

## PUBLIC RECORD VERSION

August 21, 2013

The Commissioner  
Anti-Dumping Commission  
Customs House  
1010 LaTrobe St  
Melbourne Docklands Vic 3008

Via email: [operations2@adcommission.gov.au](mailto:operations2@adcommission.gov.au)

**Reference:** SEF No. 198

**Subject:** Steel Plate Investigation ITR No. 198

**Identification:** P.T. Gunawan Dianjaya Steel (GDS)

**Standing:** Indonesian Producer, Exporter of GUC during I.P.

**Representative:** M J Howard  
Email: [jack@itada.com.au](mailto:jack@itada.com.au)  
Phone: 61- 459 212 702

### Requests:

1. The Commission take into consideration the provision of s 269 TAC(8) of the Act for purposes of calculating GDS normal value based on domestic sales and thus the current Dumping Duty Assessment.
2. In terms of causation and Material Injury the Commission is requested to take the applicant's New Zealand imports and the 18% depreciation of the Australian Dollar into its consideration on price effect and market power.

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### GDS Domestic Sales

#### 1. Like Goods Factor

GDS produce and sell the same GUC domestically and to Australia.

The GUC comprise two “models”, Grades 250 and 350.

In respect to the production costs, one model, Grade 350 has a higher cost to make than Grade 250.

The verification established that the cost of steel slab represented over ■% of the total cost of production.

The cost of steel slab used to produce Grade 350 was verified to be US\$■ per Tonne higher than slab purchased to produce Grade 250.

All other costs and expenses in the total cost to make and sell were the “same” for both Grades.

GDS charged a price premium of US\$■ per Tonne for exports of Grade 350 to Australian market.

Conclusions are that the two Grades are like goods and that the production cost differential on the export sales to Australia was included in the price.

Domestically, however, the price of Grade 350 more than compensated for the demonstrated cost differential.

We respectfully submit that this factor be considered in terms of s 269 TAC(8).

#### 2. Level of Trade Issue

The real world universally acknowledges that there are demonstrable levels of trade in terms of industry practice, namely:-

- (i) Wholesalers
- (ii) Stockist-Distributors
- (iii) End users – Convertors
- (iv) Project Requirements

We submit that for purposes of determining appropriate and relevant domestic sales for comparison with the Australian export sales, the Commission should only have regard to domestic sales of: -

- (i) Like Goods
- (ii) Profitable, third party sales

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- (iii) Sales to domestic customers most akin to the Australian customer

We claim that the Verification identified that GDS domestic sales of like goods comprised: -

- (i) ■% to the stockist-distributor
- (ii) ■% to end users

We submit therefore that GDS domestic sales were clearly identified as being to two distinct levels of trade, namely: -

- (i) To stockist-distributor
- (ii) to end users

We further submit that after allowing for the previously outlined cost differential, the price differential was US\$ ■ per Tonne or IDR ■ per Tonne , for sales to the end user level of trade.

Export sales to Australia were to the wholesaler level of trade and we submit that the domestic sales of like goods to the level of trade most akin to the wholesaler level are the GDS sales to stockist-distributors.

We rely on the provisions contained in s 269 TAC(8) of the Act which as the Commission is aware, reads, inter alia: -

“Where the normal value of goods exported to Australia is the price paid or payable for like goods and that price and the export price of the goods exported:-

- (c) are modified in different ways by taxes or the terms or the circumstances of the sales to which they relate; that price paid or payable for like goods is to be taken to be such a price adjusted in accordance with directions by the minister so that those differences would not affect its comparison with that export price.”

We respectfully request that the Commission give consideration to the GDS domestic sales to end users being adjusted in accordance with the above provision in s 269 TAC(8) and that the Commission recommend to the Minister that the relevant domestic sales of GDS be adjusted for normal value calculations as previously outlined.

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In our opinion the relevance of this request for further consideration is that the variable factors of normal value and thus the Dumping Duty Margin, will change for the benefit of GDS.

The current assessment is considered to have resulted in a higher margin of Dumping Duty because of the different circumstances pertaining to the GDS domestic sales of like goods, namely the different levels of trade.

Please contact the writer and representative should the Commission require any further detail or clarification on our request.

We also take this opportunity to make the following observations on the issue of causality and Material Injury.

The most relevant and demonstrable factor on causation is, in our opinion, the 18% depreciation of the Australian currency against the US currency.

We also suggest that any reference to year 2008 for comparisons on market and pricing conditions is totally irrelevant.

Historically, and universally, year 2008 was simply an exception unlikely to be ever repeated.

### **Imports ÷ Causation** **New Zealand Imports of GUC**

- Fact is that Bluescope Steel (BSL) owns and controls the New Zealand operation of New Zealand Steel (NZS).
- Imports from NZS are legally non-injurious regardless of their export price being a dumped or non-dumped price.
- NZS imports are obviously an important element in BSL's Australian market supply.
- For the first 6 months of year 2013, being the period following the nominated Investigation Period, NZS
  - Imports have totalled 13893 Tonnes (ABS data)
  - For the Investigation Period (year 2012), NZS imports totalled around \*9800 Tonnes and in year 2010 NZS imports totalled around \*13500 Tonnes (\*ABS data rounded).

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### Relevance

- BSL claimed that it is a price taker and that whilst it attempts to obtain a domestic price premium it has, for the past 7-9 years, based its pricing on import parity.
- We submit that BSL “uses” the NZS operation to determine import parity pricing for, we submit, the 70% of its domestic sales to the distribution market.
- We also submit that BSL’s NZS imports should be the benchmark price for imports rather than the notional BSL non-injurious price.
- We request the Commission to include the NZS factor in its final considerations in that those imports during year 2012 and the first 6 months of 2013 are the “lowest non-dumped source” of the Australian market supply.
- We consider our claim to be especially relevant given the apparent volume of non-dumped imports from producer-suppliers in Korea and Taiwan.

### ABS Data – Confidentiality

Our understanding based on ABS data and information, the confidentiality volume of relevant GUC comprises the following countries:-

<u>Tariff Item</u>	<u>Countries</u>
(1) 72085100-40	China Indonesia Japan Taiwan

**Note: RKOR Imports are disclosed.**

(2) 72085200-41	China Indonesia Japan Korea Taiwan
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### Conclusion

The volume of imports “Customs entered” 720851 and 720852 is published by the ABS.

The volume of imports from the countries named in the Investigation can be determined.

The volume of imports from New Zealand are disclosed.

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### Derived Market Supply

For the GUC classified Customs Tariff Items 720851 and 720852, and based on (i) ABS data and (ii) BSL published data on despatches our market supply is as follows:

**Table No. 1 – 000 Tonnes (rounded)**

Calender Yr	2008	2009	2010	2011	2012
BSL domestic	367	188	265	314	279
NZS Imports	-	-	15	2	10
<b>BSL Market Supply</b>	<b>367</b>	<b>188</b>	<b>280</b>	<b>316</b>	<b>289</b>
<b>Imports</b>					
Relevant Countries	219	74	122	95	159
Other excluding NZ	4	-	2	-	-
<b>Estimated Market Supply</b>	<b>590</b>	<b>262</b>	<b>404</b>	<b>411</b>	<b>448</b>

### Relevance and Conclusions

#### ABS “Suppression Orders”

- The ABS data publicly available, whilst not totally country specific, does provide the market supplied by imports, including those from N.Z.
- We make the observation, however, that given the imports from Korea are published for Item 720851 the so termed suppression order appears to be inconsistent.

#### Pricing

- BSL claimed that its pricing during year 2012, the I.P. was lower than for year 2008.
- The comparison is simply disingenuous as year 2008 prices, universally, were historical highs and unlikely to be repeated.

### Conclusions

We respectfully submit that the Commission takes into consideration the relevance of the BSL New Zealand imports when determining causality and injury.

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In our opinion, BSL's ability to supply from both its Port Kembla and NZ facilities will further enhance its domestic market power and that its claim of being a price taker is considered to be unfounded.

As BSL has stated, the import price, being the Australian date of sale, is determined on the overseas supplier's confirmation of contract and given the lead times involved, this is at least three months before the subject goods arrive in Australia.

The other reality is that the subject goods Under Investigation enter a single Australian market and the lowest non-dumped source of supply must be the relevant benchmark for non-injurious pricing when the volume of non-dumped imports comprise a significant share of the market supply.

Market intelligence also suggests that BSL's closure of one blast furnace and its consequent reduction in slab production has caused domestic users and converters of 'Plate' to arrange alternative supply sources.

BSL closed one blast furnace in October 2011.

The only alternative supply source is of course imports of the subject goods for value adding in Australia, or fully fabricated, finished goods of 'Plate' material.

Thank you for your consideration.

Sincerely,



**M.J. Howard**