrial Co., Ltd.	23.2%
	<i>Un-cooperative Exporters</i>	24.9%
Thailand	Millcon Steel Public Company Limited	2.2%
	<i>Un-cooperative Exporters</i>	3.8%
Turkey	Habas Sinai Ve Tibbi Gazlar Istihsal Endustri A.S.	4.7%
	<i>Un-cooperative Exporters</i>	8.2%

Table 3 - Preliminary provisional measures summary

PUBLIC RECORD

12 APPENDICES & ATTACHMENTS

Non-Confidential Attachment 1	Public notice – PAD
Confidential Attachment 1	Commissioner Determination for PAD No. 264
Confidential Attachment 2	Preliminary export prices, preliminary normal values and preliminary dumping margins
Confidential Attachment 3	Preliminary injury assessment
Confidential Attachment 4	Preliminary price undercutting analysis
Confidential Attachment 5	Preliminary USP and NIPs