



Australian Government
Anti-Dumping Commission

PUBLIC RECORD

R E P O R T

CUSTOMS ACT 1901 - PART XVB

ANTI-DUMPING COMMISSION

**PRELIMINARY AFFIRMATIVE DETERMINATION
(PAD) REPORT NO. 198 (DUMPING ONLY)**

HOT ROLLED PLATE STEEL

EXPORTED FROM

**THE PEOPLE'S REPUBLIC OF CHINA, REPUBLIC OF
INDONESIA, JAPAN, THE REPUBLIC OF KOREA AND
TAIWAN**

19 JULY 2013

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ABBREVIATIONS & SHORTENED FORMS

Abbreviation / short form	Full reference
ABS	Australian Bureau of Statistics
ADN	Anti-Dumping Notice
the Act	<i>Customs Act 1901</i>
the applicant	BlueScope Steel Limited
AD Agreement	World Trade Organization Anti-Dumping Agreement
BlueScope	BlueScope Steel Limited
China	People's Republic of China
The Commission	The Anti-Dumping Commission (prior to 1 July the role of the Anti-Dumping Commission was undertaken by the International Trade Remedies Branch of ACBPS)
CON 198	International Trade Remedies Branch Consideration Report 198
ACBPS	Australian Customs and Border Protection Service
the Division	Division 2 of Part XVB of the <i>Customs Act 1901</i>
FOB	free-on-board
GOC	Government of China
the goods	the goods subject to the application, hot rolled plate steel
Indonesia	The Republic of Indonesia
Plate steel	hot rolled plate steel
NIP	non-injurious price
ITRB	International Trade Remedies Branch
Korea	The Republic of Korea
The Minister	the Minister for Home Affairs
REP 177	International Trade Remedies Branch Report 177 regarding hollow structural sections
REP 188	International Trade Remedies Branch Report 188 regarding hot rolled coil
Review Panel	Anti-Dumping Review Panel
SEF 190	International Trade Remedies Branch Statement of Essential Facts Report 190 regarding zinc coated (galvanised) steel and aluminium zinc coated steel
SEF	statement of essential facts
SIE	state invested enterprises
SOE	state owned asset enterprise
USP	unsuppressed selling price
WTO	World Trade Organization

1 SUMMARY AND PRELIMINARY DECISIONS

1.1 Background

This Preliminary Affirmative Determination (PAD) Report No. 198 (PAD 198) publishes the reasons underlying the decision by the Delegate of the Anti-Dumping Commissioner (the Commissioner) of the Anti-Dumping Commission (the Commission) under section (s)¹.269TD of the *Customs Act 1901* (the Act)² to make a PAD. A PAD allows the Australian Customs and Border Protection Service (ACBPS) to take dumping securities in relation to the investigation into hot rolled plate steel (plate steel) exported to Australia from the People's Republic of China (China), Republic of Indonesia (Indonesia), Japan and the Republic of Korea (Korea).

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

1.2 PAD and provisional dumping measures

In making the PAD, the Commissioner has determined that there appears to be sufficient grounds for the publication of a dumping duty notice in relation to plate steel exported to Australia from China, Indonesia, Japan and Korea. Certain exporters from China and Korea are excluded from the securities.

The Commissioner considers that ACBPS should require and take securities under s.42 of the Act in respect of interim dumping duty that may become payable in relation to plate steel exported from China, Indonesia, Japan and Korea being satisfied that it is necessary to do so to prevent material injury to the Australian industry occurring while the investigation continues.

The securities will apply to imports of plate steel from China, Indonesia, Japan and Korea entered for home consumption on or after **19 July 2013**.

At this stage, dumping securities will not be taken in respect of plate steel exported to Australia by exporters from Taiwan.

The following determination and public notice give effect to the Commissioner's decision:

- the determination for PAD No. 198 (**Confidential Attachment 1** refers); and
- the public notice (**Non-Confidential Attachment 1** refers).

¹ The terms section (s) and subsection are used interchangeably in this report.

² References to any section or subsection shall be references to sections or subsections of the *Customs Act 1901* unless otherwise specified.

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1.3 Application of law to facts

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

1.3.1 The role of the Commissioner

The Commissioner may make a PAD at any time after 60 days from the date of initiation of an investigation if satisfied that there appears to be sufficient grounds for the publication of a dumping duty notice, or that it appears that there will be sufficient grounds subsequent to the importation of the goods into Australia. In deciding whether to make a PAD the Commissioner must have regard to the application; any submissions concerning the publication of the notice that are received within 40 days after the date of initiation of the investigation; and any other matters the Commissioner considers relevant.

If the Commissioner makes a PAD, ACBPS may, at the time of the PAD or at any later time during the investigation, require and take securities³ in respect of interim dumping duty that may become payable if the officer of ACBPS taking the securities is satisfied that it is necessary to do so to prevent material injury to an Australian industry occurring while the investigation continues.

If the Commissioner makes a PAD, a public notice of that determination must be given. If ACBPS decides to require and take securities, the Commissioner must also give public notice of that decision.

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

1.4 Preliminary assessments

1.4.1 Australian industry and like goods (chapter 5 of this report)

There is an Australian industry producing like goods (plate steel) to the goods the subject of the investigation and these like goods are wholly manufactured in Australia by BlueScope Steel Limited (BlueScope).

1.4.2 Dumping (chapter 7 of this report)

The Commission has preliminarily assessed in respect of plate steel that:

- plate steel exported to Australia from Taiwan during the investigation period was not dumped;
- a market situation existed in the domestic market for plate steel in China during the investigation period such that selling prices in that market are not suitable for normal value purposes;
- plate steel exported to Australia from China during the investigation period was dumped;

³ Under s.42 of the Act.

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- plate steel exported to Australia from China by Shandong Iron and Steel Company Limited, Jinan Company (JIGANG) during the investigation period was dumped by a negligible margin;
- plate steel exported to Australia from Indonesia and Japan during the investigation period was dumped;
- plate steel exported to Australia from Korea by POSCO and Hyundai Steel Company (Hyundai) was not dumped;
- plate steel exported to Australia from Korea (other than by Hyundai and POSCO) during the investigation period was dumped; and
- the volume of dumped goods from China (other than JIGANG), Indonesia, Korea and Japan was not negligible and the dumping margins were not negligible.

The Commission's preliminary assessment of dumping margins for plate steel exported from China, Indonesia, Japan, Taiwan and Korea is tabulated below:

Country	Manufacturer / exporter ⁴	Preliminary dumping margin
China	Shandong Iron and Steel Company Limited, Jinan Company (JIGANG)	0.99%
	<i>All other exporters</i>	26%
Indonesia	PT Gunung Rajapaksi (Rajapaksi)	8.6%
	PT Krakatau Steel (Krakatau)	11.3%
	PT Gunawan Dianjaya Steel (Dianjaya)	11.3%
	<i>All other exporters</i>	19%
Japan	<i>All exporters</i>	14.3%
Taiwan	Shang Chen Steel Co., Ltd (Shang Chen)	-3.1%
Korea	Hyundai Steel Company	-7.9%
	Dongkuk Steel Mill Co., Ltd (DSM)	18.4%
	POSCO	-4.9%
	<i>All other exporters</i>	20.6%

Figure 1: Preliminary dumping margins

At this stage dumping securities will not be taken in respect of the exporters that were preliminarily found not to be dumping, or where the dumping margin was determined to be negligible.

1.4.3 Injury (chapter 8 of this report)

The Commission has preliminarily found that in the investigation period the Australian industry producing like goods experienced injury in the form of:

- loss of sales volume;
- reduced revenues;
- price depression;

⁴ The manufacturers / exporters listed in figure 1 may supply the goods directly or indirectly through traders.

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- price suppression;
- reduced profits;
- reduced profitability;
- reduced return on income; and
- loss of employment.

1.4.4 Causation (chapter 9 of this report)

The Commission has preliminarily assessed that dumping of plate steel by exporters from China (except JIGANG), Indonesia, Korea and Japan has caused material injury to the Australian industry.

2 BACKGROUND

2.1 Application seeking dumping measures

On 21 December 2012, an application was lodged on behalf of BlueScope requesting that the Minister for Home Affairs (the Minister) publish a dumping duty notice in respect of plate steel exported to Australia from China, Indonesia, Japan, Korea and Taiwan.

The application also requested that the Minister publish a countervailing duty notice in respect of exports from China.

BlueScope alleges that the Australian industry has suffered material injury caused by plate steel exported to Australia from the nominated countries at dumped prices.

2.2 Initiation of the investigation

On 12 February 2013, following consideration of the application, the CEO⁵ of ACBPS decided not to reject the application and ACBPS initiated the dumping and countervailing investigation.

Public notification of initiation of the investigation was made in *The Australian* newspaper on 12 February 2013. Australian Customs Dumping Notice (ACDN) No. 2013/18 provides further details of the investigation and is available on the Commission's website at <http://www.adcommission.gov.au/>

In respect of this investigation:

- the investigation period⁶ for the purpose of assessing dumping and subsidisation is 1 January 2012 to 31 December 2012; and
- the injury analysis period for the purpose of determining whether material injury has been caused to the Australian industry is from 1 January 2008.

On 1 July 2013, the International Trade Remedies Branch (ITRB) of the ACBPS became the Anti-Dumping Commission.

2.3 SEF and final report due dates

The initiation notice advised that the SEF for the investigation would be placed on the public record by 3 June 2013. However, the Delegate was satisfied that the prescribed 110 days to place the SEF on the public record for the investigation was likely to be insufficient and requested that the Minister extend the publication timeframes.

The Minister, under s. 269ZHI of the Act extended the deadline for the publication of the SEF for the investigation to **1 August 2013**. ACDN 2013/40 was issued on 31 May 2013 notifying the Minister's decision.

⁵ From 1 July 2013, this role is being performed by the Commissioner of the Anti-Dumping Commission.

⁶ S. 269T(1) refers.

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Interested parties will be invited to make submissions to the Commission in response to the SEF within 20 days of the SEF being placed on the public record. Final recommendations will be made in a report to the Minister due on or before **16 September 2013**.

3 ABILITY TO MAKE A PAD AND TAKE SECURITIES

3.1 Ability to make a PAD

At any time not earlier than 60 days after the date of initiation of an investigation as to whether there are sufficient grounds for the publication of a dumping duty notice, and/or a countervailing duty notice, in respect of goods the subject of an application, the Commissioner may, if he or she is satisfied that:

- there appears to be sufficient grounds for the publication of such a notice; or
- it appears that there will be sufficient grounds for the publication of such a notice subsequent to the importation into Australia of such goods;

make a PAD under s.269TD of the Act to that effect.

In deciding whether to make a PAD the Commissioner must have regard to the application concerned; any submissions concerning publication of the notice that are received by the Commission within 40 days after the date of initiation of the investigation; and any other matters that the Commissioner considers relevant. The Commissioner is not obliged to have regard to any submission received after day 40 if to do so would prevent the timely consideration of whether or not to make a PAD.

3.2 Ability to take securities

ACBPS may, at the time of making a PAD or at any later time during the investigation after a PAD is made, require and take securities under s.42 of the Act in respect of interim duty that may become payable if the officer of the ACBPS taking the securities is satisfied that it is necessary to do so to prevent material injury to an Australian industry occurring while the investigation continues.

3.3 Information considered

In making the PAD in respect of plate steel the Commission has had regard to:

- the application for the dumping duty and countervailing duty notices;
- submissions and questionnaire responses (verified and unverified); and
- other matters that the Commissioner considered relevant.

4 THE GOODS UNDER CONSIDERATION

Following the initiation of the investigation a number of interested parties sought clarification regarding goods that are subject to the investigation. Following consultation with BlueScope, ACBPS issued ACDN No. 2013/20⁷ to provide more information regarding the goods covered by the investigation.

4.1 Description

Flat rolled products of:

- iron;
- non-alloy steel; or
- non-heat treated alloy steel of a kind commonly referred to as Quench and Tempered (Q&T) Green Feed

of a width greater than 600 millimetres (mm), with a thickness equal to or greater than 4.75mm, not further worked than hot rolled, not in coils, with or without patterns in relief.

Goods excluded from the investigation are:

- 250 megapascal (MPa) yield strength grades of plate steel with a thickness greater than 150mm;
- 350 MPa yield strength grades of plate steel with a thickness greater than 100mm;
- Q & T Green Feed grades of plate steel with a thickness greater than 105mm;
- heat treated Q & T grades of plate steel.

4.1.1 Tariff classifications

Plate steel is classified to the following tariff classification subheadings:

- 7208.40.00 statistical code 39;
- 7208.51.00 statistical code 40;
- 7208.52.00 statistical code 41;
- 7225.40.00 statistical codes 22 and 24.

For tariff classification subheadings:

- 7208.40.00 statistical code 39;
- 7208.51.00 statistical code 40; and
- 7208.52.00 statistical code 41

⁷ ACDN 2013/20 is available on The Commission's website at http://www.adcommission.gov.au/notices-reports/acdn/acdn_2013.asp

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the general rate of duty is currently 5 per cent for goods imported from Japan and free for imports from China, Indonesia, Korea and Taiwan.

For goods imported under the tariff subheading 7225.40.00 statistical codes 22 and 24, the general rate of duty for goods imported from Japan, Korea and Taiwan is 5 per cent and 4 per cent for imports from China and Indonesia.

4.1.2 Tariff Concession Orders (TCO)

This report does not discuss the TCOs made under Part XVA of the Act that have been, are or could be applicable to imports of plate steel, as these considerations are not relevant to making a PAD. However, these issues will be investigated by the Commission and considered in the SEF for the investigation.

5 PRELIMINARY AUSTRALIAN INDUSTRY AND LIKE GOODS ASSESSMENT

5.1 Preliminary assessment

The Commission has preliminarily assessed that, based on the information available at the time of making the PAD, there is an Australian industry producing like goods to the goods the subject of the application and that these goods are wholly manufactured in Australia.

5.2 Like goods

Subsections 269T(2) and 269T(3) of the Act 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.

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

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

In respect of plate steel, the Commission has preliminarily assessed that BlueScope is the sole producer of plate steel in Australia and wholly manufactures the goods.

5.2.1 Preliminary assessment - like goods

The Commission has preliminarily assessed that BlueScope has demonstrated in relation to plate steel that:

- *physical likeness* - the primary physical characteristics of imported and locally produced goods are similar (both are manufactured to achieve mechanical properties designated by Australian and international standards);
- *commercial likeness* - the imported and locally produced goods are commercially alike, directly competitive and are sold to common customers;
- *functional likeness* - the imported and locally produced goods are functionally alike as they have the same end-uses; and
- *production likeness* - the imported and locally produced goods are manufactured in a similar manner.

The Commission preliminarily considers that BlueScope produces like goods that are identical to, or have characteristics closely resembling, the goods.

6 AUSTRALIAN MARKET

6.1 Background

In its application, BlueScope submitted that the three main market sectors for plate steel are:

- mining;
- engineering and construction (or infrastructure); and
- transport and equipment manufacturing.

In addition there are smaller market sectors for plate steel including non-residential construction, manufacturing and agriculture.

BlueScope stated that the end use application of each product varies within the primary market sectors. It claimed that locally produced and imported goods are used interchangeably across a variety of applications in the Australian market.

The market for Q&T green feed is different to the market for non-alloyed plate steel sold by BlueScope. Q&T green feed is only sold to one customer in Australia. The Q&T green feed undergoes a quenching and tempering process by the customer who then sell the final Q&T plate steel.

6.1.1 Market distribution

BlueScope stated that a large proportion of non-alloyed plate steel is sold via distributors, many of whom offer a range of services such as smaller parcels of product, combining deliveries with other steel products along with credit facilities and further processing (such as cutting, drilling and shaping). Distributors normally purchase imports or BlueScope's products, but some purchase from both sources.

BlueScope and importers of plate steel compete in all states and territories in Australia and across each segment via the same distribution channels in order to sell product into the market.

6.1.2 Market size

The Commission has preliminarily estimated the size of the Australian market for plate steel using import data from ACBPS's import database and verified data provided by BlueScope.

The following graph depicts the Commission's estimate of the Australian market size for plate steel. The Commission estimates that in 2012 the size of the Australian market for plate steel was approximately 500,000 tonnes.

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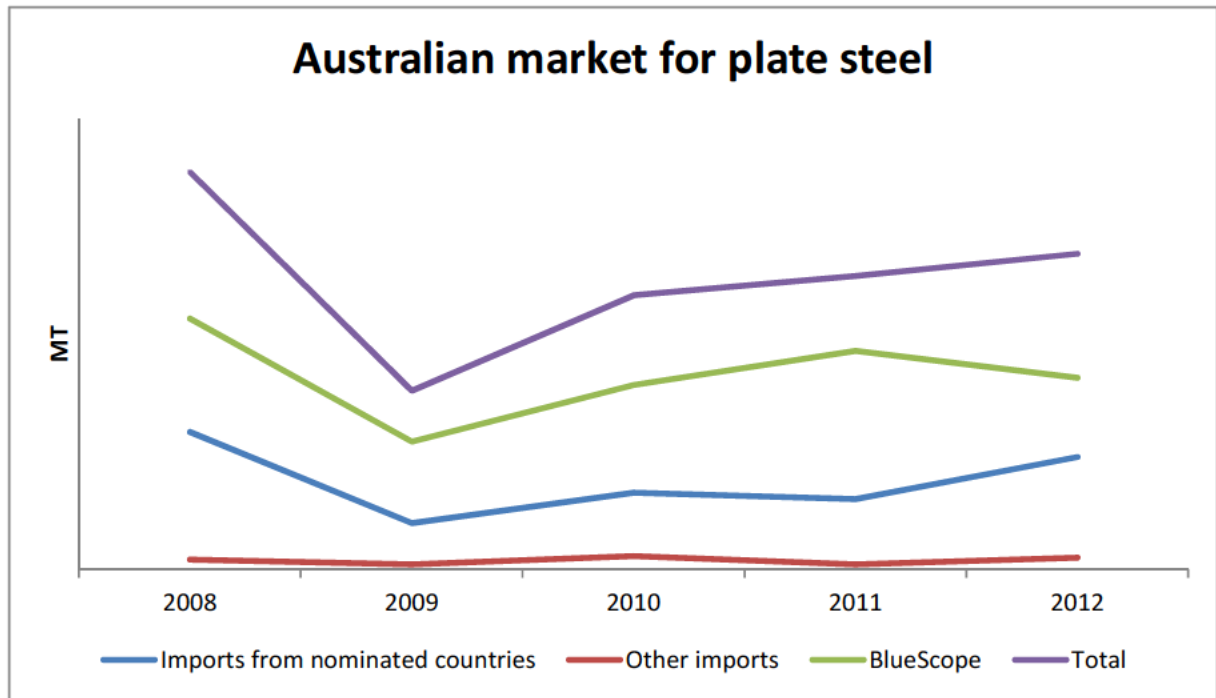


Figure 2: Australian market for plate steel - 2008 to 2012

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7 PRELIMINARY DUMPING ASSESSMENT

7.1 Preliminary assessment

The Commission is satisfied based on the verified and unverified information and data available at the time of making the PAD, that exports of plate steel from China, Korea (except by POSCO and Hyundai), Indonesia and Japan were dumped during the investigation period. The Chinese exporter's, JIGANG's, exports were found to be dumped by a negligible margin.

The Commission makes a preliminary assessment that:

- a market situation existed in the domestic market for plate steel in China during the investigation period such that selling prices in that market are not suitable for normal value purposes;
- plate steel exported to Australia from China (other than by JIGANG) during the investigation period was dumped;
- plate steel exported to Australia from China by JIGANG during the investigation period was dumped by a negligible margin;
- plate steel exported to Australia from Indonesia and Japan during the investigation period was dumped;
- plate steel exported to Australia from Korea (except by POSCO and Hyundai), during the investigation period was dumped;
- plate steel exported from Taiwan was not dumped; and
- the volume of dumped goods from China, Indonesia, Korea and Japan and the dumping margins (other than for exports by JIGANG, Hyundai and POSCO) were not negligible.

Preliminary dumping margins for plate steel are tabulated below:

Figure 3: Preliminary dumping margins for plate steel

Country	Manufacturer / exporter ⁸	Preliminary dumping margin
China	JIGANG	0.99%
	<i>All other exporters</i>	26%
Indonesia	Rajapaksi	8.6%
	Krakatau	11.3%
	Dianjaya	11.3%
	<i>All other exporters</i>	19%
Japan	<i>All exporters</i>	14.3%
Taiwan	Shang Chen	-3.1%
Korea	Hyundai	-7.9%
	DSM	18.4%
	POSCO	-4.9%
	<i>All other exporters</i>	20.6%

⁸ The manufacturers / exporters listed in figure 1 may supply the goods directly or indirectly through traders.

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7.2 Preliminary treatment of exporters

7.2.1 Properly documented exporter questionnaire responses

For the purposes of the PAD, information and data was used from exporter questionnaire responses submitted by the following exporters:

Country	Companies
China	JIGANG
Indonesia	Rajapaksi
	Krakatau
	Dianjaya
Korea	Hyundai
	GS Global
	DSM
	POSCO
Taiwan	Shang Chen

Figure 4: Exporters/suppliers that provided data and information used for the PAD to assess dumping

In May 2013 the then ITRB completed verification visits at the premises of the exporters (shown at figure 4 above), to verify information/data provided in exporter questionnaire responses.

This section of the PAD report should be read in conjunction with the verification visit reports for each of the exporters, available at the Commission's website <http://www.adcommission.gov.au/>

7.2.2 Insufficient exporter questionnaire responses

Exporter questionnaire responses were also submitted by Jiangyin Xingcheng Special Steel Works Co. Ltd, Shanghai Tycoon Co. Ltd, JFE Shoji Trade Corporation (JFE), Nippon Steel Trading Co. Ltd (NSSMC) and Pinwan Enterprise Co. Ltd. Based on the information provided in these questionnaire responses, the Commission was unable to make a reasonable assessment of dumping. For the purposes of the PAD, exporter specific rates for these exporters have not been assessed.

7.3 China

7.3.1 JIGANG

The Commission preliminarily considers that a market situation existed in the domestic market for plate steel in China during the investigation period such that selling prices in that market are not suitable for normal value purposes. The Commission based this assessment on the final findings in respect of hollow structural sections exported from China (INV 177) and the preliminary findings in respect of galvanised steel and aluminium zinc coated steel exported from China (INV 190a and INV 190b). The Commission considered that the factors found to contribute to the market situation findings in those other investigations are equally

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applicable to plate steel, given the commonality in manufacturing inputs and the industry sector those goods are part of.

The SEF for INV 193a and INV 193b contained the preliminary finding that coking coal was sold by SIEs to manufacturers of galvanised steel and aluminium zinc coated steel at less than adequate remuneration. Given the overlap of the investigation periods for INV193a/193b and this investigation, the Commission preliminarily considers that the cost of coking coal in JIGANG's records does not reflect a competitive market cost. On this basis, a normal value was constructed, with plate steel production costs adjusted for a cost the Commission considers reflects competitive market costs. At this stage, the Commission considers the price of coking coal exported from China during the investigation period is reflective of a competitive domestic price in China free from government influences.

Dumping margins using this constructed normal value were negligible. The Commission will continue to investigate the market situation claims. A supplementary government questionnaire was prepared to clarify certain responses in the initial government questionnaire and sent to the Government of China (GOC) on 25 June 2013. The GOC's response was received on 12 July 2013.

Preliminary export prices for exports by JIGANG were established pursuant to s.269TAB(1)(c) of the Act using export prices payable by the importer, in the form of the invoice price from Jigang Hong Kong Holding Co., Limited (Jigang HK) to the Australian importer.

Preliminary normal values for domestic sales by JIGANG were established in accordance with s.269TAC(2)(c) of the Act using JIGANG's weighted average cost to make and sell (CTMS) data (revised for costs not considered to reflect competitive market costs), by product standard, and an amount for profit based on domestic sales of like goods to unrelated parties in the ordinary course of trade.

To ensure the comparability of normal values to export prices a number of adjustments were made to normal values, documented in the JIGANG exporter verification visit report.

The preliminary dumping margin for plate steel exported by JIGANG was established in accordance with s.269TACB(2)(a) of the Act, by comparing the export prices determined in respect of individual transactions over the whole of the investigation period with the corresponding quarterly normal values over the whole of that period. The preliminary dumping margin for JIGANG is 0.99%.

7.3.2 Non-cooperating exporters

Preliminary export prices for export sales by all non-cooperating Chinese exporters were established in accordance with s.269TAB(3) of the Act, as sufficient information for these exporters has not been furnished. Based on information gathered from importers and exporters the Commission considers it reasonable to conclude that all other Chinese exporters would likely export the non-alloyed grades of plate steel, rather than Q&T green feed. The Commission used the weighted average export

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prices for non-alloyed grades of plate steel for the entire investigation period from JIGANG, excluding any part of that price that relates to post-exportation charges.

Preliminary normal values for domestic sales by all non-cooperating Chinese exporters were established in accordance with s.269TAC(6) of the Act, as sufficient information for these exporters has not been furnished. Specifically, the Commission used the weighted average normal values for non-alloyed grades of plate steel for the entire investigation period from the cooperating exporter.

The preliminary dumping margin for plate steel for non-cooperating Chinese exporters was established in accordance with s.269TACB(2)(a) of the Act, by comparing the weighted average of export prices over the whole of the investigation period with the weighted average of corresponding normal values over the whole of that period. The preliminary dumping margin for non-cooperating Chinese exporters is 26%.

7.4 Taiwan

7.4.1 Shang Chen

Preliminary export prices for Shang Chen were established under s.269TAB(1)(a) of the Act being the price paid or payable by the importer less any part of the price that represents a charge in respect of transport of the goods or in respect of any other matter arising after exportation.

Preliminary normal values were determined under s. 269TAC(1), adjusted in accordance with s.269TAC(8) of the Act.

The preliminary dumping margin for Shang Chen is negative 3.1%.

The volume of all other imports to Australia from Taiwan during the investigation period is less than 3% of the total import volume of plate steel and is therefore a negligible volume.

7.5 Korea

7.5.1 Hyundai

For Hyundai:

- preliminary export prices for direct export sales were established under s.269TAB(1)(a) of the Act using the invoiced price less amounts for ocean freight and/or marine insurance.
- preliminary export prices for indirect export sales were established under s.269TAB(3) using the invoiced price (on an FOB basis) between Hyundai Steel and the respective intermediaries having regard to all relevant information.

Preliminary normal values were determined under s. 269TAC(2)(c) with adjustments made as in accordance with s. 269TAC(9).

The preliminary dumping margin for Hyundai is negative 7.9%.

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7.5.2 POSCO

Preliminary export prices for POSCO were established under 269TAB(1)(c) of the Act using the invoiced price between POSCO and the respective intermediaries.

Preliminary normal values were determined under s. 269TAC(1) with adjustments made in accordance with s. 269TAC(8) and under s. 269TAC(2)(c) with a rate of profit added in accordance with Customs Regulation 181A(2).

The preliminary dumping margin for POSCO is negative 4.9%.

7.5.3 Dongkuk Steel Mill (DSM)

Preliminary export prices for DSM were established under 269TAB(1)(c) of the Act using the ex-works export price from DSM to the intermediary.

Preliminary normal values were determined under s. 269TAC(1) with adjustments made in accordance with s. 269TAC(8) and under 269TAC(2)(c) by using the cost of production of the goods and the SG&A expenses these goods would incur if they were exported. In addition a rate of profit was added in accordance with Customs Regulation 181A(2).

The preliminary dumping margin for DSM is 18.4%.

7.5.4 Non-cooperating exporters

The preliminary export prices for export sales by all non-cooperating Korean exporters were established in accordance with s.269TAB(3) of the Act, as sufficient information for these exporters has not been furnished. Specifically, the Commission used the lowest export prices for the investigation period from the cooperating exporters, excluding any part of that price that relates to post-exportation charges and minus favourable adjustments.

Preliminary normal values for domestic sales by all non-cooperating Korean exporters were established in accordance with s.269TAC(6) of the Act, as sufficient information for these exporters has not been furnished. Specifically, the Commission used the highest normal values for the entire investigation period from the cooperating exporters, minus favourable adjustments.

The preliminary dumping margin for plate steel for non-cooperating Korean exporters was established in accordance with s.269TACB(2)(a) of the Act, by comparing the weighted average of export prices over the whole of the investigation period with the weighted average of corresponding normal values over the whole of that period. The preliminary dumping margin for non-cooperating Korean exporters is 20.6%.

7.6 Indonesia

7.6.1 PT Gunung Rajapaksi

Preliminary export prices for Rajapaksi were established under s. 269TAB(1)(a) and s.269TAB(1)(c) of the Act.

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Preliminary normal values were determined under s. 269TAC(1) with adjustments made in accordance with s. 269TAC(8) of the Act.

The preliminary dumping margin for Rajapaksi is 8.6%.

7.6.2 PT Krakatau Steel

Preliminary export prices for Krakatau were established under s. 269TAB(1)(a).

Preliminary normal values were determined under s. 269TAC(1) using sales in the domestic market that were arm's length transactions and sold at prices that were in the ordinary course of trade.

The preliminary dumping margin for Krakatau is 11.3%.

7.6.3 PT Gunawan Dianjaya Steel

Preliminary export prices for Dianjaya were established under s. 269TAB(1)(a).

Preliminary normal values were determined under s. 269TAC(1).

The preliminary dumping margin for Dianjaya is 11.3%.

7.6.4 Non-cooperating exporters

Preliminary export prices for export sales by all non-cooperating Indonesian exporters were established in accordance with s.269TAB(3) of the Act, as sufficient information for these exporters has not been furnished. Specifically, the Commission used the lowest weighted average export prices for the entire investigation period from the cooperating exporters, excluding any part of that price that relates to post-exportation charges.

Preliminary normal values for domestic sales by all non-cooperating Indonesian exporters were established in accordance with s.269TAC(6) of the Act, as sufficient information for these exporters has not been furnished. Specifically, the Commission used the highest normal values for the entire investigation period from the cooperating exporters.

The preliminary dumping margin for plate steel for non-cooperating Indonesian exporters was established in accordance with s.269TACB(2)(a) of the Act, by comparing the weighted average of export prices over the whole of the investigation period with the weighted average of corresponding normal values over the whole of that period. The preliminary dumping margin for non-cooperating Indonesian exporters is 19%.

7.7 Japan

7.7.1 Non-cooperating exporters

Two exporter questionnaires were received from Japanese exporters. The Commission considered that the responses were deficient to a material degree and

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therefore considers those exporters have not fully cooperated with the investigation. The limited information contained in the questionnaire responses was not verified.

Preliminary export prices for export sales by all non-cooperating Japanese exporters were established in accordance with s.269TAB(3) of the Act, as sufficient information for these exporters has not been furnished. Specifically, the Commission used verified importer data, which was checked against unverified data provided by the two Japanese exporters.

Preliminary normal values for domestic sales by all non-cooperating Japanese exporters were established in accordance with s.269TAC(6) of the Act, as sufficient information for these exporters has not been furnished. Specifically, the Commission used monthly Japanese plate prices from a pricing publication provided by the applicant.

The preliminary dumping margin for plate steel for non-cooperating Japanese exporters was established in accordance with s.269TACB(2)(a) of the Act, by comparing the weighted average of export prices over the whole of the investigation period with the weighted average of corresponding normal values over the whole of that period. The preliminary dumping margin for non-cooperating Japanese exporters is 14.3%.

7.8 Volume of dumped exports

The Commission preliminarily assessed that the volume of plate steel exported from China, Japan, Indonesia and Korea, that were dumped over the investigation period is each greater than 3% of the total import volumes of plate steel over the investigation period and is therefore not a negligible volume.

7.9 Dumping margin summary

The Commission's preliminary calculations of export prices, preliminary normal values and preliminary dumping margins in respect of plate steel are at **Confidential Appendix 1**.

These preliminary calculations are indicative and based on the information available at the time of making the PAD. These preliminary calculations may change as the investigation continues, especially as verification visit reports for exporters are finalised.

8 PRELIMINARY INJURY ASSESSMENT

8.1 Preliminary assessment

The Commission has preliminarily assessed that, based on verified information and data, the Australian industry (BlueScope) appears to have experienced injury in respect of its sales of plate steel.

8.2 Legislative framework

Under s.269TG of the Act, one of the matters that the Minister must be satisfied of to publish a dumping and/or countervailing duty notice is that because of the dumping and/or countervailable subsidies, material injury has been or is being caused or is threatened to the Australian industry producing like goods.

8.3 Injury claims

BlueScope's application identified the injurious effects in respect of plate steel as:

- loss of sales volume;
- reduced market share;
- reduced revenues;
- price depression;
- price suppression;
- reduced profits;
- reduced profitability;
- reduced return on investment;
- reduced attractiveness for reinvestment in the plate steel business; and
- reduced employment.

8.4 Preliminary injury approach

The preliminary injury analysis detailed in this section is based on the verified financial information submitted by BlueScope and import data from the ACBPS import database.

BlueScope provided production, cost and sales data for plate steel products (as covered by the goods descriptions). As BlueScope manufactures and supplies a wide range of like goods at varying widths and thicknesses, production, cost and sales data was also provided at the aggregate level for Q&T green feed (alloyed plate) and non-alloyed plate of 250 MPA yield strength and 350 MPA yield strength.

The Commission's preliminary analysis of the economic condition of the industry and injury factors for plate steel is presented below.

8.5 Cumulation of injury

Subsection 269TAE(2C) of the Act 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;

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the Minister is satisfied that it is appropriate to consider the cumulative effects.

For the purposes of making the PAD, the Commission has preliminarily assessed that in respect of plate steel, the conditions of competition between imported and domestically produced like goods appear to be similar.

BlueScope claimed that it has been unable to increase prices to recover increased costs as a result of price undercutting by imports of plate steel from each of the nominated countries.

The information contained in ACBPS's import database identified several importers of plate steel imported from a number of the nominated countries (which was confirmed during visits to importers). The Commission considers that this indicates that the products are used by the same or similar customers.

As discussed at section 6.1, the Commission has preliminarily assessed that for plate steel and the respective imported goods that the goods are alike, have similar specifications, have similar end-uses, and compete in the same primary market segments.

The Commission preliminarily considers that it is appropriate to consider the cumulative effect of the dumped imports.

8.5.1 Submissions received from Bisalloy Steels Pty Ltd (Bisalloy) and BlueScope

Bisalloy provided a submission to the then ITRB seeking the redefinition of the goods description to reflect the separate markets that exist for Q&T green feed and non-alloy plate steel. The submission stated that the goods were not alike on several grounds including chemical and physical properties, downstream commercial use and further processing requirements.

BlueScope argued that Bisalloy's customised imports of Q&T green feed plate steel competed directly with BlueScope manufactured steel plate. BlueScope further argued that chemical composition and technical specification alone were not sufficient to exclude Q&T green feed imports from the goods under consideration description.

In its reply to Bisalloy, the then ITRB stated that there were no provisions in the Act to redefine a goods description nor was there provision in the Act to terminate or withdraw in respect of particular subcategories of the goods under consideration.

On the basis that imports of Q&T green feed have been found to be undumped we have not addressed this issue further.

8.6 Volume effects

8.6.1 Sales volume

It can be seen from the following graph that BlueScope's domestic sales volume of plate steel decreased from 2011 to 2012.

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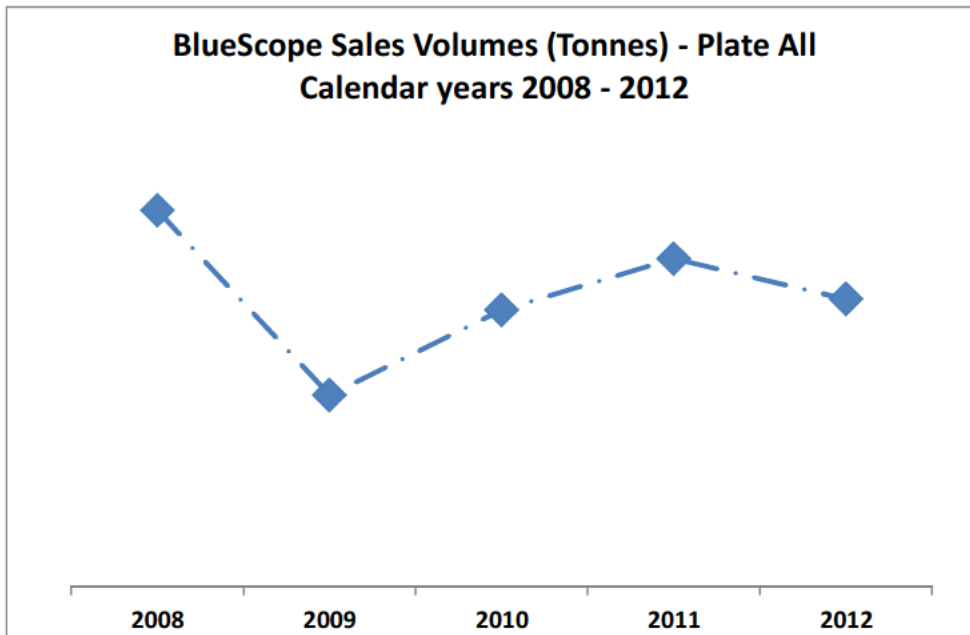


Figure 5: BlueScope's sales volume (tonnes) – 2008 to 2012

8.6.2 Market share

The following graph shows movements in market shares including BlueScope's market share, in the Australian market for plate steel for 2008 to 2012.

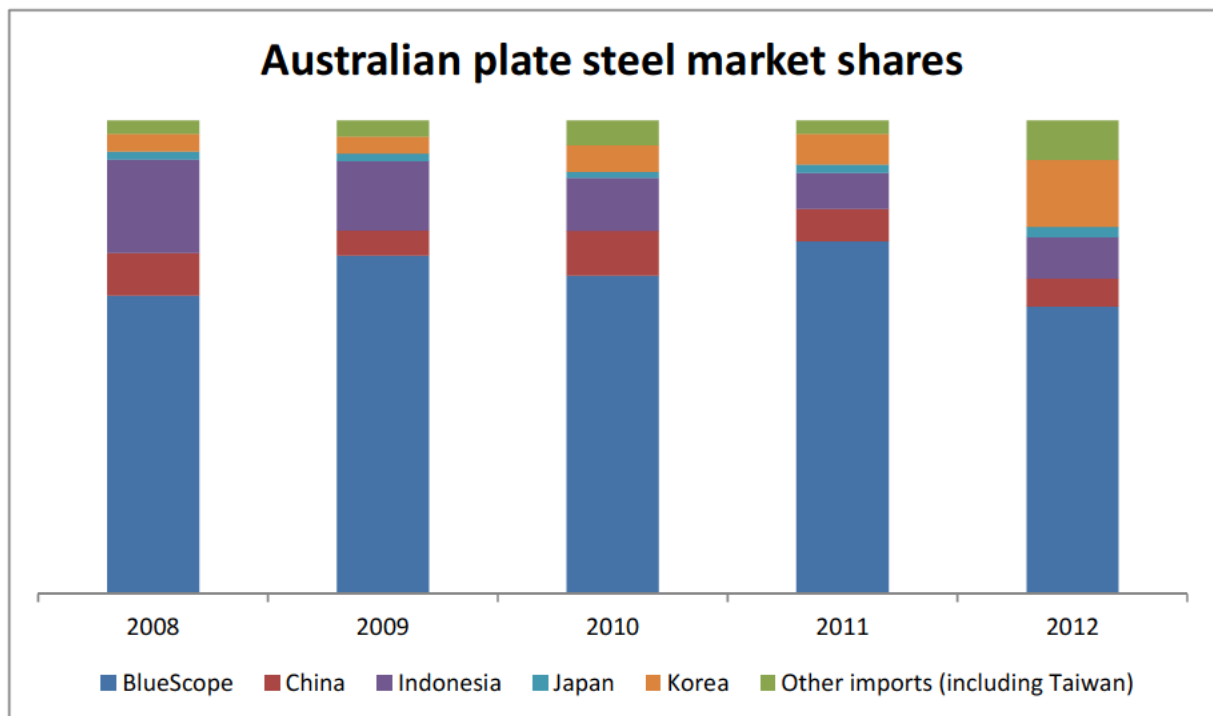


Figure 6: Market shares – 2008 to 2012

This graph shows that BlueScope's share of the Australian market for plate steel decreased in 2010, increased in 2011 and decreased in 2012.

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In 2010 and 2012, the market share of total imports from China, Indonesia, Japan and Korea increased.

8.7 Price effects

8.7.1 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 show movements in BlueScope's total and unit revenues and costs in respect of plate steel for 2008 to 2012.

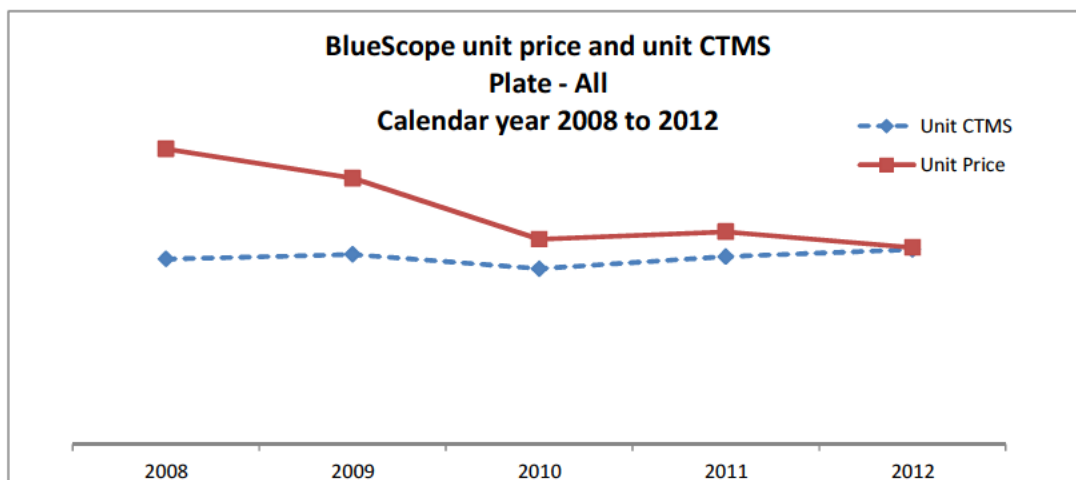


Figure 7: BlueScope's unit price and costs – 2008 to 2012

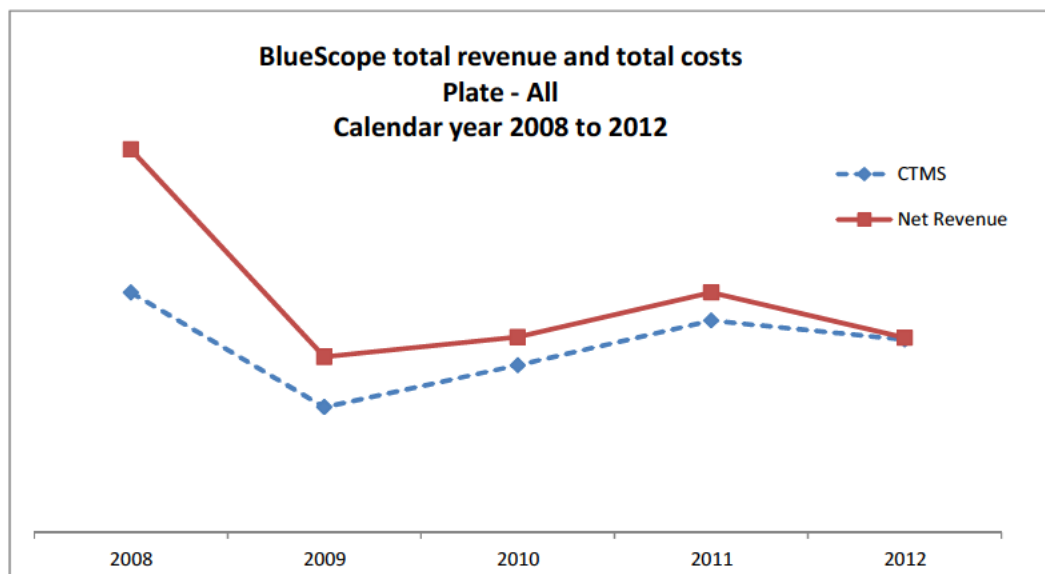


Figure 8: BlueScope's total revenue and total costs – 2008 to 2012

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The graphs show:

- Unit costs were relatively stable throughout 2008–2012 with unit revenue decreasing throughout 2008-2012 with the exception of a slight increase in 2011;
- The margin between unit costs and unit revenue steadily contracting throughout 2008-2012 to a point in 2012 where unit revenue was marginally higher than unit costs; and
- In 2010 and 2011 revenue and costs both increased. In 2012 costs decreased slightly and revenue decreased at a faster pace than costs to a point where it was only marginally higher than costs.

8.8 Profit effects

The following graph shows movements in BlueScope's profit and profitability in respect of plate steel for 2008 to 2012.

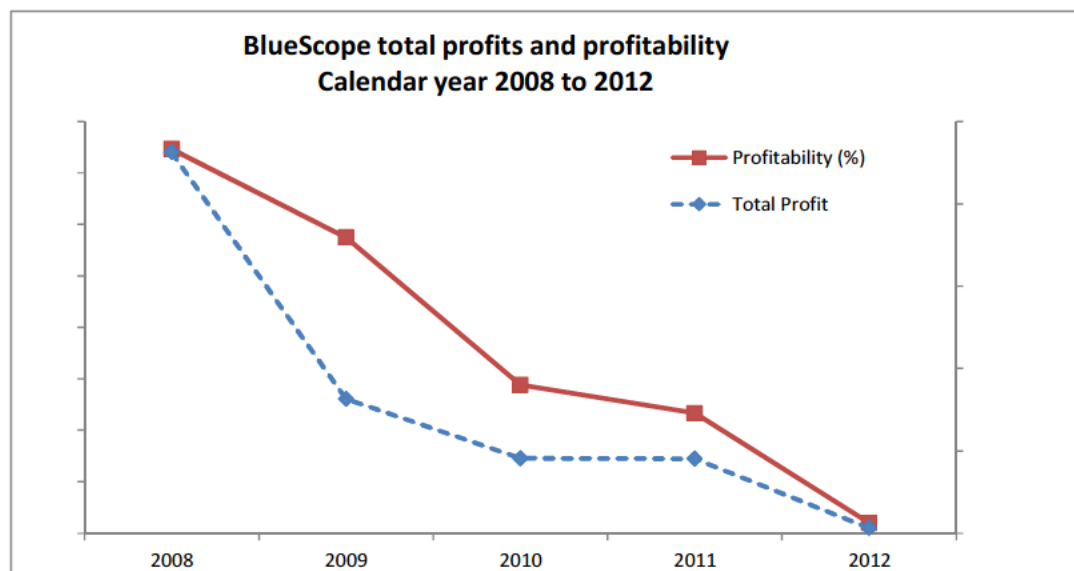


Figure 9: BlueScope's profit and profitability – plate steel – 2008 to 2012

This graph shows a significant decrease in BlueScope's profit and profitability in respect of plate steel since 2008.

8.9 Summary of major injury indicators

Based on the preliminary analysis detailed above, there appear to be reasonable grounds to support the claim that BlueScope has experienced injury (in respect of the major indicators) in the form of:

- loss of sales volume;
- reduced revenues;
- price depression;
- price suppression;
- reduced profits; and
- reduced profitability.

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The Commission has preliminarily assessed that there appears to be reasonable grounds to support the claim that BlueScope has also experienced injury in the form of:

- reduced return on income; and
- loss of employment.

Notwithstanding the preliminary conclusions above, the Commission will further analyse the other economic (and revenue) indicators during the investigation.

The Commission's preliminary assessment of the economic condition of the Australian industry in respect of plate steel is at **Confidential Appendix 2**.

9 PRELIMINARY CAUSATION ASSESSMENT

9.1 Preliminary assessment

The Commission has preliminarily assessed that, based on verified and unverified information and data available at the time of making the PAD, plate steel exported to Australia from China, Indonesia, Korea and Japan at dumped prices appear to have caused material injury to the Australian industry producing like goods.

The following section provides a summary of the Commission's key considerations in its preliminary causation assessment, which is indicative and is not final. The Commission is continuing to investigate, analyse and assess all causation factors.

9.2 Causation factors

9.2.1 Volume

BlueScope's claims in relation to volume effects of the dumped imports of plate steel from the nominated countries are detailed in CON 198 and the BlueScope Visit Report.

The Commission's preliminary analysis shows that it is likely that the significant increase in the combined volume of dumped imports of plate steel from China, Indonesia, Korea and Japan in 2012 contributed to BlueScope's reduced sales volume in 2012. The Commission also preliminarily considers that BlueScope's reduced sales volumes due to dumped imports resulted in reducing BlueScope's market share during a period where the overall size of the Australian market increased.

9.2.2 Price undercutting

BlueScope's claims in relation to price undercutting of plate steel imported from the nominated countries are detailed in CON 198 and the BlueScope Visit Report.

The Commission's preliminary analysis found that dumped imports from China, Indonesia, Korea and Japan are undercutting prices of plate steel sold by BlueScope and other imports found not to be dumped.

9.2.3 Impacts on profits and profitability

BlueScope's claims in relation to the impacts on its profit and profitability due to dumped imports of plate steel from the nominated countries are detailed in CON 198 and the BlueScope Visit Report.

The Commission's preliminary analysis shows that dumped imports have impacted on BlueScope's profit and profitability. This assessment is supported by the preliminary finding that BlueScope experienced price depression and price suppression in respect of plate steel in 2012.

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9.2.4 Other economic factors

The Commission is continuing to investigate the impacts of dumped imports of plate steel from the nominated countries on the other economic injury factors.

9.3 Materiality of injury

The Commission preliminarily considers that for the purposes of making a PAD, the injury suffered by the Australian industry and caused by dumping is material.

10 PRELIMINARY NON INJURIOUS PRICE ASSESSMENT

10.1 Preliminary assessment

The Commission has preliminarily assessed that the non-injurious price (NIP) can be determined by setting the unsuppressed selling price (USP) equal to the exporters' normal values, on the basis that the injury caused by dumping is due to BlueScope's matching of import prices. The recommended level of securities is therefore at the full amount of the preliminary dumping margins found.

10.2 Introduction

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

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

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

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

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

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

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

10.1 Australian Industry

BlueScope has submitted that selling prices are unsuitable as the basis for the USP as selling prices in 2011 were impacted by dumped export prices and selling prices in 2010 are unsuitable due to material differences in the cost base for the Australian Industry.

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BlueScope submits that the most suitable method for determining the USP is to construct industry prices on the basis of BlueScope's CTMS during the investigation period plus a level of profit from 2010.

10.2 The Commission's preliminary assessment

The Commission considers the most appropriate basis for estimating the USP is to construct a selling price that BlueScope could reasonably be expected to achieve in a market unaffected by dumping. BlueScope's methodology for constructing a USP is not considered reasonable given that it has no connection to the manner in which its prices are currently established. As highlighted in the BlueScope visit report, BlueScope's prices are based on import parity pricing plus a local premium to account for such factors as shorter lead times, delivery options and after-sales service and support.

Further, the approach submitted by BlueScope would also appear to compensate for more than just the effects of dumping. The weak demand and excess capacity of steel globally and the strong Australian dollar are all overlooked in its proposed USP.

Customs and Border Protection is of the view that in a market unaffected by dumping, it is reasonable to expect that BlueScope would be able to achieve as a minimum, selling prices that reflected undumped import parity pricing. In addition to this, an appropriate premium is warranted to reflect the benefits of sourcing from a local producer. BlueScope has provided Customs and Border Protection with information relating to the company's internal pricing policy which outlines the expected premium to be achieved (expressed as a percentage) above import parity. This information is considered reliable for the purposes of constructing a USP.

The Commission therefore derived preliminary NIPs at the level of preliminary normal values for respective exporters.

Preliminary USP and NIP calculations are at **Confidential Appendix 3**.

Notwithstanding the preliminary assessment above, the Commission notes that further analysis and assessment regarding the most appropriate calculation methodology for deriving USPs and NIPs for plate steel is required.

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11 REASONS FOR MAKING A PAD

The Commission has been able to complete preliminary assessments of dumping based on verified and unverified information and data contained in exporter questionnaire responses from one Chinese and several Japanese, Indonesian, Korean and Taiwanese exporters. These preliminary assessments show that exports of plate steel from China, Indonesia, Korea (except by Hyundai and POSCO) and Japan in the investigation period were at dumped, prices. Furthermore, the volume and dumping margins of the dumped goods were not negligible, except for the Chinese exporter JIGANG.

The Commission considers it reasonable to expect that imports of plate steel from China, Korea, Indonesia and Japan enjoyed a competitive advantage in terms of price as a result of the dumping. The available evidence preliminarily indicates that increased competition from dumped imports has caused the Australian industry to reduce prices leading to price suppression, price depression, lower revenues, and reduced profits and profitability.

Based on the available information as at **19 July 2013**, the Delegate of the Commissioner is satisfied for the purposes of the PAD that:

- plate steel has been exported from China, Indonesia, Korea and Japan at less than its normal value;
- there is an Australian industry producing like goods that is experiencing injury;
- the dumped goods from China, Indonesia, Korea and Japan are causing material injury to the Australian industry.

Consequently, the Commissioner is satisfied there appear to be sufficient grounds for the publication of a dumping duty notice in respect of plate steel exported to Australia from China (except by JIGANG) , Indonesia, Korea (except by Hyundai and POSCO) and Japan.

The Delegate of the Commissioner has therefore made PAD No. 198 under s.269TD of the Act to that effect.

In making the PAD the Delegate of the Commissioner has had regard to the application; submissions received within 40 days of the publication of the notice of initiation; verified and unverified information in the exporter questionnaire responses; the GOC's response to the government questionnaire; findings made in respect of REP 177, REP 190, REP 193; and other matters the Commissioner considered relevant.

Additionally, the Delegate of the Commissioner had regard to other relevant information and data submitted by interested parties to the investigation and gathered by the Commission during the investigation so far (where appropriate), including:

- data from importers;
- data submitted by the Australian industry; and

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- submissions made to the Commission from day 40 of the investigation to the date of making the PAD (where possible).

12 PROVISIONAL DUMPING MEASURES

12.1 Preliminary finding

Based on verified and unverified information and data available at the time of making the PAD, the Delegate of the Commissioner has decided to require and take securities in respect of imports of plate steel from China (except by JIGANG), Korea (except by Hyundai and POSCO), Indonesia and Japan and entered for home consumption on or after **19 July 2013**.

12.2 Background

Chapter 4 provides an overview of the legislative framework in relation to requiring and taking securities.

12.3 Preliminary assessment

The Commissioner considers that ACBPS should require and take securities under s.42 of the Act in respect of interim dumping duty that may become payable in relation to plate steel exported from China (except by JIGANG), Indonesia, Japan and Korea (except by Hyundai and POSCO) being satisfied that it is necessary to do so to prevent material injury to the Australian industry occurring while the investigation continues.

12.4 Preliminary provisional measures

The Commission proposes that these securities be taken in respect of exporters of plate steel as a proportion of export prices at the level of the full dumping margins calculated for the PAD, as tabulated below:

Country	Manufacturer / exporter	Effective level of dumping security
China	<i>All exporters except Shandong Iron and Steel Company Limited, Jinan Company (JIGANG)</i>	26%
Indonesia	PT Gunung Rajapaksi (Rajapaksi)	8.6%
	PT Krakatau Steel (Krakatau)	11.3%
	PT Gunawan Dianjaya Steel (Dianjaya)	11.3%
	<i>All other exporters</i>	19%
Japan	<i>All exporters</i>	14.3%
Korea	Dongkuk Steel Mill Co., Ltd (DSM)	18.4%
	<i>All other exporters except Hyundai Steel Company and POSCO</i>	20.6%

Figure 5: Effective rates of dumping securities

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13 ATTACHMENTS

Attachment / Appendix No.	Attachment / Appendix title
Non-Confidential Attachment 1	Public notice - PAD
Confidential Attachment 1	Commissioner Determination for PAD No. 198
Confidential Appendix 1	Preliminary export prices, preliminary normal values and preliminary dumping margins
Confidential Appendix 2	Preliminary injury assessment
Confidential Appendix 3	Preliminary USPs and NIPs



Customs Act 1901 – Part XVB

Hot rolled plate steel

**Exported from the People’s Republic of China, the
Republic of Indonesia, Japan, the Republic of Korea
and Taiwan**

**Preliminary Affirmative Determination and Imposition of
Securities**

Public notice under section 269TD of the Customs Act 1901

On 12 February 2013 the Chief Executive Officer (CEO) of the Australian Customs and Border Protection Service (ACBPS) initiated an investigation into the alleged dumping of hot rolled plate steel exported to Australia from the People’s Republic of China (China), the Republic of Indonesia (Indonesia), Japan, the Republic of Korea (Korea) and Taiwan, and an investigation into the alleged subsidisation of hot rolled plate steel exported to Australia from China, following an application lodged by BlueScope Steel Limited.

A full description of the goods is available in Australian Customs Dumping Notice (ACDN) No. 2013/18 and ACDN No. 2013/20. These ACDNs are available on the internet at http://www.adcommission.gov.au/notices-reports/acdn/acdn_2013.asp.

In accordance with subsection 269TD(4) of the *Customs Act 1901* (the Act), the Commissioner of the Anti-Dumping Commission (the Commission) gives public notice that, on 19 July 2013, a preliminary affirmative determination has been made that there appear to be sufficient grounds for the publication of a dumping duty notice in respect of the goods exported to Australia from China, Indonesia, Japan and Korea.

In reaching this preliminary decision, the Commissioner is satisfied that dumped goods appear to have caused material injury to the Australian industry producing like goods.

The Commissioner’s preliminary analysis of dumping margins is tabulated below.

Country	Manufacturer / exporter	Effective level of dumping security
China	<i>All exporters except</i> Shandong Iron and Steel Company Limited, Jinan Company (JIGANG)	26%
Indonesia	PT Gunung Rajapaksi (Rajapaksi)	8.6%
	PT Krakatau Steel (Krakatau)	11.3%
	PT Gunawan Dianjaya Steel (Dianjaya)	11.3%
	<i>All other exporters</i>	19%
Japan	<i>All exporters</i>	14.3%
Korea	Dongkuk Steel Mill., Ltd (DSM)	18.4%
	<i>All other exporters except</i> Hyundai Steel Company and POSCO	20.6%

Preliminary affirmative determination report no. 198 sets out the reasons for making this preliminary determination, and has been placed on the Anti-Dumping Commission's public record, available at www.adcommission.gov.au. Alternatively, the public record may be examined at Customs House, Canberra by contacting the Case Manager on the details provided below.

At the time of making the preliminary affirmative determination, the ACBPS determined that securities should be required and taken under section 42 of the Act in respect of interim dumping duty that may become payable in respect of the goods from China, Indonesia, Japan and Korea, being satisfied that it is necessary to require and take securities in order to prevent material injury occurring to the Australian industry while the investigation continues.

Securities will be taken in respect of any interim dumping duty that may become payable in respect of the goods entered for home consumption on or after 19 July 2013.

These securities will be imposed at the rate specified in the above table of preliminary dumping margin assessments.

The Commissioner must report to the Minister for Home Affairs (the Minister) with final recommendations in relation to this investigation on or by 16 September 2013. The Minister will then decide whether to publish a dumping duty notice and, if relevant, the level of measures to be imposed.

Enquiries about this notice may be directed to the case manager on telephone number 02 6275 6129, fax number 1300 882 506 or Operations2@adcommission.gov.au.

Scott Wilson
A/g National Manager - Operations
Anti-Dumping Commission

19 July 2013