



Australian Government
**Department of Industry,
Innovation and Science**

**Anti-Dumping
Commission**

CUSTOMS ACT 1901 - PART XVB

**ANTI-DUMPING COMMISSION
REPORT TO THE
ANTI-DUMPING REVIEW PANEL**

**REINVESTIGATION OF CERTAIN FINDINGS
IN REPORT 419**

**HOLLOW STRUCTURAL SECTIONS
EXPORTED FROM THE PEOPLE'S REPUBLIC OF CHINA,
REPUBLIC OF KOREA, MALAYSIA AND TAIWAN**

January 2019

CONTENTS

CONTENTS2

ABBREVIATIONS.....3

1 BACKGROUND4

1.1 REVIEW OF MEASURES4

1.2 REVIEW OF ASSISTANT MINISTER’S DECISION4

2 URSINE – DATE OF SALE6

2.1 ADRP REQUEST FOR REINVESTIGATION6

2.2 RELEVANT LEGISLATION.....7

2.3 THE COMMISSION’S POLICY ON DATE OF SALE.....7

2.4 URSINE’S APPLICATION FOR REVIEW.....8

2.5 SUBMISSIONS TO THE COMMISSION FOR THE REINVESTIGATION10

2.6 COMMISSION’S EXAMINATION OF DATE OF SALE.....11

2.7 CONCLUSION16

3 ATTACHMENTS AND APPENDICES18

PUBLIC RECORD

ABBREVIATIONS

\$	Australian dollars
the Act	<i>Customs Act 1901</i>
ADRP	Anti-Dumping Review Panel
Assistant Minister	the Assistant Minister for Science, Jobs and Innovation
ATM	Austube Mills Pty Ltd
AUD	Australian dollar
the Commission	the Anti-Dumping Commission
the Commissioner	the Commissioner of the Anti-Dumping Commission
FOB	Free on Board
the goods	the goods the subject of this reinvestigation
HRC	hot rolled coil
HSS	hollow structural sections
the Manual	the <i>Dumping and Subsidy Manual</i>
NTD	New Taiwan Dollars
REP 419	<i>Anti-Dumping Commission Report No. 419</i>
Ursine	Ursine Steel Co Ltd

1 BACKGROUND

1.1 Review of Measures

On 14 July 2017, the Commissioner of the Anti-Dumping Commission (the Commissioner) initiated a review of the variable factors relevant to the taking of the anti-dumping measures applying to certain hollow structural sections (HSS) exported to Australia from the People's Republic of China, the Republic of Korea, Malaysia and Taiwan. The inquiry was initiated as a result of an application lodged by the Australian HSS manufacturer, Austube Mills Pty Ltd (ATM).

In *Anti-Dumping Commission Report No. 419* (REP 419) the Commissioner recommended that the then Assistant Minister for Science, Jobs and Innovation (the Assistant Minister)¹ declare that the dumping duty notice, from the date of the declaration, be taken to have effect as if the Minister had fixed difference variable factors in respect of the exporters from the nominated countries.

On 31 May 2018, the Assistant Minister accepted the Commissioner's recommendations. Public notice of this decision was published on 6 June 2018.²

1.2 Review of Assistant Minister's decision

The Anti-Dumping Review Panel (ADRP) received applications for a review of the Assistant Minister's decision from Ursine Steel Co Ltd (Ursine) and a number of other interested parties. The ADRP initiated its review of the decision by public notice on 20 July 2018.

On 4 September 2018 the ADRP requested that the Commissioner undertake a reinvestigation under subsection 269ZZL(1) of the *Customs Act 1901* (the Act)³ concerning the approach taken to establishing the date of sale for exports by Ursine in REP 419.

In calculating the variable factors for Ursine, the Commissioner concluded that, for exports to Australia in the review period, the date of sale should be recognised according to the invoice date for the transactions. Further, the Commissioner found that the quarterly weighted average of the export transactions should be compared to normal values based on quarterly weighted average selling prices for domestic sales with corresponding invoice dates. Ursine has challenged this finding.

The ADRP originally requested that the Commissioner report the result of the reinvestigation by 8 November 2018. The ADRP has subsequently granted two extensions of time to complete the reinvestigation, which is now due by no later than 31 January 2019.⁴

¹ For the purposes of the reviewable decision, the Minister is the Assistant Minister for Science, Jobs and Innovation.

² [Anti-Dumping Notice No. 2018/74](#) refers.

³ References to any section or subsection in this report relate to provisions of the Act, unless specifically stated otherwise.

⁴ See relevant correspondence on the [ADRP case page](#) for its review of the decision.

1.2.1 Approach to the reinvestigation

This report sets out the reinvestigation undertaken by the Anti-Dumping Commission (Commission). The Commission has conducted the reinvestigation in accordance with the ADRP's requirements and has given the ADRP a report of the reinvestigation concerning the finding or findings within the period specified by the ADRP.⁵

In his report to the ADRP the Commissioner must:⁶

- (a) if the Commissioner is of the view that the finding or any of the findings the subject of reinvestigation should be affirmed - affirm the finding or findings; and
- (b) set out any new finding or findings that the Commissioner made as a result of the reinvestigation; and
- (c) set out the evidence or other material on which the new finding or findings are based; and
- (d) set out the reasons for the Commissioner's decision.

⁵ Subsection 269ZZL(2) refers.

⁶ Subsection 269ZZL(3) refers.

2 URSINE – DATE OF SALE

2.1 ADRP request for reinvestigation

The ADRP's request for reinvestigation of Ursine's date of sale for export sales to Australia is stated in the following terms:

The Commission established normal values for Ursine under section 269TAC(1) based upon the price paid or payable for like goods sold in the ordinary course of trade, for home consumption in Taiwan that were arm's-length transactions. The export price for Ursine was calculated under section 269TAB(1)(a), as the price paid by the importer to the exporter, less transport and other costs arising after exportation.

When it came to comparing the normal value with the export prices so determined, the Commission took as the operative or determinative date, the date of the export invoice and compared that export price with sales of like goods on the Taiwanese domestic market which occurred on or about the date of the export invoice.

I am referring for further investigation, the Commission's decision to fix upon the date of the export invoice, rather than the date of the export sales contract, as the operative date for the selection of comparable domestic sales prices.

I provide below a summary of my reasons for making the request under s 269ZZL of the Act:

Ursine argues, if the Minister had determined the contract date for the export transaction as the operative date and then compared the contract price with the domestic sale occurring at the same time, or within the same month as the contract date, the dumping margin would have been reduced. The difference being due to two factors.

First, variations (i.e. price increases) of the cost of the main raw material input to the goods Hot Rolled Coil (HRC) which, it is acknowledged, occurred over the review period.

Secondly, the difference in the production and delivery times for export and domestic sales following the date of the respective sales contracts (the export sales contract and the contract to Ursine's domestic customer). Following the date of the export sales contract there is a lag of between 2 to 3 months until the goods are produced and exported. On the other hand, for domestic sales the like goods are produced and dispatched within a month.

By adopting the date of the export invoice as the operative date and comparing that price with a contemporaneous domestic price, the Commission was in fact comparing an export price, influenced by a lower price of HRC prevailing at the time of the export sales contract with a domestic price influenced by the increased price of HRC prevailing in the month of export. The outcome of such a comparison may be in breach of the Commission's obligation to conduct a fair comparison between export prices and normal values.

In undertaking the reinvestigation the Commission will need to determine, if at the date of the export sales contract all the material terms of that contract had been settled and were not subject to variation. Similarly, with regard to domestic sales, the Commission will need to determine whether the HRC used in the production of the like goods, so sold, was sourced from inventory or purchased from Ursine's supplier and the material terms of such purchases.

2.2 Relevant legislation

Section 269TACB describes how to work out whether dumping has occurred and the levels of dumping.

(1) If:

- (a) an application is made for a dumping duty notice; and
- (b) export prices in respect of goods the subject of the application exported to Australia during the investigation period have been established in accordance with section 269TAB; and
- (c) corresponding normal values in respect of like goods during that period have been established in accordance with section 269TAC;

the Minister must determine, by comparison of those export prices with those normal values, whether dumping has occurred.

The subsequent provisions of section 269TACB provide detail on the available methods of comparison between export prices and corresponding normal values.

Subsection 269TAC(8) stipulates that, where the normal value of exported goods is the price paid or payable for like goods, the price paid or payable is to be taken to be such a price adjusted in accordance with directions by the Minister so that certain differences would not affect the comparison with the export price.

The Commission considers that the concept of the date of a transaction or agreement that best establishes the material terms of the sale is one that is suitable for determining the date of sale for the transactions to be compared.⁷

2.3 The Commission's policy on date of sale

The *Dumping and Subsidy Manual* (the Manual) states at pages 66-67:

In establishing the date of sale, the Commission will normally use the date of invoice as it best reflects the material terms of sale. For the goods exported, the date of invoice also usually approximates the shipment date.

Where a claim is made that a date other than the date of invoice better reflects the date of sale, the Commission will examine the evidence provided.

For such a claim to succeed it would first be necessary to demonstrate that the material terms of sale were, in fact, established by this other date. In doing so, the evidence would have to address whether price and quantity were subject to any continuing negotiation between the buyer and the seller after the claimed contract date.

This arises because there can be circumstances where an exporter and importer agree on price and quantity and make a sales agreement to that effect, but this may not establish the date on which terms were finally agreed upon because an element of informality continues, and conditions can be changed.

Any claim for an adjustment would need to substantively address:

⁷ Footnote 8 to Article 2.4.1 of the *Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994* (Anti-Dumping Agreement) states that 'Normally, the date of sale would be the date of contract, purchase order, order confirmation, or invoice, whichever establishes the material terms of sale'.

PUBLIC RECORD

- whether, why, and to what degree, the considerations in determining price differed between export and domestic sales;
- whether the materials cost differs at the time of subsequent invoicing of that export sale (compared to domestic sale invoices in the same invoice month of that export sale) having regard to factors such as the production schedules for domestic and export; and lead times for purchasing main input materials;
- whether contracts were entered into for the materials purchases, and materials inventory valuation.

Very long terms for future delivery: a producer/exporter may adjust its prices in the domestic market periodically according to market conditions but in the export market enter into a long term contractual arrangement, sometimes with an associate company, several years prior to the commencement of the investigation period. The Commission will use the invoice date in these circumstances because it ensures use of current data for normal value purposes.

Using the contract date for export sale is most likely to have application in situations where the production process takes a long time—for example, manufacturing items of heavy capital equipment causing delivery to occur well after the sale has taken place.⁸

2.4 Ursine’s application for review

In its application for review, Ursine provided an overview of its export sales process. Ursine advised that upon receiving an inquiry from an Australian customer, it confirms the prevailing market price [REDACTED] and offers a price accordingly. If the customer agrees, the customer raises a purchase order and Ursine provides a sales contract for execution.

Ursine claimed that, upon execution of the sales contract, the price and other material terms of the sale become fixed and binding, cannot be changed and did not change for transactions in the review period. It claimed that only after the execution of the export sales contracts will Ursine [REDACTED]. Ursine stated that, as the grade [REDACTED] represents a [REDACTED] of its overall production, it was [REDACTED] to hold stock [REDACTED] in question.

Ursine submitted that, with the different lead times between export and domestic sales and in an environment of fluctuating HRC costs, the comparison of sales according to invoice dates resulted in an unfair comparison of export and domestic prices.

2.4.1 Evidence of Ursine’s circumstances

In its exporter questionnaire response, Ursine described the process for its export sales to Australia as follows:⁹

Negotiate price and receive orders:

[REDACTED]

⁸ The Manual is available on the Commission’s [website](#).

⁹ Document no. 11 on the [public record](#), section B-2 (e).

PUBLIC RECORD

[REDACTED]

Ursine's exporter questionnaire response included the following information concerning its sales of HSS in Taiwan:¹⁰

Ursine sell the GUC to the [REDACTED] and [REDACTED] in its domestic market at [REDACTED] during the review: [REDACTED] and [REDACTED]. Ursine does not sign agreement or contract with such customers; all sales are done by telephone or email purchase.

and

Customers place purchase orders via email, telephone or fax.

Once order confirmed, Ursine enters the quantity/specifications ordered by the customers into its system.

Once the order goods is ready for delivery, Ursine will notify the customers to make payments and a delivery note will be issued for shipment record. Upon shipment, Ursine will issue Government Uniform Invoice ("GUI") to customers.

On 14 February 2018, the Commission provided a response to Ursine on its comments on the draft dumping margin calculations. The response included a statement that the contract date had not been accepted as the date of sale as the information provided did not meet the requirements for using a date other than the invoice date, as set out in the Manual. No further correspondence was received from Ursine prior to the Statement of Essential Facts (SEF) being placed on the public record on 19 March 2018.¹¹

In its response to the SEF, Ursine again argued for the contract date to be recognised as the date of sale. In the Commission's view, the submission did not meet the requirements for a departure from the invoice date as the date of sale for the export transactions. The submission provided no documentary evidence to support the issues raised in the Manual, particularly in relation to production schedules, lead times for purchasing main input materials and whether contracts were entered into for the materials purchases and materials inventory valuation.

For the purposes of the reinvestigation, the Commission sought the following additional information from Ursine:

- a copy of the terms and conditions applying to sales contracts for sales to Australian customers, highlighting the terms that state that the terms of the sales contract cannot be amended and the sale cannot be cancelled – as well as evidence of these terms and conditions being communicated to the Australian customers;
- an explanation of the factors that cause or contribute to the delay between Ursine issuing the sales contract and the goods being shipped to Australia;
- for each of the sample export sales to Australia provided in Ursine's exporter questionnaire response and sales selected for verification:

¹⁰ Document no. 11 on the [public record](#), sections D-1 and D-3.

¹¹ [Document No. 43](#) on the public record.

PUBLIC RECORD

- the signed sales contracts;
 - evidence to establish the particular coil or coils of HRC used in the production of the goods;
 - details of whether this HRC was purchased under a contract with the supplier and, if so, the terms of that contract;
 - evidence to show when the HRC was ordered;
 - evidence to show when the HRC was received by Ursine;
 - evidence to show the price of the HRC used in the production;
 - evidence to show the date of production of the HSS.
- For all domestic sales, the date that the order was received from the customer and the date the order was confirmed (providing documentary evidence of these dates for the sample domestic sales provided in Ursine's exporter questionnaire response and those sales selected for verification).
 - For each of the sample domestic sales provided in Ursine's exporter questionnaire response and selected for verification:
 - evidence to establish the particular coil or coils of HRC used in the production of the goods;
 - details of whether this HRC was purchased under a contract with the supplier and, if so, the terms of that contract;
 - evidence to show when the HRC was ordered;
 - evidence to show when the HRC was received by Ursine;
 - evidence to show the price of the HRC used in the production;
 - evidence to show the date of production of the HSS.

On 3 October 2018, Ursine provided a response to the Commission's request for further information at **Confidential Attachment 3**.

2.5 Submissions to the Commission for the reinvestigation

In a submission to the Commission dated 22 October 2018, the Australian HSS manufacturer, ATM, supported the Commission's conclusions in REP 419.¹² ATM disagreed with the ADRP's view that the Commission's comparison of transactions according to their invoice date could be a breach of its obligation to conduct a fair comparison between export prices and normal values.

ATM cited the decision of the Federal Court in *Al Abdullatif Industrial Group Co Ltd v Minister for Justice & Customs* [2000] FCA 758 to support its view that Ursine did not draw all relevant material to the decision-maker's attention at the appropriate time and that there was no legal obligation for the Commission to institute further enquiries. ATM also referred to World Trade Organization jurisprudence and a previous ADRP decision to support its view that it is the exporter's responsibility to make substantiated requests for due allowance adjustments.

In making its request for the Commission to reinvestigate this issue, the ADRP was fully aware of the extent of the information and arguments put forward by Ursine and the timing of those submissions in the context of the review process. As ATM's submission to the Commission of 22 October 2018 deals with the appropriateness of the reinvestigation rather than the substance of the issue, the Commission has not addressed the

¹² Document no. 58 on the [public record](#).

PUBLIC RECORD

submission in this reinvestigation but attaches the submission (**Attachment 1**) for the ADRP's consideration.

Ursine responded to ATM's submission (**Attachment 2**).¹³ As Ursine's submission also deals with the appropriateness of the review, the Commission has not addressed the submission in this report.

2.6 Commission's examination of date of sale

When determining dumping, a fair comparison should be made between export and domestic sales with respect to the date of sale. Due allowance for export and domestic sales occurring at different times must be made if those differences affect price comparability.

The Commission takes into account both of the following factors for a claim to deviate from the invoice date as the date of sale:¹⁴

- whether the material terms of sale were established by the other date; and
- whether there are differences between export and domestic sales with respect to:
 - price considerations;
 - raw material purchase arrangements and lead times; and
 - raw material purchase contracts and inventory valuation.

One situation where it may be appropriate to take the contract of sale date to be the date of sale for an exporter is in situations where, *inter alia*:

- an exporter enters into a raw material purchase contract *following* an order for a finished product in order to satisfy that order, as opposed to drawing on existing raw material in inventory to satisfy that order;
- and that this arrangement differs between export and domestic sales.

Taking into account the additional information provided by Ursine, the Commission has reinvestigated Ursine's claim that the sales contract date should be regarded as the date of sale for its export sales to Australia in the review period. This has required an examination of:

- whether, at the date of the export sales contract, all the material terms of that contract had been settled and were subject to variation; and
- differences in the cost of raw materials at the time of invoicing of the export sales compared to domestic sales in that same period, having regard to factors such as the production schedules and lead times for purchasing raw materials.

2.6.1 Material terms of the export sales contract

The Commission has first assessed whether, at the date of the export sales contract, all the material terms of that contract had been settled and were not subject to variation.

Following receipt of a purchase order from the Australian customer, Ursine issued a sales contract that was signed by both parties. The sales contracts purport to stipulate the

¹³ Document no. 59 on the [public record](#).

¹⁴ The Manual (November 2018), at page 66.

PUBLIC RECORD

material terms of sale, including details of the products to be supplied, price per metric tonne, packing arrangements and month of shipment. The sales contract allows for a minor variation in quantity and value of the goods shipped, although in most cases examined the sales contract quantity and invoice quantity were very similar, and in all cases within the tolerance allowed. This tolerance is common in the industry and gives the manufacturer some flexibility in the production process.

Within the export sales source documents collected during the review, purchase orders made from one customer, [REDACTED], to Ursine incorporated detailed terms and conditions. These terms and conditions stipulate that:

- the purchaser's terms and conditions apply exclusively and the purchaser will not recognise the supplier's terms and conditions that deviate from those of the purchaser;
- the prices remain fixed; and
- the ordered volumes are binding.

The Commission is not in possession of, or did not receive, detailed terms and conditions associated with sales to other Australian customers.

For all of the transactions examined,¹⁵ the following terms on the export sales contract did not vary between that contract and the invoice:

- products supplied;
- unit price; and
- packing arrangements.

The Commission notes that for some of the transactions examined (representing [REDACTED] per cent of the total contract quantity of transactions examined), the actual shipment date for the goods exported to Australia, which reflects the date the invoice is raised, was inconsistent with the shipment date:

- required by the customer in the purchase order; and
- stipulated in the sales contract to reflect the customer's purchase order.

The Commission's analysis of the contract of sales terms is at **Confidential Attachment 4**.

2.6.2 Raw material and pricing considerations

The Commission has assessed the following with respect to raw materials used to produce domestic and export HSS:

- raw material purchase arrangements and whether contracts were entered into for HRC purchases in response to HSS orders; and
- the timing of HRC purchases relative to the production and sale of the HSS, i.e. the lead times for how long stock is held in inventory before production and shipment.

¹⁵ Source documents for sample invoices provided in Ursine's response to the exporter questionnaire and during the course of the case.

PUBLIC RECORD

The Commission considers it important to assess these raw material factors as they may or may not reveal differences in pricing considerations between domestic and export sales, which in turn may impact on the date of sale and price comparability.

Raw material purchase arrangements

The Commission examined documents provided by Ursine relating to the HRC used in the production of HSS exported to Australia. The Commission found that, in the review period, the HSS exported to Australia was normally produced from HRC that was held in Ursine's inventory at the time the sales contract was signed by the parties. Based on Ursine's data and advice, the HRC cost in producing HSS was tied to the unit purchase price of the coil consumed in production. In a minority of cases, additional HRC necessary to complete the order was ordered at the time the sales contract was made.

This finding is in contradiction to Ursine's claim in its application for review that "[REDACTED]

"¹⁶

Based on Ursine's production record listing and supporting source documents relating to sampled transactions provided by Ursine during the reinvestigation, the Commission analysed the average number of days between (a) when the HRC was delivered to Ursine's factory, and (b) when the sales contract (for export sales) and invoices (for domestic sales) were made. The Commission's analysis is at **Confidential Attachment 5** and the findings are summarised in Table 1 below:

	Average number of days the HRC is stocked in inventory prior to the issue of sales contract (for export) and invoice (for domestic)
HRC used to produce goods exported to Australia	■
HRC used to produce goods sold domestically	■

Table 1: Comparison of date HRC delivered to Ursine's factory between export and domestic sales

As such, export and domestic goods were both normally produced from HRC that was held in Ursine's inventory at the time when sales contracts (for export sales) and invoices (for domestic sales) were made. The number of days that the HRC reasonably sat in inventory was significant for both export and domestic goods – this indicates that the raw material cost is associated with a prior month (when the HRC was purchased), rather than being the month in which the sales contract (for export sales) or invoice (for domestic sales) is made.

Comparison of raw material lead times between domestic and export sales

Figure 1, below, illustrates a comparison of lead times of HRC purchase, and production and invoice of HSS for export and domestic sales. For export sales, the calculated average lead time between the HSS contract of sale and the invoice was based on the selected sample transactions from the REQ and desktop audit. For export and domestic

¹⁶ P.13 of Ursine's Application for a review of a Ministerial decision to the ADRP.

PUBLIC RECORD

sales, the calculated average lead time between the HRC purchase, and the HSS contract of sale (for export sales) and invoices (for domestic sales) was based on the production record listing.

[Figure 1 redacted]

Figure 1: Comparison of export and domestic lead times

In comparing the timing of HRC delivered to Ursine's factory, the Commission finds that the difference between export and domestic lead times is relatively short (██████████). This represents an average discrepancy of ██████████; therefore, the unit HRC costs are unlikely to differ to a significant degree between export and domestic sales.

Price considerations and setting

Ursine stated that it sets prices by confirming ██████████
██████████.

In Continuation Inquiry 379, the Commission found that in setting prices for domestic and export sales, Ursine had regard to ██████████
██████████.

.¹⁷ The Commission considers it logical that Ursine would have regard, at least in part, to its inventory value of HRC at the time when sales contracts (for export sales) and invoices (for domestic sales) are made, particularly given that, on average, the HRC consumed in producing export and domestic HSS was held in inventory for a significant amount of time. These HRC inventory values reflect the prices of the raw materials from, on average, the prior months in which they were purchased (as per findings in Table 1).

The Commission notes that based on Ursine's data and advice, the HRC cost in producing HSS was tied to the unit purchase price of the coil consumed in production when recorded in Ursine's accounts. The Commission considers that Ursine's claim about fluctuations in HRC prices during the review period, coupled with HRC being held in inventory for significant periods of time, would warrant Ursine's consideration of its raw material costs when setting prices.

With this logic, in setting prices for domestic sales Ursine would have regard to HRC inventory costs that reflect prices of HRC purchased on average ██████████ prior to the invoice being raised (as per finding in Table 1 above). This is inconsistent with Ursine's claim that, from the perspective of HRC purchases to production to delivery, the lead time for domestic sales is fairly short. In this sense, prices for both export and domestic sales are based on HRC with significant lead times between purchase, production and sale.

Given the findings outlined in Table 1 and Figure 1, the Commission considers that Ursine's price considerations for domestic and export sales on the date of invoice are substantively the same because:

¹⁷ Sourced from the Commission's verification work program and notes from the verification visit to Ursine as part of Continuation Inquiry 379.

PUBLIC RECORD

- it is reasonable for Ursine to have regard to its raw material expenses in setting prices for domestic and export sales of HSS; and
- the raw material expenses used to produce domestic and export HSS derive from purchases from a very similar time period (with a discrepancy of [REDACTED], as per Figure 1).

Further, based on the finding that HSS produced during the review period was made from HRC held in inventory for both domestic (in all cases) and export sales (in the majority of cases), and that the purchases of this HRC occurred over similar periods, the Commission is of the view that an adjustment for due allowance is not required.

Consequently, the Commission considers that comparing the invoice dates for domestic and export sales is reasonable in these circumstances.

2.6.3 Applying facts to considerations in the Manual

The Commission consequently summarises its findings by applying the facts established above to the considerations set out in the Manual:

1. whether, why, and to what degree, the considerations in determining price differed between export and domestic sales;

HRC is the main raw material for the production of the goods and represents approximately 80 per cent of the cost of production. In Continuation Inquiry 379, the Commission found that in negotiating prices for domestic and export sales, Ursine has regard to [REDACTED]. The Commission considers it reasonable that Ursine had regard to its HRC costs in considering prices for domestic and export sales given the significant lead times and the fluctuating market price of HRC.

As shown in Figure 2, the Commission therefore finds that the price considerations between domestic and export sales are substantively the same given the finding that raw material expenses are based on HRC purchased from a very similar time period.

2. whether the materials cost differs at the time of subsequent invoicing of that export sale (compared to domestic sale invoices in the same invoice month of that export sale), having regard to factors such as the production schedules for domestic and export, and lead times for purchasing main input materials;

Based on the Commission's analysis of export and domestic lead times, the Commission considers that Ursine's raw material cost at the time of invoicing an export sale is highly similar to the raw material cost for a domestic sale invoiced in the same month. The Commission found that the difference in lead times was [REDACTED] on average.

3. whether contracts were entered into for the materials purchases, and materials inventory valuation.

As described above, in the majority of cases Ursine had [REDACTED] when it entered into a sales contract for an export sale to Australia. Given this, the Commission does not consider that, in the ordinary course of business, the [REDACTED] triggered Ursine to [REDACTED].

Therefore, the Commission considers that raw material purchase arrangements did not materially differ between export and domestic sales. The Commission does not have any information that suggests otherwise.

2.7 Conclusion

The Commission has based its findings on verified information gathered during the course of preparing REP 419 and information requested by the Commission as part of the reinvestigation.

The Commission found that the material terms of the export contracts of sale appear to have been settled and were not subject to variation; although, it is noted that in some cases the shipment date stipulated on the export sales contract was not met.

However, the Commission found that Ursine's circumstances are such that there is not a material difference between export and domestic sales with respect to pricing considerations, and raw material purchase arrangements and lead times, at the time of invoicing.

The Commission therefore considers it is not established that there are materially different pricing considerations, and raw material purchase arrangements and lead times, between export and domestic sales such that, in an environment of fluctuating HRC costs, the comparison of sales according to invoice dates result in an unfair comparison of export and domestic prices. The Commission considers that its normal practice of using the invoice date is reasonable in these circumstances.

Based on the finding that HSS produced during the review period was made from HRC held in inventory for both domestic (in all cases) and export sales (in the majority of cases), and that the purchases of this HRC occurred over similar periods, the Commission is of the view that an adjustment for due allowance is not required.

As a result of the reinvestigation, the Commissioner affirms that the date of sale for exports of HSS to Australia by Ursine in the review period should be recognised as the date the invoice is raised by Ursine for its Australian customers.

2.7.1 Recalculations

Should the ADRP disagree with the Commissioner's findings, the Commission has recalculated Ursine's dumping margin using the sales contract date as the date of sale for export sales, while maintaining the invoice date as the date of sale for domestic sales.

The recalculation changes the dumping margin from **8.5 per cent** to **5.9 per cent**. These changes had the effect of decreasing the normal value, and consequently the dumping margin.

The Commission's recalculations are at **Confidential Appendices 1 – 5**.

3 ATTACHMENTS AND APPENDICES

Attachment 1	ATM submission to the reinvestigation
Attachment 2	Ursine submission to the reinvestigation
Confidential Attachment 3	Ursine's response to the further information request
Confidential Attachment 4	Contract of sale terms
Confidential Attachment 5	Comparison of HRC purchase lead times
Confidential Appendix 1	Revised Australian sales
Confidential Appendix 2	CTMS
Confidential Appendix 3	Domestic sales
Confidential Appendix 4	Normal value
Confidential Appendix 5	Revised dumping margin