



**Australian Government**  
**Anti-Dumping Commission**

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**CUSTOMS ACT 1901 - PART XVB**

**CONSIDERATION REPORT  
NO. 223**

**APPLICATION FOR A DUMPING DUTY NOTICE  
HOT ROLLED STRUCTURAL STEEL SECTIONS EXPORTED  
FROM JAPAN, THE REPUBLIC OF KOREA, TAIWAN AND  
THAILAND**

**October 2013**

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## ABBREVIATIONS

\$	Australian dollars
ABS	Australian Bureau of Statistics
ACBPS	Australian Customs and Border Protection Service
AD Agreement	Anti-Dumping Agreement
The Act	<i>Customs Act 1901</i>
the applicant	OneSteel Manufacturing Pty Ltd
CFR	Cost and freight
the Commission	Anti-Dumping Commission
the Commissioner	Anti-Dumping Commissioner
CTMS	Cost to make & sell
the Division	Division 2 of Part XVB of the <i>Customs Act 1901</i>
FIS	Free Into Store
FOB	Free On Board
GAAP	Generally accepted accounting principles
the goods	the goods the subject of the application (also referred to as the goods under consideration or GUC)
HRS	Hot rolled structural steel sections
ISSB	International Steel Statistics Bureau
Korea	The Republic of Korea
the Minister	the Minister for Home Affairs
NIP	Non-injurious price
OneSteel	OneSteel Manufacturing Pty Ltd
SG&A	Selling, general and administrative
SBB	Steel Business Briefing
TCO	Tariff Concession Order
USD	US dollar
USP	Unsuppressed Selling Price
WTO	World Trade Organisation

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## 1 SUMMARY AND RECOMMENDATION

### 1.1 Background

This report provides the results of the Anti-Dumping Commission's (the Commission) consideration of an application by OneSteel Manufacturing Pty Ltd (OneSteel) for the publication of a dumping duty notice in respect of hot rolled structural steel sections (HRS) exported from Japan, the Republic of Korea (Korea), Taiwan and Thailand.

### 1.2 Application of law to facts

Division 2 of Part XVB (the Division) of the *Customs Act 1901* (the Act)<sup>1</sup> sets out procedures for considering an application for a dumping duty notice.

### 1.3 The role of the Commission

The Commission is responsible for preparing a report for the Anti-Dumping Commissioner (the Commissioner) examining an application for a dumping duty notice. In this report, the following matters are considered in relation to the application:

- whether the application complies with subsection 269TB(4);
- whether there is, or is likely to be established, an Australian industry in respect of like goods; and
- whether there appear to be reasonable grounds for the publication of a dumping duty notice in respect of the goods the subject of the application.

### 1.4 The role of the Commissioner

The Act empowers the Commissioner, after having regard to the Commission's report, to reject or not reject an application for the publication of a dumping duty notice.

If the Commissioner decides not to reject the application, the Commissioner must give public notice of the decision providing details of the investigation.

The Commissioner's powers have been delegated to certain officers of the Commission.

### 1.5 Findings and conclusions

The Commission has examined the application for the publication of a dumping duty notice in relation to HRS exported from Japan, Korea, Taiwan and Thailand. The Commission is satisfied that:

- the application complies with the requirements of subsection 269TB(4) as set out in Chapter 3 of this report);
- there is, or is likely to be established, an Australian industry in respect of like goods (as set out in Chapter 4 of this report); and

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<sup>1</sup> All references in this report to sections of legislation, unless otherwise specified, are to the *Customs Act 1901*.

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- there appear to be reasonable grounds for the publication of a dumping duty notice in respect of the goods the subject of the application (as set out in Chapters 5, 6 and 7 of this report).

## 1.6 Recommendation

The Commission recommends that the Commissioner decide not to reject the application.

If the Commissioner accepts this recommendation, to give effect to that decision, the Commissioner must publish the notice at **Appendix 1** indicating that the Commission will inquire into whether the grounds exist to publish a dumping duty notice.

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## 2 BACKGROUND

### 2.1 Application

On 26 August 2013, OneSteel lodged an application requesting that the then relevant Minister, the Minister for Home Affairs, publish a dumping duty notice in respect of HRS exported from Japan, Korea, Taiwan and Thailand. OneSteel provided further information and data in support of its application, the last of which was received on 1 October 2013, restarting the 20 day period for consideration of the application.

The applicant alleges that the Australian industry has suffered material injury caused by HRS exported to Australia from Japan, Korea, Taiwan and Thailand at dumped prices. The applicant claims the industry has been injured through:

- price depression;
- price suppression;
- reduced profits and profitability;
- reduced domestic revenues;
- reduced production capacity utilisation;
- reduced employment; and
- reduced attractiveness for reinvestment.

### 2.2 The goods the subject of the application

#### 2.2.1 Description

The goods the subject of the application are:

*Hot rolled structural steel sections in the following shapes and sizes, whether or not containing alloys:*

- *universal beams (I sections), of a height greater than 130mm and less than 650mm;*
- *universal columns and universal bearing piles (H sections), of a height greater than 130mm and less than 650mm;*
- *channels (U sections and C sections) of a height greater than 130mm and less than 400mm; and*
- *equal and unequal angles (L sections), with a combined leg length of greater than 200mm.*

*Sections and/or shapes in the dimensions described above, that have minimal processing, such as cutting, drilling or painting do not exclude the goods from coverage of the application.*

*Goods excluded from this application are:*

- *hot rolled 'T' shaped sections, sheet pile sections and hot rolled merchant bar shaped sections, such as rounds, squares, flats, hexagons, sleepers and rails; and*
- *sections manufactured from welded plate (e.g. welded beams and welded columns).*

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## 2.2.2 Production Information

In support of the goods description, OneSteel stated:

*'In Australia the goods are commonly known as universal beams, universal columns, universal bearing piles, parallel flange channels and both equal and unequal angles. Universal columns typically have their web lengths similar to their flange lengths, whereas universal beams typically have longer webs than flanges. In some other countries the term "H beams" applies to both universal beams and universal columns and the term "I beams" denotes tapered flange beams.*

*The common grades of steel that the goods subject to this application are sold to are grade 300 and grade 350. The minimal yield stress of the grade 300 refers to 300 Mega Pascals (MPa) and the minimal yield stress for grade 350 is 350 MPa.*

*The type of alloys that may be incorporated into the HRS steel sections include but is not limited to boron (typically with a boron amount above 0.0008 per cent or chromium above 0.3%). For clarity, the inclusion of alloy(s) is limited to the shapes and sizes identified above.*

*The majority of the goods that are subject to this application are manufactured to comply with or exceed the requirements set out in AS/NZS 3679.1:2010 Structural steel Part 1: Hot-rolled bars and sections.*

*Imported goods are mostly quoted to AS/NZS 3679.1, but if not will generally be quoted to an international standard that stipulates nominal yield strength of 300 Mega Pascals (MPa)'.*

## 2.2.3 Tariff classification

### 2.2.3.1 Hot rolled non-alloy steel sections

Goods identified as hot rolled non-alloy steel sections as set out in section 2.2.1 are classified to the following tariff subheadings in Schedule 3 to the *Customs Tariff Act 1995*:

- 7216.31.00 statistical code 30 (channels – U and C sections);
- 7216.32.00 statistical code 31 (universal beams – I sections);
- 7216.33.00 statistical code 32 (universal column and universal bearing piles – H sections); and
- 7216.40.00 statistical code 33 (equal and unequal angles – L sections).

For the tariff subheadings outlined above, the general rate of duty is 5% for goods imported from Japan and free for imports from Korea, Taiwan and Thailand.

The Commission received advice from the Tariff Policy section of the Australian Customs and Border Protection Service (ACBPS), indicating tariff subheading 7216.50.00 may be applicable to C sections, only in circumstances whereby these goods are differentiated by industry members and consumers from U sections. The



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Commission notes that OneSteel considers these products to be interchangeable and the Commission will seek further clarification on this matter during the course of the investigation.

## 2.2.3.2 Hot rolled other alloy steel sections

Goods identified as hot rolled other alloy steel sections, as per the specified shapes and sizes as set out in section 2.2.1, are classified to tariff subheading 7228.70.00 in Schedule 3 of the *Customs Tariff Act 1995*. The applicable duty rate for imports from Japan, Korea and Taiwan is 5%, and Thailand is free.

## 2.2.3.3 Tariff Concession Orders

Tariff Concession Orders (TCO) 0513491 and 0513492 may apply to such goods that are classified to tariff subheading 7216.32.00 and 7228.70.00, respectively.

Tariff Ref: 7216.32.00 - Description of Goods

*I BEAMS, hot rolled, having EITHER of the following:*

- a) *depth NOT less than 356 mm (14 in) and a flange width NOT less than 368 mm (14.5 in);*
- b) *depth NOT less than 762 mm (30 in) and a flange width NOT less than 267 mm (10.5 in)*

Tariff Ref: 7228.70.00 - Description of Goods

*I BEAMS, hot rolled, having EITHER of the following:*

- a) *depth NOT less than 356 mm (14 in) and a flange width NOT less than 368 mm (14.5 in);*
- b) *depth NOT less than 762 mm (30 in) and a flange width NOT less than 267 mm (10.5 in)*

## 2.3 Previous investigations

On 5 July 2002, the Minister of Justice and Customs published a dumping duty notice applicable to HRS exported to Australia from Korea, South Africa and Thailand.<sup>2</sup>

Reviews of the anti-dumping measures applying to certain HRS exported from Thailand and Korea were initiated in 2002 and 2004, respectively, resulting in changes to the variable factors.<sup>3</sup> Both reviews led to a finding that variable factors i.e. normal values, export prices and non-injurious prices (NIP) relevant to the anti-dumping measures had changed. Both reviews found that the export price was

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<sup>2</sup> Trade Measures Report no 55, May 2002.

<sup>3</sup> Trade Measures Report No.62, December 2002. Trade Measures Report No.79, August 2004.

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higher than the normal value during the respective investigation periods and consequently, the revised interim dumping duties were both set to zero.

Anti-dumping measures on HRS from Korea, South Africa and Thailand expired on 6 July 2007, as a result of no application for the continuation of measures.

## 2.4 Current measures

There are currently no anti-dumping measures in place in relation to the goods subject to the application.

## 2.5 Consideration of the application

Under subsection 269TC(1) of the *Act*, the Commissioner must examine an application for publication of a dumping duty notice upon its receipt and, within 20 days of lodgement (or 20 days of lodgement of further information in support of the application), decide whether or not to reject the application.

In relation to this application, this decision must be made no later than **21 October 2013**.

Subsection 269TC(1) specifies that the Commissioner shall reject the application if he is not satisfied that:

- the application complies with subsection 269TB(4); or
- there is, or is likely to be established, an Australian industry in respect of like goods; or
- there appear to be reasonable grounds for the publication of a dumping duty notice in respect of the goods the subject of the application.

The above matters are examined in the following sections of this report.

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## **3 DOES THE APPLICATION COMPLY WITH SUBSECTION 269TB(4)?**

Subsection 269TB(4) requires that the application must:

- be in writing; and
- be in an approved form; and
- contain such information as the form requires; and
- be signed in the manner indicated by the form; and
- be supported by a sufficient part of the Australian industry.

### **3.1 Approved form**

The application is in writing, is in an approved form (a B108 application form), contains such information as the form requires (as discussed in the following sections) and is signed in the manner indicated in the form.

Confidential and public record versions of the application were submitted. The Commission considers that the public record version of the application contains sufficient detail to allow a reasonable understanding of the substance of the information within the confidential application.

### **3.2 Supported by Australian industry**

An application is taken to be supported by a sufficient part of the Australian industry if the Commission is satisfied the persons who produce or manufacture like goods in Australia and who support the application:

- account for more than 50 percent of the total production or manufacture of like goods by that proportion of the Australian industry that has expressed either support for or opposition to, the application; and
- account for not less than 25 percent of the total production or manufacture of like goods in Australia.

The application states that OneSteel is the only Australian producer of HRS in Australia. Based on the information provided and the Commission's preliminary research, the Commission is satisfied that OneSteel is the sole Australian producer of HRS and the application is supported by a sufficient part of the Australian industry.

### **3.3 The Commission's assessment**

Based on the information submitted by the applicant, the Commission considers that the application complies with subsection 269TB(4).

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## 4 IS THERE AN AUSTRALIAN INDUSTRY IN RESPECT OF LIKE GOODS?

Subsection 269TC(1) requires that the Commissioner must reject an application for a dumping duty notice if, inter alia, he is not satisfied that there is, or is likely to be established, an Australian industry in respect of like goods.

### 4.1 Locally produced like goods

Subsection 269T(1) 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.*

#### 4.1.1 Applicant's claims

OneSteel stated that it is the sole Australian producer of HRS and that it manufactures HRS products that are like to the goods the subject to the application. The basis for this claim is that the HRS products that it manufactures:

- are alike in physical appearance;
- compete directly in the same market;
- are directly substitutable; and
- have the same end-uses.

OneSteel stated:

*'(It.....manufactures HRS sections that are subject of this application in a range of shapes, grades, thicknesses and lengths at its manufacturing facility in Whyalla South Australia'.*

*'OneSteel considers that the essential characteristics of imported HRS are the same, or similar, to locally produced HRS. The essential characteristics include:*

*i. Physical likeness:*

*OneSteel manufactures a range of HRS in multiple shapes, sizes, grades, thicknesses and lengths that are alike in physical appearance to the imported goods.*

*ii. Commercial likeness:*

*OneSteel's locally produced HRS competes directly with imported HRS in the Australian market.*

*iii Functional likeness*

*Both imported and Australian produced HRS are used interchangeably in the same or comparable end-uses.*

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## iv Production likeness

*The Australian industry produced HRS sections are manufactured in a similar manner to the imported goods. Molten steel is poured into a caster to produce a semi-finished feed product that is either a slab, bloom or billet.*

*This semi-finished feed product is then hot rolled into structural shapes and sections in a rolling mill'.*

### 4.1.2 The Commission's assessment

The Commission has examined the evidence presented in the application and is satisfied at the consideration stage that the Australian industry produces like goods to the goods the subject of the application, as defined in section 269(T) of the Act. The Commission considers that the applicant has demonstrated:

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

## 4.2 Manufactured in Australia

Subsections 269T(2) and 269T(3) specify that, for goods to be regarded as being produced in Australia, they must be wholly or partly manufactured in Australia. 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.

### 4.2.1 Applicant's manufacturing operations

OneSteel described the HRS manufacturing process, commencing from the mining of raw materials in a five step process outlined below. Further detail is provided in OneSteel's application on pages 12 and 13.

OneSteel described its production process as follows:

#### ***Iron Making***

- *Molten pig iron is made in a blast furnace from pellets of iron ore and coking coal.*

#### ***Steel Making***

- *The molten pig iron is transferred to Steel Making where scrap and alloys are added in the Basic Oxygen Furnace to produce molten steel;*

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- *The molten steel is poured into a combi-caster which produces slabs, blooms or billets in various lengths, widths and heights; and*
- *Blooms are the feed for the Hot Rolling Structural mill and are stored in the bloom yard until required.*

## **Structural Mill**

- *Prior to rolling in the Structural mill, the blooms are heated in the re heat furnace to the required temperature;*
- *Blooms are extracted from the reheat furnace, descaled and transferred to the rolling stands; and*
- *The stands contain a combination of horizontal and/or vertical rolls that are used to shape the products. Stand rolls are unique for each section.*

## **Shapes finishing End**

- *After exiting the final stand, the shapes are cut with the hot saw into long lengths and transferred to the cooling beds. Samples for testing are taken at the hot saw.*
- *After cooling, the shapes are straightened, inspected, cut to customer length, bundled, stencilled and labelled. The label contains information on shape, size, and grade and metre weight.*

## **Material handling and dispatch**

- *The products are then stored in Whyalla prior to being sent to the Distributor's warehouse or directly to their customer's facility'.*

### **4.2.2 The Commission's assessment**

Based on the description provided by OneSteel of its manufacturing process for HRS, the Commission is satisfied that there is at least one substantial process of manufacture performed in Australia and, therefore, that the goods may be taken to have been produced in Australia.

## **4.3 Australian Market**

### **4.3.1 Background**

OneSteel manufactures HRS that is primarily used in the structural steel and fabrication market in construction and engineering projects. This HRS is distributed and sold across Australia. Similarly, imported HRS is sold and distributed across Australia.

OneSteel stated that universal columns are generally used in vertical support applications, whilst universal beams and channels are used in horizontal applications. Structural angles are generally used in bracing applications.

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## 4.3.2 Market segmentation

The key market segments for structural steel are: commercial construction, mining and resource construction, engineering fabrication and to a lesser degree, residential construction, manufacturing and piling.

According to OneSteel, the Australian HRS market for sales is concentrated in state capital cities or large regional centres, such as Newcastle or Wollongong, where large fabricators are generally based.

## 4.3.3 Marketing and distribution

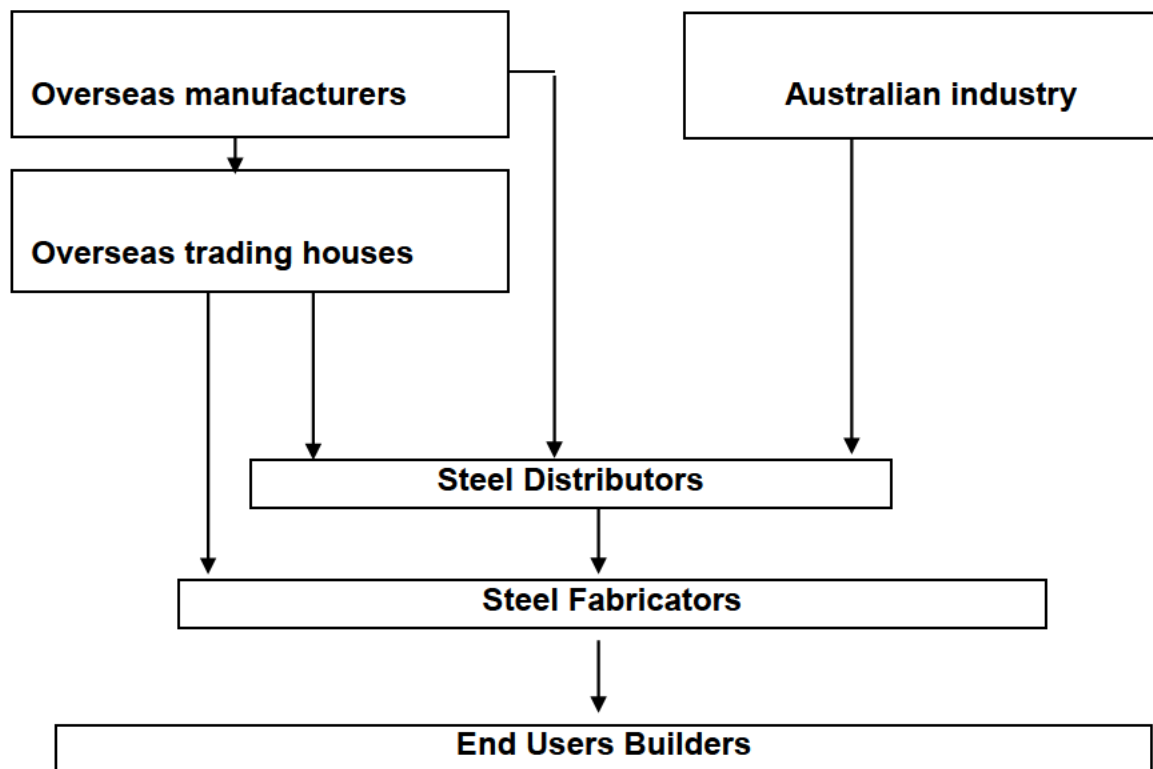
OneSteel submits that the Australian HRS market is comprised of a local manufacturer, overseas manufacturers or exporters, importers, wholesalers, distributors, resellers and end-users. OneSteel sells HRS to a national steel distributor network of related and non-related entities that provides for an expansive national coverage. OneSteel offers HRS to distributors in 2 ways:

- 1) rapid range group – stock from the “rapid range group” are held in stock by OneSteel and is available to distributors on a [REDACTED] lead-time from the placement of order; or
- 2) ex-rolling group – stock purchased by customers based on published production cycles. National distributors are also able to order from the ex-rolling group for delivery straight to their specific outlet or have goods stored at Whyalla for despatch at a later date.

In contrast, OneSteel submits that imported HRS is generally offered to distributors once a month, either directly from a mill or more commonly via traders. The lead time for imports to Australia is generally 10 to 12 weeks, but may sometimes be longer. Imported HRS is generally sold to the same end-users via similar competing supply chains.

Diagram 1 below, provided by OneSteel, illustrates the Australian market for HRS, in particular the distribution network.

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Source: OneSteel application, page 15.

## 4.3.4 Demand variability

OneSteel's application submits that demand variability for HRS within the Australian market is driven by the following factors:

- variability of investments in key market segments, including non-residential construction, engineering construction, mining and resources infrastructure, and manufacturing; and
- seasonal fluctuations, in particular the traditional construction industry holiday period in December and January.

## 4.3.5 Market Size

### 4.3.5.1 OneSteel's claims

OneSteel's application stated that the Australian Bureau of Statistics (ABS) import data for HRS is the subject of country suppression orders, and therefore was unavailable to OneSteel, to assess market size. Instead, OneSteel used import data sourced from the International Steel Statistics Bureau Limited (ISSB), a firm specialising in the provision of import and export trade statistical data to identify export volumes from the nominated countries for the period 1 July 2009 to 30 June 2013. Data gathered by OneSteel is set out below in Figure 1.



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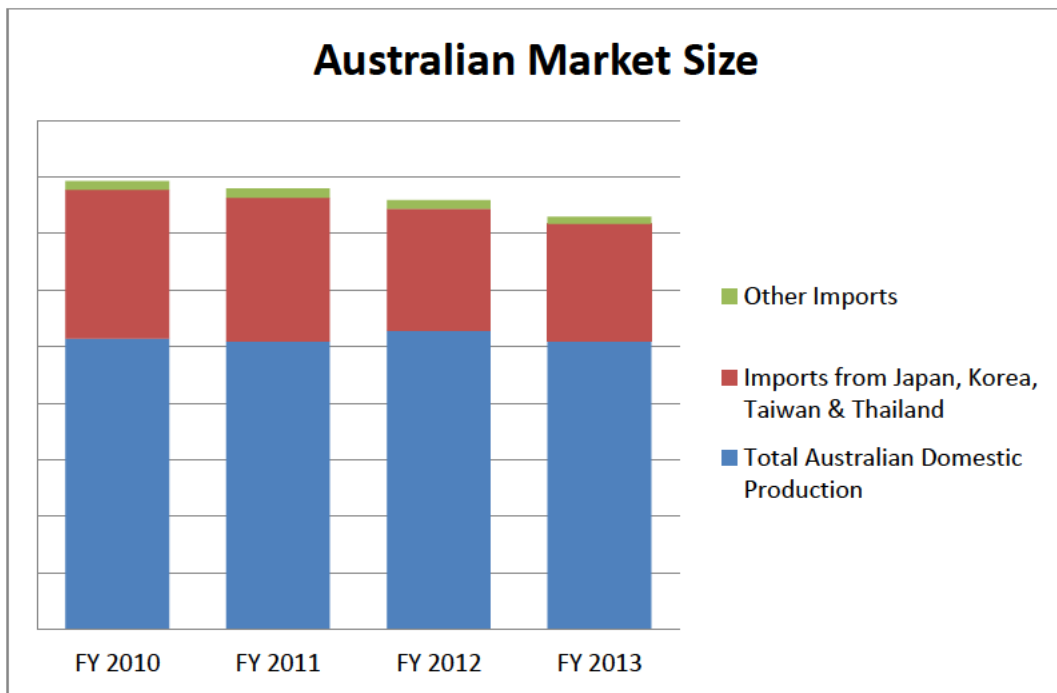


Figure 1 – Australian Market Size for HRS – FY 2010 to FY 2013

Figure 1 depicts the total market size for HRS, showing a declining Australian market over the four year period graphed.

#### 4.3.5.2 The Commission's Assessment

In light of the Commission's assessment of data from the ACBPS import database, noting minor variations, the Commission considers that the information submitted by OneSteel is reliable, relevant and suitable for estimating the relative size of the Australian market for HRS. The Commission's assessment of the Australian market for HRS is attached at **Confidential Appendix 2**.

#### 4.3.6 General accounting / administration

OneSteel is a wholly owned subsidiary of Arrium Limited, a publicly listed company on the Australian Stock Exchange. Arrium is a member of the Australian Industry Group, the Australian Steel Institute, the Bureau of Steel Manufacturers of Australia and the South East Asian Iron & Steel Institute.

OneSteel's financial accounting period is from 1 July to 30 June.

OneSteel's chart of accounts, internal management reports and annual report for 2012 were provided to the Commission. OneSteel submits its accounting practices are maintained in accordance with Australia's generally accepted accounting practices (GAAP).

#### 4.3.7 Australian industry sales information

OneSteel provided sales and production information in the application, including a summary of domestic and export sales volumes, revenues, discounts and rebates as required in the relevant Confidential Appendices A2, A3, A5 and A6 for the period 1

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July 2009 to 30 June 2013, with Confidential Appendix A1 and A4 provided for the period 1 July 2012 to 30 June 2013.

The Commission examined the detail in, and link between, relevant appendices and identified some relatively minor discrepancies. Notwithstanding these minor discrepancies, for the purposes of this report, the Commission considers that OneSteel's appendices are reliable for assessing the economic condition of the Australian industry in respect of HRS.

## **4.3.8 Cost information**

OneSteel completed a Confidential Appendix A6 cost to make and sell (CTMS) spreadsheet for domestic and export sales. The information provided in this appendix included production and sales volumes, manufacturing costs, selling (including distribution), general and administrative (SG&A) expenses for the period 1 July 2009 to 30 June 2013.

The Commission examined the information provided and the link between other appendices and considers the information reliable for the purposes of preliminarily assessing the economic condition of the Australian industry in respect of HRS.

## **4.3.9 Other economic factors**

OneSteel completed Confidential Appendix A7 showing movements in assets, capital investment, revenue, return on investment, capacity, capacity utilisation, employment, productivity, closing stocks, cash flow measures and wages.

## **4.3.10 The Commission's assessment – Australian industry**

Based on the information in the application, the Commission is satisfied that there is an Australian industry producing like goods to the goods the subject of the application and that the information contained in the application is sufficient for the purposes of a preliminary analysis of the economic condition of the Australian industry in respect of HRS for the period 1 July 2009 to 30 June 2013.

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## 5 REASONABLE GROUNDS – DUMPING

### 5.1 Findings

Having regard to the matters contained in the application and to other information considered relevant, there appear to be reasonable grounds to support the claims that:

- HRS has been exported to Australia from Japan, Korea, Taiwan and Thailand at dumped prices;
- the individual total volume of HRS that appears to have been dumped from Japan, Korea, Taiwan and Thailand is each greater than 3% of the total Australian import volume of the goods, and therefore is not negligible; and
- the estimated dumping margin for each of the nominated countries is greater than 2% and is therefore not negligible.

### 5.2 Legislative framework

Article 5.2 of the World Trade Organisation (WTO) Anti-Dumping Agreement (AD Agreement) states that an application shall include evidence of dumping. It states that simple assertion, unsubstantiated by relevant evidence, cannot be considered sufficient to meet this requirement, but such information must be reasonably available to the applicant.

Subsection 269TC(1) of the Act requires that the Commissioner must reject an application for a dumping duty notice if, inter alia, the Commissioner is not satisfied that there appear to be reasonable grounds for the publication of a dumping duty notice.

Under section 269TG of the Act, one of the matters that the Minister must be satisfied of to publish a dumping duty notice is that the export price of goods that have been exported to Australia is less than the normal value of those goods. This issue is considered in the following sections.

### 5.3 General

OneSteel explained that, for the purposes of its application it has aggregated export prices for universal beams and columns with channels and angles. OneSteel considers that since the price and cost differential among the four HRS shapes, as described in section 2.2.1, is relatively immaterial, it asserts that price aggregation is reasonable. As a result, OneSteel calculated only one export price and only one normal value for the goods, for each country, in each month for a minimum of 12 months.

The Commission examined the export ISSB price data provided by OneSteel and noted that unit export prices of channel and angles were, in all but one of the comparisons (by country and by month), several percentage points higher than the unit prices for universal beams and columns. During the investigation, the Commission will further examine price differences for the purposes of model matching.

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In assessing whether OneSteel's price aggregation was reasonable, the Commission examined OneSteel's sales data for its domestic sales of like goods to identify any distinct pricing points along the lines of shapes and steel grades. The Commission observed that channels and angles were similarly generally higher in unit price when compared to beams and columns. Further, there appears to be variability in pricing for different grades of steel. For example, the Commission observed that grade 350 was typically higher in unit price than grade 300.

In spite of the observed pricing differential due to shapes and steel grades, the Commission considers that it is reasonable, for the purposes of the application, to aggregate the export price data. Similarly, the Commission is satisfied that it is reasonable for the applicant to estimate normal value without differentiating pricing due to shapes or steel grades.

## 5.4 Export Prices

### 5.4.1 OneSteel's claims

OneSteel relied on ISSB data of HRS exports to Australia to identify monthly free on board (FOB) prices for universal beams, universal columns, channels and angles for the nominated countries.

Due to listings under tariff classifications that included HRS and other products that are not the subject of the application, OneSteel filtered the ISSB export data by means of the following:

- based on OneSteel's own domestic HRS sales analysis, OneSteel applied a reducing 'factor' to more accurately identify and estimate the volume of HRS exported to Australia, that are goods the subject of the application;
- OneSteel excluded goods whose prices were outside of the generally accepted price range for HRS (i.e. less than \$500/tonne or over \$1800/tonne); and
- OneSteel excluded imports of alloyed products classified to tariff subheading 7228.70.00 because it considered the volumes to be minimal for the financial year ending June 2013.

Monthly export prices for HRS estimated by OneSteel are summarised in Table 1 below, noting OneSteel applied a methodology to the export data offsetting it by a month to reflect transit time

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Month	Japan	Korea	Taiwan	Thailand
	US\$/MT	US\$/MT	US\$/MT	US\$/MT
Jun-12	784	828	811	
Jul-12	803	796	741	
Aug-12	827	786	794	
Sep-12	824	784	791	
Oct-12	805	770	783	
Nov-12	802	809	768	
Dec-12	726	748	760	
Jan-13	729	730	750	
Feb-13	**	737	741	
Mar-13	720	740	742	
Apr-13	742	737	754	
May-13	753	738	752	

\*\* Denotes nil importations into Australia

**Table 1: Monthly Export Prices**

## 5.4.2 The Commission's assessment

The Commission examined the export data provided by OneSteel and noted some minor calculation errors. To verify the reliability of the export data provided by OneSteel, the Commission compared the export data to information from the ACBPS import database.

As with OneSteel's export data, tariff classifications used in the import database included HRS and other goods. In undertaking the comparison, the Commission applied the same filtering methodology applied by OneSteel, as set out in section 5.4.1.

A comparison of the monthly weighted average export prices from the ACBPS import database and the monthly weighted average export prices provided by OneSteel shows that they are reasonably consistent over the course of the year ending June 2013 for exports from Korea, Taiwan and Thailand. The Commission noticed some greater variation between OneSteel's stated monthly weighted average export price and the monthly weighted average export prices from the ACBPS import database, for Japan. Nonetheless, the Commission considers that the export prices submitted by OneSteel are sufficiently reliable and relevant for the purposes of the application.

The Commission considered OneSteel's view for excluding the alloyed products classified to tariff subheading 7228.70.00, and examined information in the ACBPS import database and is satisfied it is reasonable for the applicant to exclude these products.

A comparison of OneSteel's and the Commission's unit prices is at **Confidential Appendix 3**.

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## 5.5 Normal values

### 5.5.1 OneSteel's claims - Japan, Korea and Taiwan

OneSteel obtained domestic selling price information for HRS sold in Japan, Korea and Taiwan from an international steel publication. OneSteel provided the following explanation of the data:

*'OneSteel has obtained domestic pricing information for HRS sections from [REDACTED] sold in Japan, Korea and Taiwan. The quoted monthly domestic prices are provided in the domestic currency of the exporting country and relate to medium sections and beams (i.e. 240mm x 240 mm).'*

*'Prices are quoted on a "High" and "Low" basis. OneSteel has used an average of the quoted price range for each month as the basis for normal values'*

*'The prices are provided on a low and high basis to reflect the range of prices on the domestic market between major and minor customers'*

OneSteel also provided the following details of the terms and conditions of those domestic sales:

*'The prices quoted in [REDACTED] are those paid by consumers and stock holders for prime product. The prices reflect regular business transactions between customers and their local mills, negotiated during the specified month for delivery at a future date. The prices include all extras for the lowest price grade of steel for the HRS grade size nominated i.e.240mm x 240 mm that are sold ex-mill'*

*Delivery charges and local taxes are not included in the identified domestic prices.*

*The prices do not include sales of imported goods – these are specifically excluded from the domestic prices identified.*

Table 2 sets out the domestic selling prices in Japan, Korea and Taiwan, as submitted by OneSteel in their application.

Period	Japan (‘000 Yen per tonne)	Korea (‘000 KRW per tonne)	Taiwan (‘000 \$NT per tonne)
July 2012	66.5	855	26.1
August 2012	66.5	855	26.1
September 2012	66.5	855	25.6
October 2012	66.5	855	25.6
November 2012	66.5	845	25.6
December 2012	66.5	845	25.6
January 2013	66.5	835	24.4
February 2013	71.5	835	24.4

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Period	Japan (‘000 Yen per tonne)	Korea (‘000 KRW per tonne)	Taiwan (‘000 \$NT per tonne)
March 2013	73.5	835	24.9
April 2013	73.5	825	24.9
May 2013	73.5	785	24.9
June 2013	73.5	805	24.1

Table 2: Domestic Selling Prices July 2012 – June 2013

In the application, OneSteel indicated that there are differences in steel grade between HRS sold in Australia and to those sold in Japan, Thailand, Korea or Taiwan. Specifically, it submitted that:

*In order to comply with the Australian standard for structural steel (AS/NZS3679.1) the Australian market requires a higher quality grade to that which is commonly sold in either Japan, Thailand, Korea or Taiwan. The minimum grade required in Australia is a Grade 300 which has minimum yield strength of 300Mpa. The most common grade sold in the countries nominated is a grade SS400 which has a minimum yield strength of 235Mpa. A more appropriate comparison is to the next higher grade SS490, which has minimum yield strength of 355Mpa*

OneSteel argues that an adjustment can be made to the domestic selling price of HRS in the nominated countries to account for this grade difference; however, it has only included this adjustment in its calculations for exports from Korea. For Korea, OneSteel obtained information from Steel Business Briefing (SBB), an independent industry source for steel price information, which showed the price differential between the Korean domestic grade SS400 HRS and other grades, such as those that would be exported to Australia. OneSteel has uplifted the normal value by this price differential, to reflect the higher quality grades exported to Australia.

## 5.5.2 The Commission’s assessment

The Commission has considered OneSteel’s approach to normal values for Japan, Korea and Taiwan and is satisfied OneSteel has supported its estimates with information that is reasonably available.

The Commission notes there were a number of data transposition errors identified during the Commission’s assessment of the normal values in the application and relevant appendices. On balance, however, the Commission considers that, based on the information submitted in the application, the applicant’s estimate of normal values for HRS sold in Japan, Korea and Taiwan appears to be reasonable.

The Commission notes that the normal value calculations are based on an ex-works basis, and an upward adjustment is required to account for inland freight, consistent with the relevant inclusion of this cost in the export price. Therefore, the Commission expects an upward adjustment to normal value would result in an increase in the stated dumping margins for the nominated countries.

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The Commission is satisfied that, based on the information submitted in the application, no further adjustments (at this consideration stage) to domestic selling prices are required.

## 5.5.3 OneSteel's claims - Thailand

OneSteel stated that it was unable to obtain domestic selling prices for HRS sold in Thailand and, in the absence of such information; it has submitted a constructed normal value, which is explained in the following paragraphs.

OneSteel constructed a normal value based on the SBB East Asia import price for slab, with delivery terms of cost and freight (CFR). OneSteel noted that while the import price for blooms might have been more appropriate in this constructed normal value, there was no published data for internationally traded blooms, which are the typical intermediate feed material for HRS. OneSteel considered that because blooms are in between slabs and billets in size, it could have used an average of the prices for those intermediate products (noting that SBB East Asian slab prices averaged USD\$70/tonne lower than billet in the financial year ending June 2013), but instead used slab prices as what it considered a reasonable starting point.

In relation to conversion costs, including variable and fixed manufacturing costs, OneSteel calculated these with reference to its own production process for the 12 months ending June 2013. OneSteel considered this approach reasonable because it used figures based on OneSteel's manufacturing plant when it was operating at high efficiency rates at the time. OneSteel also added SG&A (excluding freight) based on OneSteel's own data for the 12 months ending 2013. Finally, OneSteel added an amount for profit that it considered to be less than an adequate return on investment and less than the current cost of capital.

## 5.5.4 The Commission's assessment

In the absence of available data for domestic selling prices of like goods in Thailand, the Commission considers it is reasonable for OneSteel to submit constructed normal values.

The Commission notes that the OneSteel approach to constructing normal values for Thailand contains assumptions that certain unit costs of production incurred by OneSteel will apply equally and generally to Thai manufacturers of the goods. The approach also contains similar assumptions with respect to SG&A expenses, although in this case it is noted that freight costs have been removed. (It is noted that the absence of an amount for freight charges in the constructed normal value and the absence of an inland freight adjustment, results in a normal value that is notionally lower than it might otherwise have been for the purposes of comparing to export prices at FOB).

The Commission understands that there is at least one Thai manufacturer and exporter of the goods that is an integrated steel maker that produces its intermediate blooms from an electric arc furnace process. Nevertheless, the Commission considers it is reasonable for OneSteel to base the constructed normal value initially on the price of slab. While the traded price of slab may include an amount for profit which may not need to be taken into account when constructing normal value for an integrated steel producer, the Commission considers such profit (if any) is unlikely to



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be sufficient to significantly reduce the dumping margins submitted by OneSteel. Furthermore, as OneSteel submits, it is possible that the price of bloom, which might have been the preferred starting point if selling price data was available, would be higher than for slab (per tonne) and this difference may negate the amount for profit (if any) that is notionally contained in the price of slab.

The Commission also considers it reasonable to, as OneSteel has done; take account of mill and scrap yields (and by-product credits) in constructing the costs of the raw materials. It is noted that the cost of raw materials represents the majority of the amount of the constructed normal value.

The Commission then considered the validity of OneSteel's approach in using costs of conversion and SG&A expenses based on its own data, which is discussed in the following paragraphs.

Firstly, the Commission retrieved CTMS data from a Thai manufacturer of HRS, and from OneSteel, that was verified for the purposes of the review of anti-dumping measures on HRS that was conducted in 2002. The Commission examined the relativities of the unit costs of production (excluding raw materials), and the relativities of unit amounts for SG&A expenses. While the information is clearly not recent, and the level of those costs and expenses may not be informative, the Commission considered it relevant to have regard to the relativities to Thai and OneSteel unit costs. The analysis (conducted twice, using rates of exchange from 2002 and from the 12 months ending 2013) provided no reason for the Commission to reject the apparent OneSteel proposition that, for the purposes of the application, it is reasonable to assume the unit costs of conversion and SG&A expenses for Thai manufacturers and for OneSteel are reasonably similar.

Secondly, the Commission noted that OneSteel considered its approach was valid because of the high efficiency rates of the OneSteel plant in 2013. The Commission assumes this was a reference to production levels and the potential for impact upon fixed manufacturing costs per unit. Accordingly, the Commission examined OneSteel's conversion costs per unit, and it calculated the average quarterly amounts for each quarter within the year ending June 2013. The Commission recalculated OneSteel's constructed normal values for Thailand using the minimum quarterly amount and it used the revised normal values to compare with the export prices submitted for Thailand. The Commission noted that even with the Thai normal values revised down to reflect the highest quarterly production levels for OneSteel (and lowest quarterly conversion costs which include fixed manufacturing costs), the revised normal values still generated a dumping margin for Thailand that is not negligible.

Lastly, the Commission considered the profit rate that OneSteel applied in its constructed normal value for Thailand. The Commission compared the profit rates achieved by a Thai manufacturer of HRS in relation to its domestic sales of like goods, as verified in the 2002 review, to the profit rates submitted by OneSteel. This analysis provided no grounds to conclude OneSteel's estimate was unreasonable. In any case, the Commission noted that even if the profit rate applied by OneSteel is removed from the constructed normal values, a dumping margin is still evident.

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Having regard to the above, the Commission considers the constructed normal values for Thailand that were submitted by OneSteel are reasonable for the purposes of its application.

## 5.6 Import volumes – nominated countries

From the information available from the ACBPS import database, it appears that imports of HRS from each of the nominated countries represented more than 3% of the total import volume of HRS in the 12 month period ending June 2013, and are therefore not in negligible volumes as defined in subsection 269TDA.

## 5.7 Dumping margins

Dumping margins for HRS calculated by OneSteel and provided in its application are summarised in the following table:

Country	Dumping Margin
Japan	7.21%
Korea	10.6%
Taiwan	11.6%
Thailand	23.9%

**Table 3: Dumping Margins**

A number of minor data transposition errors were identified during the review of OneSteel's application and appendices. It was found these errors, had no material impact on the dumping margins calculated by the applicant. The Commission also reviewed OneSteel's methodology for calculating the dumping margins, including the allowance for transit time. The Commission assessed the data submitted by OneSteel by removing the adjustment and found no material difference in the dumping margins calculated.

The dumping margins calculated by the Commission are at **Confidential Appendix 3**.

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## 6 REASONABLE GROUNDS – ECONOMIC CONDITION OF THE AUSTRALIAN INDUSTRY

### 6.1 Findings

Having regard to the information contained in the application, and to other information considered relevant, the Commission is satisfied that OneSteel appears to have experienced injury in terms of:

- price depression;
- price suppression;
- reduced profits and profitability;
- reduced domestic revenue;
- reduced production capacity utilisation; and
- reduced employment.

### 6.2 Legislative framework

Subsection 269TC(1) requires that the Commissioner must reject an application for a dumping duty notice if, inter alia, he is not satisfied that there appear to be reasonable grounds for the publication of such a notice.

Under sections 269TG, one of the matters that the relevant Minister must be satisfied of to publish a dumping duty notice is that, because of dumping of the goods, material injury has been or is being caused or is threatened to the Australian industry producing like goods.

### 6.3 Injury claims

In respect of HRS, OneSteel claims that the Australian industry has been injured through:

- price depression;
- price suppression;
- reduced profits and profitability;
- reduced domestic revenues;
- reduced production capacity utilisation;
- reduced employment; and
- reduced attractiveness for reinvestment.

Furthermore, OneSteel submitted in its application, that the injurious effects of dumping have had a more substantive impact in a contracting market segment, as experienced by OneSteel during the 2013 financial year.

### 6.4 Commencement of injury

OneSteel submitted that material injury caused by the importation of HRS has been occurring for a number of years, with an increased impact being experienced during the 2013 financial year.

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## 6.5 Approach to injury analysis

The injury analysis detailed in this section is based on information submitted by OneSteel in its application and import data from ACBPS's import database. OneSteel provided production, cost and sales data for HRS. The data was provided on a financial year basis for the period 1 July 2009 to 30 June 2013. OneSteel provided a single cost for its production of HRS; however sales were identified by product type.

The information provided by OneSteel was used as the primary basis for assessing OneSteel's claims of material injury caused by the dumping of HRS.

The Commission's assessment of the economic condition of the Australian HRS industry is at **Confidential Appendix 4**.

## 6.6 Price effects

### 6.6.1 Price depression and price suppression

Price depression occurs when a company, for some reason, lowers its prices. 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.

The following graphs illustrate the movements and relationships of OneSteel's net revenue and CTMS for HRS for the financial years 2010 to 2013. The first graph depicts total net revenue and total CTMS, whilst the second graph depicts revenue and CTMS on a per unit basis.

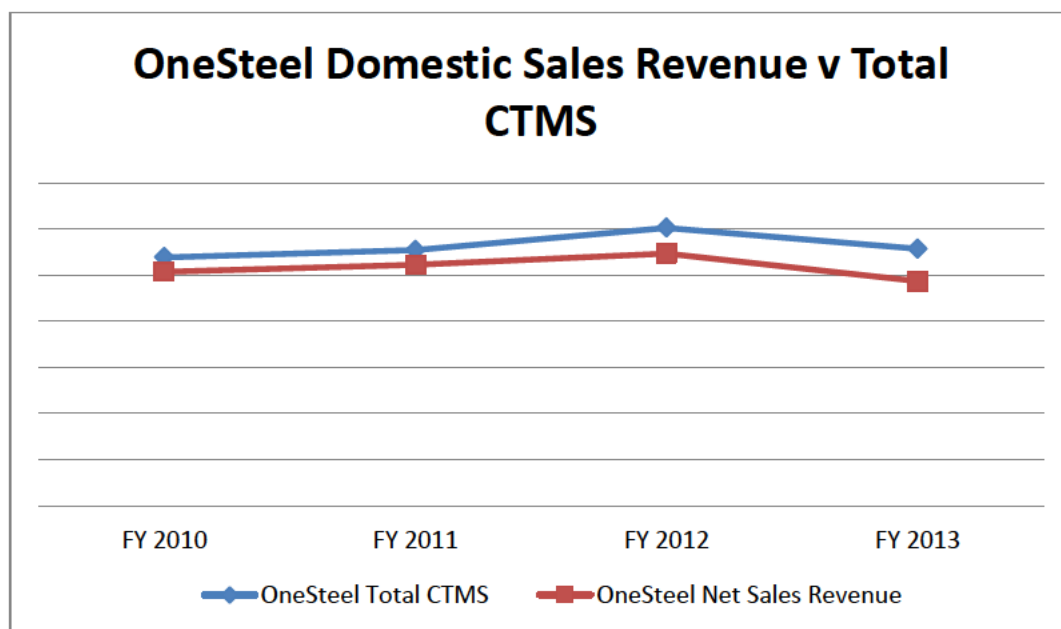
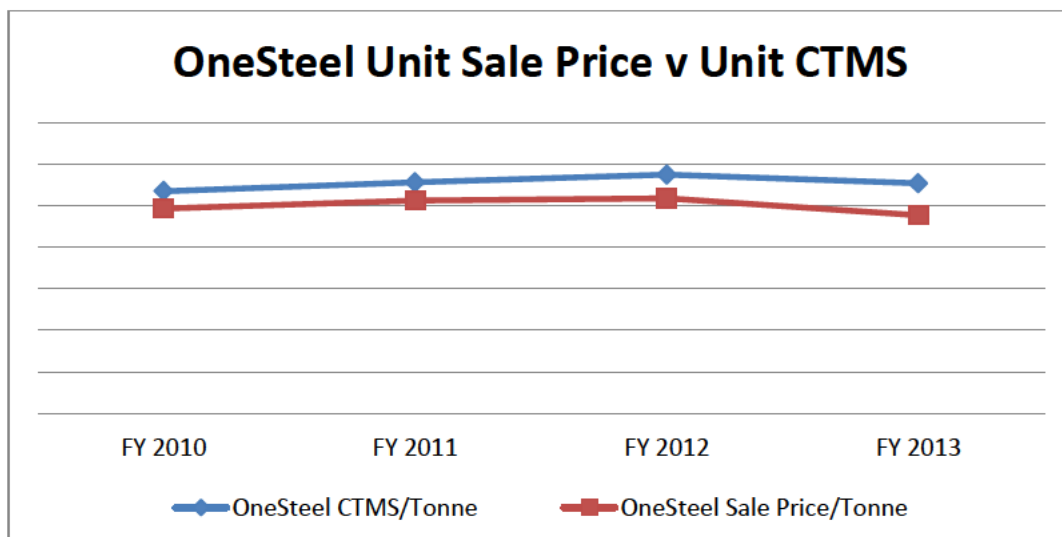


Figure 2: Total Revenue v Total CTMS

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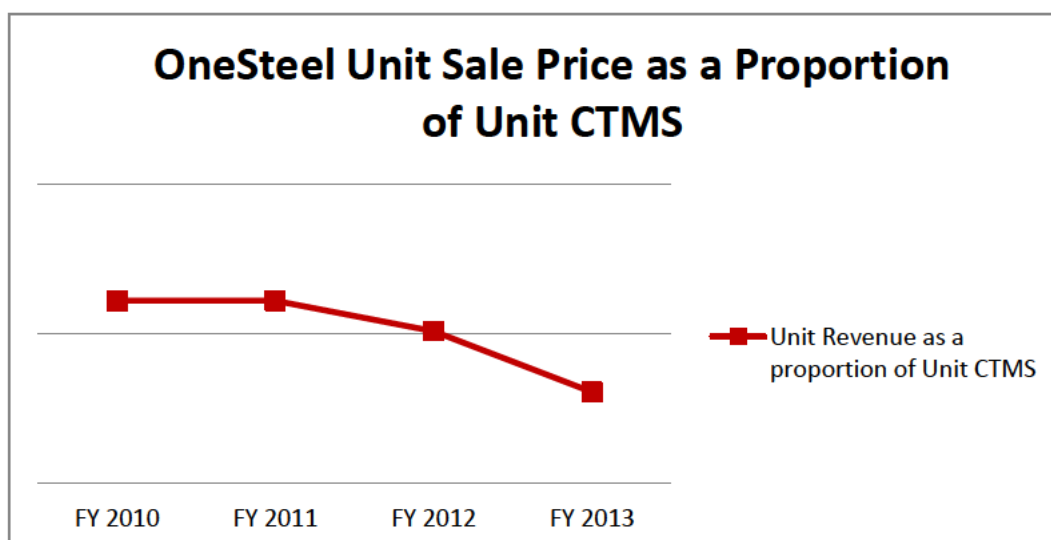
**Figure 3: Unit Sale Price v Unit CTMS**

These graphs demonstrate that CTMS has exceeded revenue over the four year period. CTMS and revenue increased on a year-on-year basis preceding 2013, with a noticeable decline in both CTMS and revenue in 2013 financial year. The graphs support OneSteel's claims of price depression.

Figure 4 depicts unit revenue as a proportion of unit CTMS. The Commission has considered the extent to which price suppression has occurred, noting that both unit CTMS and unit price decreased in 2013, however price has decreased at a greater rate.

Figure 4 shows a deterioration of unit revenue as a proportion of unit CTMS. Furthermore, the Commission notes the increasing margin between unit revenue and unit CTMS for 2013 which is evident in Figure 3.

The Commission is satisfied there appears to be reasonable grounds to conclude price suppression has occurred. Price suppression will be further explored during the course of the investigation.



**Figure 4: Unit revenue as a proportion of unit CTMS**

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## 6.7 Volume effects

OneSteel has not claimed that it has suffered material injury in relation to sales volume and market share. OneSteel submitted it is a volume sensitive supplier and has maintained its sales volume by lowering its prices. OneSteel also claims that it incurred increased losses on sales of HRS that could have been sold domestically had the imports not been made at dumped prices, instead of directing increased volumes for export sales.

### 6.7.1 Sales volume

Figure 5 below illustrates OneSteel's sales volume of HRS in the domestic market:

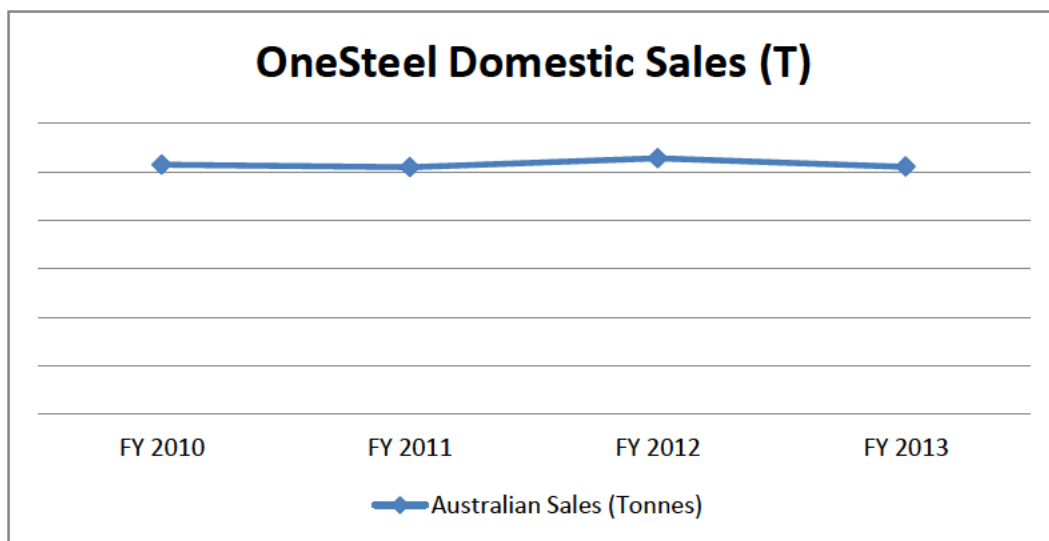


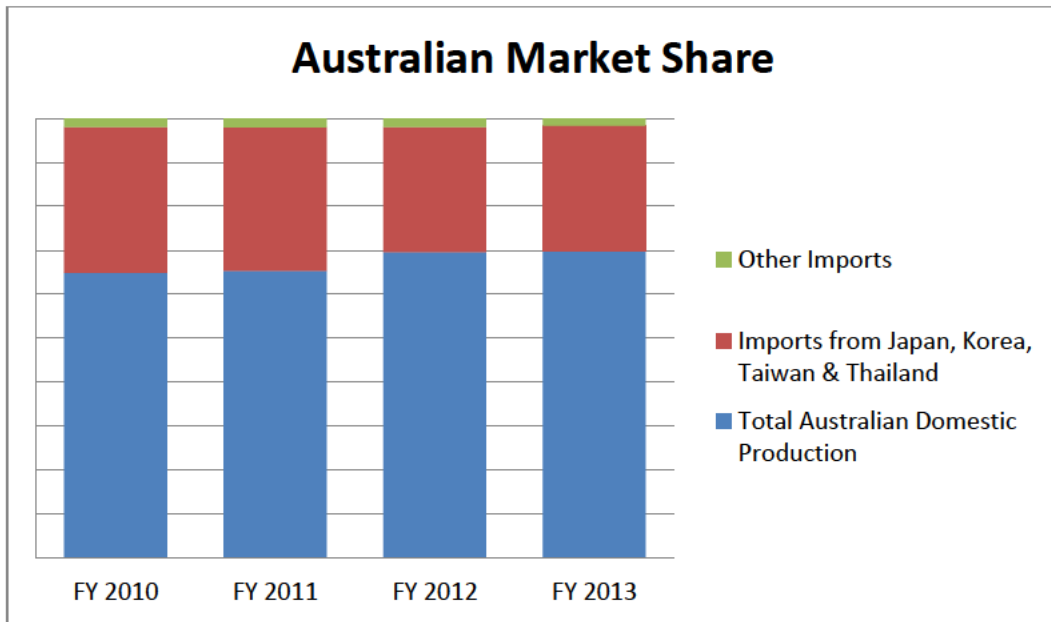
Figure 5: OneSteel Domestic Sales

This graph indicates that OneSteel increased the volume of its domestic HRS sales in the 2012 financial year; however volumes declined marginally in the 2013 financial year. OneSteel noted in its application that the Australian market as a whole decreased during this period.

### 6.7.2 Market share

Figure 6 depicts the changes in market share between OneSteel and imports.

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**Figure 6: Australian Market Share**

The above graph illustrates OneSteel's market share in Australia has remained reasonably consistent proportionally, with OneSteel marginally increasing market share over the four year period.

### 6.7.3 Export sales

Figure 7 below demonstrates the relationship between the percentage of HRS exported and that sold domestically.



**Figure 7: OneSteel Domestic & Export Volume**

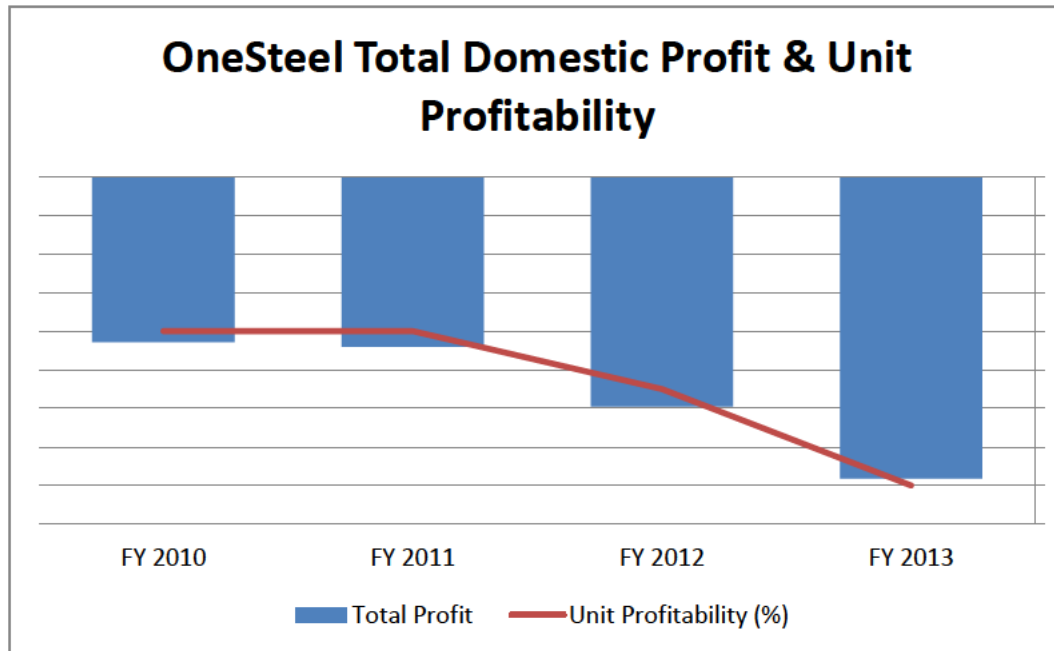
The information provided by OneSteel indicates that, whilst exported product represents a small proportion of total production, the proportion of HRS exported increased in 2012 and 2013.

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## 6.8 Profit effects

### 6.8.1 Profit and profitability

The graph below shows movements in OneSteel's domestic total profits and unit profitability (unit profit measured as a percentage of unit revenue). OneSteel claims to have suffered reduced profits and profitability caused by price undercutting due to the dumped imports.



**Figure 8: Total Profit & Unit Profitability**

The graph shows increasing losses and growing unprofitability for HRS. The graph support OneSteel's claims of substantive profit and unit profitability deterioration.

## 6.9 Summary of primary injury indicators

Based on the preliminary analysis detailed above, there appear to be reasonable grounds to support the claim that OneSteel has experienced injury in the form of:

- price depression;
- price suppression;
- reduced profits and profitability; and
- reduced domestic revenue

The degree of injury experienced by OneSteel in terms of price and profit factors appears to be material.

## 6.10 Other injury factors

### 6.10.1 OneSteel claims

OneSteel completed a Confidential Appendix A7 for HRS for the 2010 – 2013 financial years (other injury factors). OneSteel stated in its application that it had suffered material injury in respect of the following other injury factors:



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- reduced domestic revenues;
- reduced production capacity utilisation;
- reduced employment; and
- reduced attractiveness for reinvestment.

## 6.10.2 The Commission's assessment

The Commission has reviewed this data and identified the following trends for the above mentioned injury factors:

- domestic revenue: has declined in 2013, after three years of trend growth, for all manufactured products at the Whyalla Steelworks, and specifically for HRS as evidenced in Figure 2;
- production capacity utilisation: has decreased slightly in 2013 for HRS;
- employment: has fluctuated over the period, however decreased overall during 2013 for HRS; and
- attractiveness for reinvestment: has improved over the four year period, for all products produced at the Whyalla Steelworks, as evidenced by the return on investment increases outlined in Confidential Appendix A7.

The other information provided by OneSteel in the Confidential Appendix A7 has been examined. The Commission notes OneSteel identified within Confidential Appendix A7 whether each economic indicator related to either HRS products only or all products manufactured at the Whyalla Steelworks.

The Commission is unable to draw conclusions on the data provided which relates to all products manufactured at the Whyalla Steelworks. Notwithstanding, this does not diminish the assertions made by OneSteel in relation to the injury it has suffered. These injury factors will be subject to further investigation at a verification visit.

Based on information contained in Confidential Appendix A7 relating specifically to HRS, it appears there are reasonable grounds to conclude OneSteel has experienced injury in the form of

- reduced domestic revenue
- reduced production capacity utilisation; and
- reduced employment.

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## 7 REASONABLE GROUNDS - CAUSATION FACTORS

### 7.1 Findings

Having regard to the matters contained in the application, the Commission is satisfied that the goods under consideration exported to Australia from Japan, Korea, Taiwan and Thailand at allegedly dumped prices appears to have caused material injury to the Australian industry.

#### 7.1.1 OneSteel Claims

OneSteel claims in its application it is a volume sensitive supplier, which seeks to maintain market share and sales volume, in an environment in which it is competing with dumped imports, undercutting domestic selling prices. Price undercutting occurs when imported product is sold at a price below that of the Australian manufactured product.

OneSteel submitted the basis for its domestic pricing is the import parity price, plus a negotiated premium. OneSteel indicated overseas manufacturers provide import offers to Australian steel distributors in close proximity of each other, allowing OneSteel customers to select the lowest offer and utilise this as a basis for negotiating prices with OneSteel. OneSteel contends downwards movement in price as a result of undercutting, reduces OneSteel's selling prices in the domestic market.

OneSteel provided information that it claimed showed evidence of market offers for imported HRS from exporters in each of the nominated countries. Written copies of the offers were provided to the Commission covering the period June 2012 – June 2013. The offers outline the product offering and relevant specifications, the supplying mill in the country of export, price and payment terms, and delivery terms into the Australian market.

In the application, OneSteel detailed four specific examples where it claims that its prices had been undercut by prices of imports from the nominated countries. OneSteel claims the price undercutting has contributed to a reduction in its selling prices in 2013, resulting in price depression and suppression. OneSteel stated it had experienced an approximate 8% decline in average selling prices in 2013, in contrast to a reduction of 3.6% in unit costs.

OneSteel contends the rapid decline in selling prices has had a significant impact on profit deterioration year-on-year comparing 2012 and 2013 data and profitability, with a steady decline occurring since 2011. Reduced profits limit OneSteel's ability to attract funding for re-investment to aid in lowering production costs. OneSteel submitted without having reduced its selling price to compete with dumped imports, greater losses would have occurred, attributable to reduced capacity utilisation.

#### 7.1.2 The Commissions assessment

Based on the information provided in the application, the Commission considers the application contains probative evidence that the prices for imported goods from Japan, Korea, Taiwan and Thailand have undercut OneSteel's prices of locally produced goods.

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The Commission examined OneSteel's domestic sales data provided for a 12 month period, 1 July 2012 to 30 June 2013, for sales made on a free into store (FIS) basis. The Commission examined the aggregated weighted average unit selling price for all HRS products for this period, coupled with a weighted average unit selling price on a per product basis. The Commission also undertook this analysis on a steel grade basis. The Commission compared and contrasted this data, with information provided by OneSteel in its application relating to price undercutting.

The price undercutting appears to have inhibited OneSteel's ability to increase the selling price to either maintain or improve the proportion of revenue to CTMS of the locally manufactured product and appears to have caused it to lower prices. The price depression and price suppression have adversely impacted OneSteel's profit and profitability.

As an additional test of whether there is a causal link between the alleged dumping and material injury, the Commission sought to compare export prices from each of the nominated countries to estimates of NIP for the year ending June 2013.

To calculate the estimated NIP for each country, the Commission assumed that the unsuppressed selling price (USP) for OneSteel in the year ending June 2013 may have been the equivalent of its full weighted average CTMS for that year. While it may be reasonable to consider adding a profit, the Commission has applied no profit for the purposes of this test.

The Commission then deducted amounts from that USP for importer SG&A and profit, as well as importer 'into-store' costs, customs duty and overseas freight. The Commission used overseas freight data obtained from the ACBPS import database. In relation to the other deductions, the Commission used importation costs from a recent steel case.

These calculations provided for NIPs that were at delivery terms of FOB which is suitable for comparison to the ISSB export prices for each country provided by OneSteel. The comparison showed, for each of the four countries, that the weighted average export prices for the year were below the non-injurious prices particular to that country. The Commission regards this finding as being consistent with the OneSteel claim that the allegedly dumped goods have caused material injury.

The apparent price undercutting, price depression and price suppression indicates that the allegedly dumped imports from the nominated countries caused injury to the Australian industry. The estimated product dumping margin for imports from Japan, Korea, Taiwan and Thailand for the 12-month period is considered not negligible. On the available information, the injury caused by the dumping appears to be material.

## **7.2 Factors other than dumping**

OneSteel submitted in the application, the Australian market was contracting, with softening domestic demand from 2012 onwards, primarily as a result of a reduction in the government's investment in school buildings (school stimulus program). Figure 1 in this report, illustrates a declining market size over the four year period.

The Commission considers there may be a range of supply and demand factors, other than dumping which may have caused injury. A factor such as movements in

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the exchange rates may be a relevant consideration and will be examined as part of the investigation.

## 7.3 Cumulation of injury

Subsection 269TAE(2C) provides for consideration of the cumulative effect of exports from different countries, if, 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 Minister is satisfied that it is appropriate to consider.

Based on the information provided in the application, the Commission is satisfied that, in respect of the HRS market, the conditions of competition between imported and domestically produced like goods appear to be similar.

OneSteel claimed that it is a price taker on the Australian market and that prices in Australia are driven by import parity pricing. In its application, OneSteel provided evidence of several examples of price undercutting in the domestic market by HRS imports, where it was clear the imported goods from each of the nominated countries were competing directly with OneSteel's products.

The information contained in ACBPS database indicates that several importers of HRS imported from a number of the nominated countries. The Commission considers that this indicates that the products are used by the same or similar customers.

As discussed at Chapter 4, the Commission is satisfied that OneSteel's manufactured HRS is like to the imported HRS, including similar specifications, similar end-uses, and all compete in the same market segments.

The Commission considers that it is appropriate to consider the cumulative effect of the allegedly dumped imports for the purpose of assessing whether to reject the application.

## 7.4 Conclusion on material injury caused by dumped imports

The Commission is satisfied that, based on the information submitted in the application, the applicant has demonstrated that:

- it appears to have suffered injury; and
- there appears to be reasonable grounds for concluding that the dumping of HRS exported from Japan, Korea, Taiwan and Thailand has caused material injury to the Australian industry producing like goods.

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## 8 CONCLUSION

The Commission has examined the application and is satisfied that:

- the application complies with subsection 269TB(4); and
- there is an Australian industry in respect of like goods; and
- there appear to be reasonable grounds for the publication of dumping duty notice in respect of the goods the subject of the application.

Accordingly, the delegate of the Commissioner has not rejected the application for the publication of a dumping duty notice under subsection 269TB(1).

For the purposes of the investigation:

- the investigation period to determine whether dumping has occurred will be from **1 October 2012 to 30 September 2013**; and
- The Commission will examine the Australian market and the economic condition of the industry from **1 July 2009**.

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## 9 APPENDICES AND ATTACHMENTS

Appendix 1	Delegate notice
Confidential Appendix 2	The Commission's estimate of the Australian market for HRS
Confidential Appendix 3	The Commission's assessment of the dumping margin calculations
Confidential Appendix 4	The Commission's assessment of the economic condition of the Australian HRS industry
Attachment 1	Recommendation minute to the Delegate
Attachment 2	Delegate's instrument



***Customs Act 1901 – Part XVB***

**Hot Rolled Structural Steel Sections**

**Exported from Japan, the Republic of Korea, Taiwan and Thailand**

**Initiation of an Investigation into Alleged Dumping**

***Public notice under section 269TC of the Customs Act 1901***

The Anti-Dumping Commissioner (the Commissioner) has initiated an investigation following an application lodged by OneSteel Manufacturing Pty Ltd (OneSteel), seeking the publication of a dumping duty notice in respect of hot rolled structural steel sections (HRS) exported to Australia from Japan, the Republic of Korea (Korea), Taiwan and Thailand. OneSteel is a manufacturer of HRS in Australia.

The application alleges that the goods have been exported to Australia at prices less than their normal value and that this dumping has caused material injury to the Australian industry through price depression, price suppression, reduced profits and profitability, reduced domestic revenues, reduced production capacity utilisation, reduced employment, and reduced attractiveness for reinvestment.

The non-confidential version of the application, which contains the basis of the alleged dumping, is available on the public record.

The goods subject of the application (“the goods”) are described as:

*Hot rolled structural steel sections in the following shapes and sizes, whether or not containing alloys:*

- *universal beams (I sections), of a height greater than 130mm and less than 650mm;*
- *universal columns and universal bearing piles (H sections), of a height greater than 130mm and less than 650mm;*
- *channels (U sections and C sections) of a height greater than 130mm and less than 400mm; and*
- *equal and unequal angles (L sections), with a combined leg length of greater than 200mm.*

A full description of the goods is available in Anti-Dumping Notice (ADN) No. 2013/75. This ADN is available on the Anti-Commission’s (the Commission’s) website at [www.adcommission.gov.au](http://www.adcommission.gov.au).

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

*Hot rolled non-alloy steel sections:*

Goods identified as hot rolled non-alloy steel sections, as per the shapes and sizes described above, are classified to four tariff subheadings in Schedule 3 of the *Customs Tariff Act 1995*. Universal beams (I sections) are classified to 7216.32.00, statistical code 31; universal columns and universal bearing piles (H sections) are classified to 7216.33.00, statistical code 32; channels (U and C sections) are classified to 7216.31.00, statistical code 30; and equal and unequal angles (L sections) are classified to 7216.40.00, statistical code 33.

For the tariff subheadings outlined above, the general rate of duty is 5% for goods imported from Japan and free for imports from Korea, Taiwan and Thailand.

The Commission notes tariff subheading 7216.50.00 may be applicable to certain goods, and will seek further clarification on this matter during the course of the investigation.

*Hot rolled other alloy steel sections:*

Goods identified as hot rolled other alloy steel sections, as per the shapes and sizes described above, are classified to tariff subheading 7228.70.00 in Schedule 3 of the *Customs Tariff Act 1995*. The applicable duty rate for imports from Japan, Korea and Taiwan is 5%, and Thailand is free.

The Commissioner specifies that the goods exported to Australia during the period 1 October 2012 to 30 September 2013 will be examined to determine whether dumping has occurred. The Australian market will be examined from 1 July 2009 for injury analysis.

The date of initiation of this investigation is the date of publication of this notice.

Interested parties, as defined by subsection 269T(1) of the *Customs Act 1901* (the Act), are invited to lodge submissions concerning the publication of the dumping duty notice sought in the application, no later than the close of business on **3 December 2013**, addressed to:

The Director  
Operations 3  
Anti-Dumping Commission  
1010 La Trobe St  
Melbourne VIC 3008

Or by email [operations3@adcommission.gov.au](mailto:operations3@adcommission.gov.au) or by fax to +61 3 9244 8902.

ADN 2013/17, containing important procedural details is available at [www.adcommission.gov.au](http://www.adcommission.gov.au) and should be read in conjunction with this notice.

Particulars of the reasons for the decision to initiate this investigation are shown in *Anti-Dumping Commission Consideration Report No. 223*, which has been placed on



# PUBLIC RECORD

the Commission's public record. Documents included in the public record are available at [www.adcommission.gov.au](http://www.adcommission.gov.au). Alternatively, the public record may be examined at the Commission's office by contacting the case manager on the details provided below.

Enquiries about this notice may be directed to the Case Manager on telephone number +61 3 9244 8270, fax number +61 3 9244 8902, or email [operations3@adcommission.gov.au](mailto:operations3@adcommission.gov.au).

Scott Wilson  
Acting National Manager, Operations  
Anti-Dumping Commission  
24 October 2013