



**VIEWS OF TURKEY REGARDING THE ANTI - DUMPING INVESTIGATION  
INITIATED BY AUSTRALIA AGAINST STEEL REINFORCING BAR IMPORTS FROM  
THE REPUBLIC OF KOREA, MALAYSIA, SINGAPORE, SPAIN, TAIWAN, THE  
KINGDOM OF THAILAND AND THE REPUBLIC OF TURKEY**

This document includes the views of Turkey, in accordance with Articles 6.1, 6.2 and 6.11 of the GATT 1994 Anti-Dumping Agreement (hereinafter referred to 'the Agreement' or 'the ADA'), regarding the anti-dumping investigation initiated by the Commonwealth of Australia against "Steel Reinforcing Bar" (Rebar) imports from the Republic of Korea, Malaysia, Singapore, Spain, Taiwan, the Kingdom of Thailand and the Republic of Turkey.

**A. General Remarks**

Following an application dated August 8, 2014 lodged by OneSteel Manufacturing Pty Ltd (OneSteel or 'the Applicant'), which claims to be the only Australian producer of Rebar products, Anti-Dumping Commission of the Australian Government ("the ADC") initiated an anti – dumping investigation against Rebar imports from the Republic of Korea, Malaysia, Singapore, Spain, Taiwan, the Kingdom of Thailand and the Republic of Turkey on October 16, 2014.

First and foremost, Turkey wishes to state general issues regarding bilateral trade, Australia's anti-dumping system and the confidentiality of information.

**i. Bilateral Trade Between Turkey and Australia**

From the aspect of trade volume, there has been a steadily increasing trend since 2010, and approximately \$1.7 billion trade volume has been achieved by the end of 2013. Turkey believes that the bilateral trade has high potential to easily reach much larger volume in the short and medium terms.



**REPUBLIC OF TURKEY  
MINISTRY OF ECONOMY  
DIRECTORATE GENERAL OF EXPORTS**

*December 17, 2014*

However, Turkey is of the view that after initiating an anti-dumping investigation against the exports of Turkish “Rod In Coils” (RIC) alongside with Indonesia and Taiwan on April 10, 2014, the current proceeding which is against the exports of inter alia, Turkish Rebar will have significant adverse effects on the bilateral trade to the detriment of Turkey.

Moreover, it is important to emphasize that Australian market has never been one of the traditional export markets of Turkey with respect to the product concerned. Both for the iron-steel products and for Rebar specifically, Turkey’s major markets are in the regions of European Union, Middle East and Africa. In fact, 7 out of top 10 countries of the Turkish Rebar exports destinations in 2013 are located in the abovementioned regions of the world. Hence, Turkish iron-steel exporters have not considered Australia as a major market for proliferating their exports.

**ii. Remarks on Confidentiality of Information**

Both the application which lodged by the OneSteel Company and the Consideration Report which prepared by the ADC make excessive use of information deemed to be of a confidential nature, making it hard to conceive.

For that reason, Turkey respectfully asks from Commission to disclose as much information as possible by interpreting the confidential nature of the information in a such way that makes it to analyze appropriately.

**iii. Remarks on Negligible Turkish Exports**

Article 5.8 of the ADA requires that an anti-dumping investigation must be terminated promptly as soon as the investigating authorities determine the volume of imports is negligible. The volume of imports is considered as negligible if the volume of imports from particular country is found to account less than %3 of the imports of the like product in the importing member. As per the Consideration Report, the total imports from the nominated countries in the investigation period is 256,024 tonnes while Australia’s subject merchandise



imports from Turkey is only 10,179 tonnes<sup>1</sup>. On the other hand, the total imports from New Zealand and other countries is 84,058 tonnes according to the Application.<sup>2</sup> Taking these figures into account, Turkey's share comprises 2.99 % of the total imports. Therefore, Turkey would like ADC to terminate the investigation for Turkey according to the Article 5.8 of the ADA.

### **B. Remarks on the Applicant's Monopolistic Position and Vitality of the Imports**

As specified in the Consideration Report, OneSteel is the only Australian producer of Rebars in Australia<sup>3</sup> and has the 'price setter' status on the domestic market which has the size of the Australian market for Rebar was 750.000 to 1.000.000 tonnes in 2013/14<sup>4</sup>, respectively, according to the Consideration Report the Applicant enjoys its monopolistic status in the market at about 70 % share. In fact, the evaluation of the imports from countries under investigation show that their shares in proportion to the total market are at negligible levels that are far beyond causing a material injury to the domestic market.

In addition, monopolistic position of OneSteel is envisaged by stakeholders in various occasions. To illustrate, Australian Steel Association (ASA) states on its submission to Productivity Commission on Australia's Anti-Dumping and Countervailing System that *"...since the merger of OneSteel and Smorgon [an Australian steel manufacturer which was merged with OneSteel in 2007], there is now a single entity in each key steel sector that meets the statutory industry standards, giving rise to greater opportunity for market power*

---

<sup>1</sup> See the Consideration Report, p. 22 and 23

<sup>2</sup> Application for the publication of dumping duty notices-Steel Reinforcing Bar exported from the Republic of Korea, Malaysia, Singapore, Spain, Taiwan, the Kingdom of Thailand and the Republic of Turkey, August 4,

<sup>3</sup> Australian Government Anti-Dumping Commission, Consideration Report No. 240, p. 11

<sup>4</sup> See the Consideration Report, p. 19



**REPUBLIC OF TURKEY  
MINISTRY OF ECONOMY  
DIRECTORATE GENERAL OF EXPORTS**

**December 17, 2014**

*abuse through anti-dumping applications. The domestic producers are OneSteel which has a monopoly on long products and Blue Scope which has a monopoly on flat products.”<sup>5</sup>*

Besides, the Applicant acknowledges its strategy of making considerable amount of anti-dumping applications on various products that *“OneSteel, has been involved in a number of anti-dumping inquiries over recent years. OneSteel has been an applicant and an interested party, having been exposed to the various components of the system including applications, reviews and continuation inquiries. OneSteel’s anti dumping experience ranges across a broad range of product groups and end-user markets.”<sup>6</sup>* Actually, as an experienced local player, the ASA is also aware of the Applicant’s strategy: *“The Productivity Commission is urged to consider a range of applications brought on behalf of OneSteel in recent years. Three separate unsuccessful applications were brought against HSS steel products from a range of countries.”<sup>7</sup>* Also, it is very likely that the said strategy would result in “chilling effect”. *“ASA experience has identified instances where there are refusals to supply by local producers who nevertheless then bring anti-dumping complaints against the imports... The refusals to supply flow from the vertically integrated distribution networks utilised by OneSteel in particular.”<sup>8</sup>*

The imports are even more vital to provide a fair competition environment in the circumstances when the domestic demand could not be met only from domestic production and there is a major “price setter” player in the market. In the Australian case for steel, specifically, *“Being a significant input product into construction, mining and fabrication, and given the fact that the local producers cannot meet domestic demand from their own production facilities, it is vital to the Australian economy that competitively priced imports are readily and regularly available and that anti-dumping actions cannot be used to deter*

---

<sup>5</sup> Australian Steel Association (ASA), *Submission to Productivity Commission on Australia’s Anti-Dumping and Countervailing System*, June 2009, p. 1

<sup>6</sup> OneSteel, *Submission to Productivity Commission Australia’s Anti-Dumping and Countervailing System Issues Paper*, June 2009, p. 3

<sup>7</sup> See ASA’s *Submission to Productivity Commission*, p. 2

<sup>8</sup> *Ibid*, p. 22



*such competition.”<sup>9</sup> Besides, “Most importantly, if competitively priced steel is not readily available, consumers will simply purchase imported finished product. In monopolistic or oligopolistic industries, competitive pricing can only arise if there is a viable import sector. Where an import sector is blocked by tariff barriers, abusive standards or anti-dumping activity, true competition ceases with inevitable inefficiencies.”<sup>10</sup>*

### **C. Remarks on Injury**

With regard to the Article 3.4 of the ADA, *“The examination of the impact of the dumped imports on the domestic industry concerned shall include an evaluation of all relevant economic factors and indices having a bearing on the state of the industry, including actual and potential decline in sales, profits, output, market share, productivity, return on investments, or utilization of capacity; factors affecting domestic prices; the magnitude of the margin of dumping; actual and potential negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital or investments...”*

Besides, the Article 5.2 of the Agreement states that *“An application ... shall include evidence of dumping, injury ... and a causal link between the dumped imports and the alleged injury. Simple assertion, unsubstantiated by relevant evidence, cannot be considered sufficient to meet the requirements of this paragraph.”*

Likewise, the Article 5.3 of the ADA sets forth *“The authorities shall examine the accuracy and adequacy of the evidence provided in the application to determine whether there is sufficient evidence to justify the initiation of an investigation.”*

Hence, the Panel in *Mexico-Steel Pipes and Tubes* specifies that *“Although there is no express reference to evidence of ‘dumping’ or ‘injury’ or ‘causation’ in Article 5.3, evidence on the three elements necessary for the imposition of an anti-dumping measure may be inferred*

---

<sup>9</sup> See ASA’s Submission to Productivity Commission, p. 1

<sup>10</sup> See ASA’s Submission to Productivity Commission, p. 9



**REPUBLIC OF TURKEY  
MINISTRY OF ECONOMY  
DIRECTORATE GENERAL OF EXPORTS**

**December 17, 2014**

*into Article 5.3 by way of Article 5.2 ... reading Article 5.3 in the context of Article 5.2 makes clear that the evidence to which Article 5.3 refers is the evidence in the application concerning dumping, injury and causation... ”<sup>11</sup>*

In the light of this information, Turkey would like to express its views concerning the indicators of alleged injury listed on the Application.

**i. Sales:** Consideration Report indicates that the Applicant made sales of Rebar to both third party customers (external) and to OneSteel’s own trading division (internal)<sup>12</sup>. Regarding the sales to third parties, when comparing to the period of 2010/11; the company’s domestic sales increased 17.4 % in 2011/12, 19.4 % in 2012/13 and 14.6 % in 2013/14 periods. When examining the figures of the company’s exports, comparing to the same period; their sales increased 9,034 % in 2011/12, 3,927 % in 2012/13 and 14,941 % in 2013/14 periods. Contrary to the applicant’s claim, these figures show that the company has increased its sales volumes by huge margins especially on exports.

**ii. Production:** As stated in the Application, comparing to the period of 2010/11, OneSteel’s production of rebar coils increased by 22.3 %, 21.73 % and 25.39 % between the periods of 2011/12 and 2013/14. The company’s production of rebar straights also increased by 11.96 %, 19.88 % and 3.26 % between the periods of 2011/12 and 2013/14. In addition to that, OneSteel’s total rebar production increased by 15.28 %, 20.47 % and 10.37 % between the periods of 2011/12 and 2013/14 respectively, when compared with the 2010/11 period. As it can be clearly seen from the above, production figures in the most current period are higher than that of 2010/11.

**iii. Cost:** According to the Application lodged by OneSteel, the costs of rebar coils of the company reduced slightly under the 2010/11 levels in 2013/14, after enjoying 4.14 % decrease in 2012/13 period. The company’s rebar straights costs decreased by 1.78 %, 6.11 % and 3.44 % in the injury period. On the other hand, OneSteel’s total rebar costs dropped

---

<sup>11</sup> Panel Report, *Mexico — Steel Pipes and Tubes*, para. 7.21.

<sup>12</sup> See *the Consideration Report*, p. 29



**REPUBLIC OF TURKEY  
MINISTRY OF ECONOMY  
DIRECTORATE GENERAL OF EXPORTS**

*December 17, 2014*

by 2.5 % in 2013/14 period comparing to the 2010/11 period. These figures show that the Applicant achieved to reduce its costs in all rebar types after 2010/11 period.

**iv. Price:** As per the Application, OneSteel's prices in 2013/14 period stayed almost at the same level of 2010/11 with the exception of very negligible drops that may be stemmed from regular price adjustments in the market. In fact, these decreases on the prices were less than the declines in the costs for the abovementioned periods. Hence, it is clear that the allegedly dumped imports have not caused any price suppression in OneSteel's price implementation.

**v. Profit:** As it is demonstrated in the Application, even though OneSteel has experienced a fall in profit obtained from rebar coils in the injury period, there has been quite improvement in company's profit on rebar straights, which consists most of the Turkey's exports to Australia.

**vi. Revenue:** It should be highlighted that the Applicant enjoyed consistent rises in its revenues during the period of alleged injury. Comparing to the period of 2010/11, OneSteel's revenues from rebar coils, for instance, increased by 21.77 %, 15.21 % and 26.05 % in the period between 2011/12 and 2013/14. The company's revenues from rebar straights, on the other hand, escalated 12.80 %, 15.27 % and 5.53 % in year-by-year basis during the injury period. These figures prove that the revenue level of the Applicant in the most current period is well above 2010/11 figures.

**vii. Employment-Productivity:** The Application points out that employment levels have declined by nearly 5 % in the injury period<sup>13</sup>. Yet, Turkey is of the view that the fall in employment levels cannot be attributed to the imports from said countries. Rather, it could be a conscious strategy of the Applicant to enhance labor productivity. In fact, despite the decrease at the rate of the employment, abovementioned indicators show that there is

---

<sup>13</sup> *Application for the publication of dumping duty notices-Steel Reinforcing Bar exported from the Republic of Korea, Malaysia, Singapore, Spain, Taiwan, the Kingdom of Thailand and the Republic of Turkey, August 4, 2014, p.25*



improvement in productivity. It is very likely that OneSteel has introduced a cost-saving approach which aims to maximize the work productivity with less labor force.

**viii. Capacity Utilization:** Turkey believes that certain domestic developments may also trigger the reduction in employment levels. For example, the Carbon Tax, which entered into force on July 1, 2012, has adversely affected Australian manufacturing industry, in general and the Applicant, in particular. In 2011, OneSteel Chairman Mr. Peter Smedley, for instance, has warned the viability of the Whyalla steelworks and associated 3500 jobs are at risk if the Government failed to protect the steel industry in its carbon tax<sup>14</sup>.

In addition to these indicators, Turkey underlines that the Application does not contain any assessment concerning “capacity utilization”. Hence, it should be noted that the lack of any assessment regarding one of the injury indicators stated in Article 3.4 of the ADA seriously hinders the possibility of making a reliable injury analysis.

#### D. Remarks on Other Known Factors

Article 3.5 of the Anti-Dumping Agreement pins out that *“The authorities shall also examine any known factors other than the dumped imports which at the same time are injuring the domestic industry, and the injuries caused by these other factors must not be attributed to the dumped imports. Factors which may be relevant in this respect include, inter alia, the volume and prices of imports not sold at dumping prices, contraction in demand or changes in the patterns of consumption, trade restrictive practices of and competition between the foreign and domestic producers, developments in technology and the export performance and productivity of the domestic industry.”*

---

<sup>14</sup> The Australian, *OneSteel chairman says Whyalla at risk*, 8 July 2011, [online] <http://www.theaustralian.com.au/national-affairs/onesteel-chairman-says-whyalla-at-risk/story-fn59niix-1226090843283>





**REPUBLIC OF TURKEY  
MINISTRY OF ECONOMY  
DIRECTORATE GENERAL OF EXPORTS**

**December 17, 2014**

In *US-Hot Rolled Steel*, the Appellate Body ruled that “As we said, in order to comply with the non-attribution language in that provision, investigating authorities must make an appropriate assessment of the injury caused to the domestic industry by the other known factors, and they must separate and distinguish the injurious effects of the dumped imports from the injurious effects of those other factors<sup>15</sup>... Thus, in the absence of such separation and distinction of the different injurious effects, the investigating authorities would have no rational basis to conclude that the dumped imports are indeed causing the injury which, under the Anti-Dumping Agreement, justifies the imposition of anti-dumping duties<sup>16</sup>[...] However, although this process may not be easy, this is precisely what is envisaged by the non-attribution language. If the injurious effects of the dumped imports and the other known factors remain lumped together and indistinguishable, there is simply no means of knowing whether injury ascribed to dumped imports was, in reality, caused by other factors.<sup>17</sup>”

In terms of other injury factors that cannot be attributed to the alleged dumped imports, Turkey considers that the existence of the following three main factors:

***i. High Value of Australian Dollar:*** The appreciation of Australian Dollar (AUD) had some adverse implications on the manufacturing industry which has been one of the most harmed branches in the last few years. The *Smarter Manufacturing for a Smarter Australia* prepared by the non-government members of the Prime Minister’s Task Force on Manufacturing revealed these implications from different aspects: “While the biggest factor has been the high Australian dollar, a compounding set of factors – rising living costs and weak economy-wide productivity growth – have made Australia a ‘high cost economy’ by international standards. This is occurring at the very time that low cost competitors are emerging, and that established manufacturing centres in Europe and the USA are growing

---

<sup>15</sup> Appellate Body Report, *US — Hot-Rolled Steel*, para. 226

<sup>16</sup> *Ibid*, para. 223

<sup>17</sup> *Ibid*, para. 228



*stronger with favourable exchange rate movements and new competitive advantages. The result is a serious erosion of our international competitiveness.”<sup>18</sup>*

Besides, *“The extent of the appreciation of the currency has meant that: Some exports have become entirely unprofitable and some domestic markets are facing import competition for the first time. In other markets there is a much more intense level of import competition than was previously the case.”<sup>19</sup>*

**ii. Declining Domestic Demand:** Reinforcing bar, or rebar, is a common steel bar that is hot rolled and is used widely in the construction industry. Steel rebar is most commonly used as a tensioning device to reinforce concrete and other masonry structures to help hold the concrete in a compressed state. Hence, the domestic demand for Rebar is closely related with the performance of Australian construction industry; mainly, residential (housing) sector. However, it will not be inaccurate to assert that Australia has struggled with a weak performance in residential construction.

For example, in 2012, the Australian Industry Group-Housing Industry Association (HIA) Performance of Construction Index fell 1.3 points in April from March to 34.9. Likewise HIA economist stated that *‘Evidence of a persistent weakening in Australia’s residential construction industry is continuing unabated in 2012’<sup>20</sup>*. Furthermore, Chief Executive for Industry Policy of HIA, pointed out that *“Residential construction is currently experiencing its longest trend decline in post war history, which is being driven in part by the excessive and inefficient taxation on housing, a tight credit supply and state planning systems that constrain the timely and cost effective delivery of housing”<sup>21</sup>*.

---

<sup>18</sup> Prime Minister’s Manufacturing Task Force – Report of the Non-Government Members, *Smarter Manufacturing for a Smarter Australia*, August 2012, p. 18

<sup>19</sup> *Ibid*, p. 19

<sup>20</sup> The Australian, *Construction sector continued to shrink in April, hit by low demand*, 7 May 2012, [online], <http://www.theaustralian.com.au/business/economics/construction-sector-continued-to-shrink-in-april-hit-by-low/story-e6fmg926-1226348487282#>

<sup>21</sup> PropertyWire, *Weakness in Australia’s residential construction industry set to continue says HIA*, 3 July 2013, [online], <http://www.propertywire.com/news/australasia/australia-construction-property-industry-201307037962.html>



Accordingly, 2013 Annual Report of Arrium Limited (OneSteel changed its name as Arrium Limited in 2012) confirms the abovementioned factors. In the Segment Overview section, it is specified that *“The Steel business continued to be challenged during the year by the difficult external environment, including the high Australian dollar and generally weak construction and manufacturing markets... In the non-residential and residential construction sectors, activity levels remained generally weak due to credit availability issues and soft business and consumer sentiment.”*<sup>22</sup>

iii. **Carbon Tax:** As briefly discussed earlier, the Carbon Tax has been effective in Australia since July 2012. The Tax has negatively affected OneSteel since the senior officials of the Applicant had indicated strong opposition against it before entry into force. In 2011, *OneSteel Chairman*, for instance, *stated that of all the challenges facing the domestic steel industry, including the high Australian dollar, the most significant “with the potential to put the competitiveness of many Australian businesses and industry at risk, is the proposed carbon tax”. [...] “For the steel industry, its major trade competitors are in the developing world and include China, India, Russia, South Korea, Taiwan, Thailand and Indonesia and none of these have or are likely to impose carbon costs on their steel industries nationally.”*<sup>23</sup>

In addition, OneSteel’s Managing Director and Chief Executive Officer, said: *“OneSteel had concerns with the proposed carbon tax as originally announced, due to the likely adverse implications the tax would have had on the industry’s competitive position. Steelmaking technology constraints mean there is little the industry can do to materially reduce emissions from its key manufacturing processes. This means that rather than act as a price signal to*

---

<sup>22</sup> Arrium Limited, *2013 Annual Report*, p. 12

<sup>23</sup> The Australian, *OneSteel chairman says Whyalla at risk*, 8 July 2011, [online]

<http://www.theaustralian.com.au/national-affairs/onesteel-chairman-says-whyalla-at-risk/story-fn59niix-1226090843283>



*reduce emissions, the tax as originally announced would merely have been an additional cost burden not faced by our international competition.”<sup>24</sup>*

Consequently, since the Applicant has repeatedly raised its concerns about the Carbon Tax, it is clear that the Tax has injurious effects on the financial condition of OneSteel.

#### **E. Conclusion**

All in all, Turkey would like to express its regrets for the initiation of this proceeding and underlines the fact that pursuant to the provisions of Articles 3.4, 3.5, 5.2 and 5.3 of the ADA and the relevant findings of WTO Panel and Appellate Body; the current investigation does not meet conditions to impose an anti-dumping measure.

It should be reiterated that:

- Both the Application and the Consideration Report make excessive use of information deemed to be of a confidential nature which hinders to assess these documents in a proper manner.
- Turkey’s share comprises 2.99 % of the total imports. Therefore, ADC must terminate the investigation for Turkey according to the Article 5.8 of the ADA.
- Turkey is of the view that the Applicant has the ‘price setter’ status on the Australian Rebar market. It enjoys with its monopolistic position which undermines fair competition in the Australian market.
- As the indicators of sales, production, cost, price, profit, revenue, employment and productivity show; there is no causal link between alleged dumped imports and the injury to the Applicant.

---

<sup>24</sup> OneSteel ASX Release, *Proposed Carbon Tax – Steel Transformation Plan Assistance Package*, 10 July 2011



**REPUBLIC OF TURKEY  
MINISTRY OF ECONOMY  
DIRECTORATE GENERAL OF EXPORTS**

*December 17, 2014*

- Any injury on the financial status of the Applicant caused by any other factors including high value of AUD, declining domestic demand and negative impacts of the Carbon Tax should not be attributed to Turkish imports.

Turkish Government believes that Turkish originating Rebar cannot be the “target” of this anti-dumping proceeding especially due to the very low import levels. Hence, Turkey cordially requests esteemed Commission to terminate the investigation without any measure.

Finally, we would like to reiterate that Turkey follows the ongoing proceeding very closely and also reserves all its rights under WTO rules and procedures.