

Application for Sunset Review of Malaysian Galvanised Wire  
Anti-Dumping Duties

Pacific Steel (NZ) Limited

13 December 2019

## Case Basis

1 This sunset review application concerns a recurrence of Malaysian galvanised wire dumping into New Zealand causing a recurrence of material injury to Pacific Steel from the Malaysian goods if the current Malaysian anti-dumping duties are removed. There have been no exports of subject galvanised wire from Malaysia to New Zealand in F19 or near-preceding years.

2 The case thus presents current information on Malaysian galvanised wire dumping to other countries, matters to do with new-flow likelihood insofar as Malaysia to New Zealand, and forward-looking injurious economic **effects therefrom on Pacific Steel's** wire mill. For the reasons given and on the analysis in this application, Pacific Steel considers that a recurrence of material injury from Malaysian goods is a real and substantial risk, that is, a risk that might well eventuate.

## Applicant and New Zealand Industry

3 **This application is made by Pacific Steel (NZ) Limited ("Pacific Steel") of 21 Beach Road, Otahuhu, Auckland 1062.** This company is owned by New Zealand Steel Holdings Limited, Mission Bush Road, Glenbrook, Auckland.

4 Contact name is [xx]

5 **The applicant's financial year end is 30 June.** F19 refers to the year ending 30 June 2019.

6 The applicant manufactures drawn and coated wire, reinforcing steel bar and coil, and wire rod.

7 In previous investigations into Malaysian dumping, Pacific Wire (an operating unit within Pacific Steel) was found to be the sole New Zealand producer of galvanized wire. Since prior investigations there have been no other investments in New Zealand galvanized wire production equipment and Pacific Steel today remains the sole New Zealand producer of galvanized wire. Pacific Steel agrees **with paragraph 33 of the Ministry's December 2014 Galvanised wire from Malaysia final report** and considers that circumstance remains correct.

## Like Goods

8 **"Like Goods" are defined in section 3 of the Act as follows: "Like goods, in relation to any goods,** means - Other goods that are like those goods in all respects; or, In the absence of goods referred to in paragraph (a) of this definition, goods which have characteristics closely resembling those goods."

9 Pacific Steel is the sole New Zealand producer of galvanized wire. There are no other goods with the same form, function or usage. Pacific Steel **agrees with paragraph 54 of the Ministry's December 2014 Galvanised wire from Malaysia final report** and considers that circumstance remains correct.

## Imported Goods

10 Consistent with the types of galvanised wire subject to anti-dumping duty the goods subject to this application for initiation of a review are described: **"Galvanized steel wire of high, medium and low tensile strength between (and including) 2mm and 4.5mm in diameter, excluding armouring wire."**

11 The subject goods are currently classified under twenty tariff items: Item 7217.20.10 and Statistical Keys 05L, 07G, 08E, 09C, 11E, 13A, 15H, 16F, 17D, 18B, 25E, 27A, 28K, 29H, 31K, 33F, 35B, 36L, 37J and 39E, and Tariff Item 7217.20.90 and Statistical Keys 05D, 07L, 08J, 09G, 11J, 13E, 15A, 16K, 17H and 18F.

12 A confidentiality order is in place on three of the twenty items of subject and like goods within Statistics **New Zealand's** import data. The New Zealand-sourced import data available to Pacific Steel is thus incomplete. In certain areas this application relies on export data sourced from TradeMap, International Trade Centre, <https://marketanalysis.intracen.org>. The Malaysian data in that is sourced from Malaysian Customs.

## New Zealand Imports

13 Set out below as Tables 1 and 2 are the publicly-available New Zealand galvanised wire import volumes and values and unit values in the four quarters of F19. Source is TradeMap, International Trade Centre, <https://marketanalysis.intracen.org>. at the **same product group level as Pacific Steel's** 2014 application. It collects data on goods in 7217.20, from which the original source is Statistics

**New Zealand. Pacific Steel's understanding is that this source does not include imports which entered New Zealand under any confidential tariff code.**

Table 1: Imports of tariff group 7217.20, Kilograms and tonnes and percent. NZ-side records

Exporting Country	2018-Q3	2018-Q4	2019-Q1	2019-Q2	F19	F19
	Imported quantity, Kilograms	Imported quantity, Kilograms	Imported quantity, Kilograms	Imported quantity, Kilograms	Imported quantity, Tonnes	Share
Canada	616332	502218	1361071	706837	3186.5	29.63%
Indonesia	721541	546053	1054908	790152	3112.7	28.94%
China	730590	485283	525816	504493	2246.2	20.88%
Australia	92147	160510	78154	716740	1047.6	9.74%
Korea	165502	87065	212030	140767	605.4	5.63%
Malaysia	58276	42004	25298	46646	172.2	1.60%
France	19822	0	80030	39362	139.2	1.29%
South Africa	0	0	0	94626	94.6	0.88%
Taiwan	0	0	0	20447	20.4	0.19%
Spain	0	0	0	4946	4.9	0.05%
All Others	13887	27010	55138	5259	101.3	0.94%
World	2418116	1850416	3416885	3070275	10755.7	100.00%

Table 2: Imports of tariff group 7217.20, New Zealand \$ and \$ per tonne. NZ-side records

Exporting Country	2018-Q3	2018-Q4	2019-Q1	2019-Q2	F19	F19
	Imported value, NZ\$,000	Imported value, NZ\$,000	Imported value, NZ\$,000	Imported value, NZ\$,000	Imported value, NZ\$m	Imported unit value, NZ\$/t
Canada	1205	1011	2740	1458	6.414	2013
Indonesia	1258	871	1826	1329	5.284	1698
China	1199	776	824	834	3.633	1617
Australia	200	296	157	1348	2.001	1910
Korea	374	201	472	279	1.326	2190
Malaysia	104	82	46	95	0.327	1899
France	31	0	129	63	0.223	1602
South Africa	0	0	0	102	0.102	1078
Taiwan	0	0	0	28	0.028	1369
Spain	0	0	0	9	0.009	1820
All Others	41	50	113	17	0.221	2182
World	4417	3292	6311	5570	19.590	1821

## Imports from Malaysia

14 Pacific Steel considers that the Malaysia-originating volume showing in table 1 at the seventh row (New Zealand) is not the subject goods. We believe it is armouring wire, or plastic coated or other non-subject wire. Pacific Steel considers the current circumstance is the same as that found in the December 2014 final report at paragraph 7. TradeMap, International Trade Centre, <https://marketanalysis.intracen.org>. showed [xxx] [Data. Proprietary source] tonnes of Malaysian exports (measured ex-Malaysia) in the period referred to at the aforementioned table 1 which is about the same as that showing in the New Zealand-side records during that time. The New Zealand-side Malaysian per unit value is Table 2 is not relevant but Malaysia is included in tables 1 and 2 for completeness reasons. Pacific Steel considers that there have been no exports of subject galvanised wire from Malaysia to New Zealand in F19 or near-preceding years.

15 As an aside, Pacific Steel notes that on the above data **Malaysia's share of New Zealand galvanised wire import volume (including the non-subject goods) would be less than negligible. Pacific Steel has assessed this in several ways; First, as measured in Table 1 Malaysia's F19 share is 1.6%; Second, that same series across the 20-quarter period commencing 2014 Q3 to 2019 Q3 shows an average quarterly Malaysian import share of 0.88%; Third, in total, the Malaysia share was 0.88% in that period; Fourth, the recorded Malaysia-side exports were 1.73% over the last eight quarters to and including 2019 Q2; Fifth, in the 67 months from January 2014 to July 2019 Malaysia has never been the largest source of goods in the three galvanised wire suppressed codes in "imports by source ranking" datasheets regularly provided to various parties by the Ministry.**

## Malaysian Export Price

16 Pacific Steel does not have the commercial information suggested by the Ministry at the second sentence of paragraph one of the Export Price section at **MBIE's guide** because there are no imports of subject Malaysian goods. Nor indeed, if there were imports, Pacific is not an importer so cannot know. As general commercial observation, we are unaware of a domestic industry possessing copy of such invoices, i.e. having such perfect knowledge of its importing competitor's supply-side costs.

17 Providing the information in the second paragraph in the **Export Price section of the Ministry's guide** is not feasible because as far as we are aware, the Statistics NZ data does not represent subject goods. The first sentence of the third paragraph is not feasible because Statistics NZ is not a source of retailer or wholesaler margins. This is an item of suggested future refinement.

18 Pacific Steel considers that export volumes and values from Malaysia to other countries are the best information available to calculate a likely export price to NZ. Pacific Steel has thus obtained the Malaysian galvanized wire monthly export statistics from TradeMap, International Trade Centre, <https://marketanalysis.intracen.org>. for group code 721720<sup>1</sup> by volume and value, and unit FOB US\$/kg value. The most recent available data is the period up to and including June 2019, i.e. it is available for the F19 financial year. This is shown below in two quarterly tables, Table 3 being volume and Table 4 being unit value. The row order/ranking in the two tables below is from greatest to least by volume in the fourth quarter in F19.

19 Table 4 is the source of the base prices. This is the approach identified in the **Ministry's** December 2014 Galvanised wire from Malaysia final report.

Table 3: Exports of tariff group 7217.20, tonnes, Malaysia-side export records

Malaysian Destination	2018-Q3	2018-Q4	2019-Q1	2019-Q2	F19
	Exported quantity, Tonnes	Exported quantity, Tonnes	Exported quantity, Tonnes	Exported quantity, Tonnes	Exported quantity, Tonnes
Australia	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
India	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
Indonesia	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
Thailand	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
USA	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
Canada	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
Myanmar	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
UAE	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
Oman	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
Vietnam	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
All Others	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
World	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]

[Data. Proprietary source is Source is TradeMap, International Trade Centre, <https://marketanalysis.intracen.org>.]

Table 4: Exports of tariff group 7217.20, US\$/t, Malaysia-side export records

Malaysian Destination	2018-Q3	2018-Q4	2019-Q1	2019-Q2	F19
	Exported value, FOB US\$/t	Exported value, FOB US\$/t	Exported value, FOB US\$/t	Exported value, FOB US\$/t	Exported value, Av. FOB US\$/t
Australia	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
India	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
Indonesia	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
Thailand	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
USA	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
Canada	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
Myanmar	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
UAE	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
Oman	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
Vietnam	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]

<sup>1</sup> 721720 - Wire of iron or non-alloy steel, zinc plated/coated



Trade Centre, <https://marketanalysis.intracen.org> The Malaysia to World US\$ per tonne figure is approximately 10% higher than Malaysia to Australia figure.]

## Malaysian Normal Value

24 Pacific Steel does not have requisite information suggested at paragraph 1 of the Normal Value section in **MBIE’s** Information Sheet. **It is difficult to obtain evidence of Malaysia’s wholesale** level of trade price for its domestically sold subject goods because:

24.1 None of the Malaysian makers of galvanized wire put price-identifying information such as their customer invoices and their terms of trade in the public domain.

24.2 Public Malaysian subject goods price list cannot be found.

24.3 End-user goods prices (for example precursor goods converted to a different form on which pricing were obtained, but from which some conversion costs and margin may then be deducted in order to derive a normal value for the subject goods) cannot be found.

24.4 While one Malaysian maker of galvanized wire is an associate of a public company<sup>2</sup>, segmental pricing information on the subject goods is not available.

24.5 None of the domestic customers of the Malaysian makers of galvanized wire put any normal value price-identifying information, i.e., their buy price, into the public domain.

24.6 The Malaysian galvanized wire industry association<sup>3</sup> (the “Steel Wire Association of Malaysia”) does not publish any normal value price-identifying information.

24.7 The relevant association (SEASI<sup>4</sup>) does not publish any normal value information.

25 Pacific Steel therefore developed a normal value using the constructed approach using current information, adjusted where necessary. **The Ministry’s statements at paragraphs 83 and 84** of the December 2014 final report remain correct today.

26 The constructed normal value is built using the F19 Pacific Steel and Pacific Wire manufacturing costs. The normal value allows for differences between the economics of making the subject goods in Malaysia, versus the Pacific Steel and Pacific Wire facility in Otahuhu, New Zealand.

27 Certain differences relate to the electricity<sup>5</sup>, gas<sup>6</sup> and labour<sup>7</sup> costs. There are some other minor differences such as yield. Table 6 below shows the detailed constructed normal value.

Table 6: Malaysia Galv Wire Constructed Normal Value

A. Cost item	B. Cost Base Comments	C. Cost Data (NZ\$/t)	D. Adjust Cost (NZ\$/t)	E. F19 Cost Data (US\$/t)
Billet	[xx]			[xxx]
Billet clear transport to mill: Est. amount, para 109b) 2016 rebar excluding [xxx] sort by heat				[xxx]
<b>Vanadium: F19 av. V in Pacific’s wire. Assume [xxxxxxxxxxxx] mix difference</b>				[xxx]
Billet handling	Nominal per para 109d) 2016 rebar			[xxx]
Billet inventory	Nominal per para 109d) 2016 rebar			[xxx]
Billet	Calculation			[xxx]
Yield: [xx] runs. Col. C is last 4 years Pacific Steel av.		[xxx]	[xxx]	[xxx]
Cost of yield loss	Calculation			[xxx]
Less scrap	Calculation			[xxx]

<sup>2</sup> Southern Steel Berhad, a member of the Hong Leong Group. See <http://www.southsteel.com/Home.aspx>

<sup>3</sup> <http://www.swam.org.my/>

<sup>4</sup> <http://www.seasi.org/html/>

<sup>5</sup> Relativity source is energyconsultants.com. World Energy Pricing 2016 report page 11.

<sup>6</sup> Relativity source is NST.com 26 March 2019, Gasmalaysia.com (those in MMBtu) and Pacific Wire’s (in Gj) converted to common unit.

<sup>7</sup> Relativity source is tradingeconomics.com GDP per capital ppp.

A. Cost item	B. Cost Base Comments	C. Cost Data (NZ\$/t)	D. Adjust Cost (NZ\$/t)	E. F19 Cost Data (US\$/t)
Production labour	Malaysia is 75.66% of New Zealand	[xxx]	[xxx]	[xxx]
Maintenance	Estimated [xxx] at Malaysian plants	[xxx]	[xxx]	[xxx]
Electricity	Malaysia is 67.51% of New Zealand	[xxx]	[xxx]	[xxx]
Gas	Malaysia is [xxx] of New Zealand	[xxx]	[xxx]	[xxx]
Other utilities	Used [xxx] ML-NZ gas relativity	[xxx]	[xxx]	[xxx]
Rollshop	[xxxxxxxxxxxxxxxxxxxxxx] Used [xxx]	[xxx]	[xxx]	[xxx]
Other variable	[xxxxxxxxxxxxxxxxxxxxxx] Used [xxx]	[xxx]	[xxx]	[xxx]
Other fixed costs	Estimated [xxx] at Malaysian plants	[xxx]	[xxx]	[xxx]
Depreciation	No information suggests difference	[xxx]	[xxx]	[xxx]
Subtotal	Calculation in column E	[xxx]	[xxx]	[xxx]
Bright draw yield	No information suggests difference	[xxx]	[xxx]	[xxx]
Bright yield cost	Calculation in column E	[xxx]	[xxx]	[xxx]
Bright post yield	Calculation	[xxx]	[xxx]	[xxx]
Bright labour	Malaysia is 75.66% of New Zealand	[xxx]	[xxx]	[xxx]
Bright fixed maint.	Estimated [xxx] at Malaysian plants	[xxx]	[xxx]	[xxx]
Other FC & scrap	Estimated [xxx] at Malaysian plants	[xxx]	[xxx]	[xxx]
Bright electricity	Malaysia is 67.51% of New Zealand	[xxx]	[xxx]	[xxx]
Bright consumables	Estimated [xxx] at Malaysian plants	[xxx]	[xxx]	[xxx]
V. maint. plant & OH	Estimated [xxx] at ML plants	[xxx]	[xxx]	[xxx]
Subtotal	Calculation to finished bright	[xxx]	[xxx]	[xxx]
Galv zinc	LME. No information suggests diff.	[xxx]	[xxx]	[xxx]
Subtotal	Calculation	[xxx]	[xxx]	[xxx]
Galv yield	No information suggests difference	[xxx]	[xxx]	[xxx]
Galv post yield	Calculation	[xxx]	[xxx]	[xxx]
Galv labour	Malaysia is 75.66% of New Zealand	[xxx]	[xxx]	[xxx]
Galv fixed maint.	Estimated [xxx] at Malaysian plants	[xxx]	[xxx]	[xxx]
Other FC and scrap	Estimated [xxx] at Malaysian plants	[xxx]	[xxx]	[xxx]
Galv electricity	Malaysia is 67.51% of New Zealand	[xxx]	[xxx]	[xxx]
Galv gas, other	Malaysia is [xxx] of New Zealand	[xxx]	[xxx]	[xxx]
Galv consumables	Estimated [xxx] at Malaysian plants	[xxx]	[xxx]	[xxx]
V. maint. plant & OH	Estimated [xxx] at the ML plants	[xxx]	[xxx]	[xxx]
Total cost	Calculation	[xxx]	[xxx]	[xxx]
Profit	0.955% (av. Sthn Steel F18, F19)	[xxx]	[xxx]	[xxx]
Normal Value	Calculation	[xxx]	[xxx]	[xxx]

[Cost information and basis. This information is commercially sensitive because it would provide a competitor with a competitive advantage. Proprietary information]

### Comparison of Malaysian Export Price and Normal Value

28 Using both the Australia and World export prices and the normal value above, Pacific Steel has calculated the dumping margins for Malaysian export sales. See table 7.

Table 7: Comparison of Malaysian export price and Malaysian normal value

Destination	Ex-factory export price, US\$/t	Ex-factory normal value, US\$/t	Dumping margin (% of export price)
Australia	[xxx]	[xxx]	61%
World	[xxx]	[xxx]	44%

[Cost information. This information is commercially sensitive because it would provide a competitor with a competitive advantage, and some is proprietary information sourced from TradeMap, International Trade Centre, <https://marketanalysis.intracen.org>]

### Dumping Conclusions

29 Per the discussion at paragraph 14, there have been no exports of galvanised wire from Malaysia to New Zealand in F19 (or F19's near-antecedents), so we have been unable to examine the extent to which the goods continue to be dumped into New Zealand or the likelihood of there being a continuation of that dumping. However, based on likely Malaysian export prices to Australia and to the World, and a constructed normal value, Pacific Steel considers there is sufficient positive evidence provided above to conclude that should anti-dumping duties be removed, it is likely that if imports of galvanised wire from Malaysia resume they will be imported into New Zealand at dumped prices.

## Evidence of the likely continuation or recurrence of dumping

30 Pacific Steel has considered whether **Malaysia's galvanized wire is being placed** into other relevant markets and if so whether those goods are at dumped margins. This review is set out below:

Table 8: Comparison of Malaysian export prices and the constructed normal value

F19 Malaysian Destination	F19 Exports FOB US\$/t	Adjust back to ex-factory US\$/t	F19 Exports ex-works US\$/t	Constructed Normal Value US\$/t	F19 Dumping Margin (%)
Australia	[xxx]	[xxx]	[xxx]	[xxx]	61%
India	[xxx]	[xxx]	[xxx]	[xxx]	49%
Indonesia	[xxx]	[xxx]	[xxx]	[xxx]	24%
Thailand	[xxx]	[xxx]	[xxx]	[xxx]	6%
USA	[xxx]	[xxx]	[xxx]	[xxx]	44%
Canada	[xxx]	[xxx]	[xxx]	[xxx]	41%
Myanmar	[xxx]	[xxx]	[xxx]	[xxx]	404%
UAE	[xxx]	[xxx]	[xxx]	[xxx]	41%
Oman	[xxx]	[xxx]	[xxx]	[xxx]	-11%
Vietnam	[xxx]	[xxx]	[xxx]	[xxx]	126%
All Others	[xxx]	[xxx]	[xxx]	[xxx]	23%
World	[xxx]	[xxx]	[xxx]	[xxx]	44%

*[Cost information. This information is commercially sensitive because it would provide a competitor with a competitive advantage, and some is proprietary information sourced from TradeMap, International Trade Centre, <https://marketanalysis.intracen.org>. The Australian figure in the second column is the third-lowest and is approximately 10% lower than World]*

31 Supported by the data in table 8, Pacific Steel considers it important as to likely recurrence of dumping to New Zealand **that much of Malaysia's galvanized wire is** currently being exported at dumped prices. Oman is the only destination with de minimis/nil dumping margin, and it comprised a minority 1.13% of total Malaysian exports in F19.

32 There is no evidence to suggest that if substantive Malaysian exports to New Zealand resumed (i.e. on a volume basis to a level similar to that which prevailed prior to the existing remedy being put in place) that they would not again be dumped.

33 The following matters arise from the tables above and are of particular note:

33.1 **Australia is Malaysia's largest market** for galvanized wire and the dumping margin to that destination is estimated at a very significant 61%.

33.2 **Australia has grown from being Malaysia's third largest single export market for the subject goods in 2009 to now be Malaysia's single largest destination** for the subject goods.

33.3 Aside from the unusual data for Myanmar and Vietnam (the latter may be an export entry coding anomaly) the 61% dumping margin shown above on the Australian destined goods **is the highest of Malaysia's top ten destinations.**

*[Cost information. This information is commercially sensitive because it would provide a competitor with a competitive advantage]*

34 **Those matters are of particular concern given that Australia is Malaysia's export market with the most similarity to New Zealand.**<sup>8</sup> It is thus likely that the level of dumping on a recommenced flow of Malaysian galvanized wire to New Zealand will be similar to the dumping margin to Australia. It is also relevant to consider that Australia currently does not, and never has had, an anti-dumping remedy in place on the subject goods against Malaysia. For these reasons Pacific Steel agrees with the Ministry which has previously concluded that Malaysian export prices to Australia are the basis on which to establish likely export prices to New Zealand in the absence of New Zealand anti-dumping duties, and we consider that this conclusion remains correct.

<sup>8</sup> Pacific Steel **notes the Ministry's assumption in the 2009 Final Report** at paras 149-151 regarding the low carbon-high carbon mix in Australian-destined goods. This matter was not revisited in 2014, and Pacific Steel does not currently have invoices and similar information on the mix of Malaysian and Australian exports of galvanized wire which might allow detailed examination of this topic.



35 Set out below in table 9 is some further detail, including confirmation that, as intended, the existence of anti-dumping remedies in New Zealand has been significant in reducing Malaysian dumping into the New Zealand market. This is shown by Malaysia not exporting dumped subject goods post the existence of the New Zealand remedy, which can be contrasted with the Australian circumstance. **From an exporter’s perspective**, Australia is the market most like New Zealand, except that Australia does not have AD measures, and it **is now Malaysia’s largest** (and aside from the aforementioned unusual Myanmar and Vietnam, also lowest priced) galvanised wire export market. That flow from Malaysia to Australia has grown from 8.4% export share in 2001 to 48% share in 2018 with trend  $y = 1.3996x + 1.8035$ .

Table 9: Malaysian galvanised wire export volume. Calendar year ,000 tonnes

Destination	'03	'04	'05	'06	'07	'08	'09	'10	'11	'12	'13	'14	'15	'16	'17	'18
Australia	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
India	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
UAE	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
Thailand	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
Indonesia	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
Philippines	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
Canada	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
Kuwait	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
Vietnam	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
Oman	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
Qatar	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
USA	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
Singapore	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
Taiwan	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
UK	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
China	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
Sri Lanka	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
New Zealand	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
Korea, R	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
Cyprus	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
All Others	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
Total	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]

[Data. Australia is about one third share in 2003 and nearer half in 2018. India has grown from negligible in 2003 somewhat steadily to a little under one quarter in 2018. Proprietary information sourced from TradeMap, International Trade Centre, <https://marketanalysis.intracen.org>. The Australian figure in the second column is the third-lowest and is approximately 10% lower than World]

36 Pacific Steel has also examined whether there is significant galvanized wire manufacturing capacity in Malaysia beyond domestic demand, and low plant utilisation (both of which would encourage galvanised wire exports to New Zealand if duties are not maintained). Perfect information is not available but certain information supports a positive conclusion on these matters. Specifically:

36.1 **An article in Malaysia’s The Edge of 14 March 2019 states:** “The industry veteran recalls that when China-backed Alliance Steel (M) Sdn Bhd set up the country’s largest steel mill in Gebeng, Kuantan, which has an annual capacity of 3.5 million tonnes producing long steel products, about five years ago, local players were already suffering low utilisation rates. **“At that time, our capacity utilisation rate was below 50%. Now, with the additional capacity from Alliance Steel, the utilisation rate has dropped to below 40%,”** he remarks.”<sup>9</sup>

36.2 The Malaysia Steel Institute’s journal “The Steel Advocate” Issue 2 2018 includes the following observation: **“At Gebeng Industrial Area, Malaysia new steel player - Alliance Steel (M) Sdn Bhd invested RM 4.2 billion to set up the country’s largest steel mill that produces beam products, bar, and steel wire rod. Alliance Steel will definitely need to export most of its produces and assist Malaysia to have a better balance of steel trade rather than create a domestic pandemonium.”**<sup>10</sup>

<sup>9</sup> Liew Jia Teng, The Edge Malaysia. March 14, 2019 15:00 pm +08.

<sup>10</sup> [http://malaysiasteelinstitute.com/wp-content/uploads/2019/02/MSI%20Newsletter%20No%202\\_2018.pdf](http://malaysiasteelinstitute.com/wp-content/uploads/2019/02/MSI%20Newsletter%20No%202_2018.pdf)

36.3 The Malaysian government’s “Mid-Term Review of the Eleventh Malaysia Plan” (the Eleventh Plan encompassing 2016-2020) includes the following strategy: “Strategy A2: Increasing Export Capacity Efforts will focus on increasing the number of exporters and exploring new markets to strengthen the capacity of industries. In this regard, measures aimed at increasing the internationalisation of Malaysian firms, particularly SMEs, will be implemented through various initiatives. In the remaining Plan period, programmes will be undertaken to enhance export readiness of SMEs and improve international market compliance.

Enhancing export readiness of SMEs Emphasis will be given to enhance export capabilities of local SMEs, explore new regional markets and embark on new export promotion strategies. In this regard, SMEs will be encouraged to leverage free trade agreements and mutual recognition arrangements as well as various initiatives under regional cooperation. SMEs will be incentivised to obtain appropriate certification and accreditation to enable locally produced goods penetrate international markets. Meanwhile, the scope of the Services Export Fund will be expanded to include halal industry as well as provide more incentives to exporters through the Services Sector Guarantee Scheme. In addition, the Go Export Programme, which has been expanded to include market immersion activities, will further assist SMEs in penetrating new export markets.”

36.4 “Furthermore, digital platforms and Digital Free Trade Zone (DFTZ) will provide greater access to local players in penetrating the global market through e-commerce activities. Export programmes under various ministries and agencies will also be coordinated and monitored to ensure the effectiveness of these programmes.”<sup>11</sup>

36.5 Malaysia continues to have a large net export trade balance in the subject goods. This is shown in table 10 below. It is notable that the export growth equation is  $y = 2.2219x + 35.54$  which is steeper than the import equation  $y = 1.4425x + 1.6463$ . The trade balance is thus upwardly sloping  $y = 0.7794x + 33.894$ .

Table 10: Malaysian galvanised wire export trade balance. Calendar years ,000 tonnes<sup>12</sup>

Metric	'01	'02	'03	'04	'05	'06	'07	'08	'09	'10	'11	'12	'13	'14	'15	'16	'17	'18
Imports	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
Exports	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
Balance	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]

[Data. The trade balance was exports being three times imports in 2001, and a little lower at 2.7 times in 2018. Proprietary information sourced from TradeMap, International Trade Centre, <https://marketanalysis.intracen.org.>]

36.6 The New Zealand market is very small compared to other markets, and the world traded volume of subject goods. In calendar 2018 a total 2,538,442 tonnes was traded between countries.<sup>13</sup> That, of course, is a far lesser amount than world production. The New Zealand market is vicinity [xxx] [Data. Commercial confidentiality] of subject goods world trade and an even smaller share of world production. These facts suggest that the Malaysian producers would not find it difficult to supply the New Zealand market with sufficient product at short notice if the demand arises.

36.7 The Malaysian steel industry growth and investment path is set to continue. The Star Online’s 30 Sept 2019 issue reports: “KUALA LUMPUR: A group of upstream players from the Malaysia Steel Association (MSA) is planning to invest about RM5bil within the next three years in an effort to boost the competitiveness and sustainability of the local iron and steel industry.

<sup>11</sup> [https://www.talentcorp.com.my/clients/TalentCorp\\_2016\\_7A6571AE-D9D0-4175-B35D-99EC514F2D24/contentms/img/publication/Mid-Term%20Review%20of%2011th%20Malaysia%20Plan.pdf](https://www.talentcorp.com.my/clients/TalentCorp_2016_7A6571AE-D9D0-4175-B35D-99EC514F2D24/contentms/img/publication/Mid-Term%20Review%20of%2011th%20Malaysia%20Plan.pdf) See page 324.

<sup>12</sup> Source is TradeMap, International Trade Centre, <https://marketanalysis.intracen.org.>

<sup>13</sup> Source is TradeMap, International Trade Centre, <https://marketanalysis.intracen.org.>

36.8 **MSA president Tan Sri William Cheng said "With the support from the government, MSA members will undertake investment that involves increasing their capacity, productivity and also, an upgrade in technology and quality."**<sup>14</sup> And,

36.9 "Ann Joo said the oversupply situation in the domestic industry was still a main concern as steel prices continued to be depressed by foreign-owned steel mills. It targeted to increase export sales amidst lacklustre near-term domestic demand."<sup>15</sup>

36.10 There are at least three Malaysian steel capacity expansion projects. The SEASI Sept 2019 newsletter reports Eastern Steel flat products 1.3mt, Alliance Steel long products 3.5mt for 2020, and WenAn Steel flat and long products 10.0mt for 2021-22.<sup>16</sup>

36.11 The President of Steel Wire Association of Malaysia (SWAM),<sup>17</sup> **Mr Ernest Koay's current message includes the following: "As for the export market, we must be efficient in our production so that we can compete internationally. With the opening of the market by the government we must be able to stand on our own and be very competitive. All stakeholders must work together to ensure that the steel industry continues to grow and expand locally as well as internationally."**<sup>18</sup>

36.12 SWAM is an export-oriented organisation, illustrated, we suggest, by its website showing 30 of its 57 members having identified their export markets.<sup>19</sup>

36.13 Certain of the SWAM Malaysian galvanised wire makers specifically mention exporting being in their scope of activity or desired. For example:

(a) "PWM manufactures and markets Hard Drawn Steel Wire, Standard and Heavily Hot-Dipped Galvanized Steel Wire for soft, medium and high tensile strength, Galvanized Zinc (95%) Aluminium (5%) Steel Wire, PVC Coated Galvanized Steel Wire and Galvanized Steel Wire Strand to both domestic as well as international markets."<sup>20</sup>

(b) "As Malaysia gears towards globalization, Chin Herr paves the way forwards the proliferation of iron wire manufacturing products and services, meeting the standards to maintain a competitive edge in the local and global iron wire manufacturing markets today"<sup>21</sup>

(c) "We have also aggressively marketed numerous markets throughout the world to become the industry leader."<sup>22</sup>

(d) "SMI Wire Sdn. Bhd. is focused on producing and supplying better quality products to all its customers in Malaysia and overseas and sincerely requests your valuable and continued support in the coming years."<sup>23</sup>

(e) "In our quest to be renowned internationally and to serve our clients better, Wire & Wire Products has established regional offices in Vietnam, Cambodia, Indonesia, Philippines and India, with upcoming offices in China, Australia, United Kingdom, Middle East and Singapore. Plans are also under way to create business affiliations with business partners worldwide."<sup>24</sup>

(f) "Your regional solution. Bekaert Southern Wire (a joint venture between Bekaert and Southern Steel Berhad) is an important wire drawing and rope company in the Southeast Asian market. With plants in Malaysia (Shah Alam, Ipoh) and Indonesia (Karawang), and

<sup>14</sup> <https://www.thestar.com.my/business/business-news/2019/09/30/rm5bil-investment-planned-for-iron-and-steel-industry>

<sup>15</sup> [http://www.seasi.org/file/887bf0d8c651a25b1358179df52974d2\\_June.pdf](http://www.seasi.org/file/887bf0d8c651a25b1358179df52974d2_June.pdf) The Star, May 29 2019.

<sup>16</sup> [http://www.seasi.org/file/e40bba783643362732c689068146375d\\_Sep.pdf](http://www.seasi.org/file/e40bba783643362732c689068146375d_Sep.pdf) Page 14.

<sup>17</sup> This organisation has 57 members of which 18 are identified as makers of galvanised wire.

<sup>18</sup> <http://www.swam.org.my/President-Message/#.XaUJNnduLvU>

<sup>19</sup> See the individual company links at <http://www.swam.org.my>

<sup>20</sup> <http://perfectwiremakers.com.my/>

<sup>21</sup> <http://www.chinherr.com/about-us.asp>

<sup>22</sup> [http://www.kiswire.com/english/network/network\\_0100.asp](http://www.kiswire.com/english/network/network_0100.asp)

<sup>23</sup> <https://www.smiwire.com/>

<sup>24</sup> <http://www.wireproducts.cc/>

technical and commercial links to Bekaert plants across the world, we can be at your service at all times.”<sup>25</sup>

36.14 There is a wider circumstance of excess world steel capacity. The OECD reported on 28 March 2019 that: **“Low growth prospects for the global economy, slowing demand for steel and virtually unchanged steelmaking capacity are driving severe and persistent excess capacity in the steel sector, the OECD Steel Committee said at the end of its meeting this week. The Committee reiterated the need for capacity reductions in relevant economies and for the removal of subsidies and other support measures that are distorting steel markets.”**<sup>26</sup>

36.15 These comments are consistent with excess world steel capacity data. For antitrust reasons the World Steel Association no longer produces a monthly global capacity utilisation ratio.<sup>27</sup> The OECD has taken up that role and the latest information (calendar 2018) reports a world steel capacity surplus of 425mt. 2019 data is not available but the OECD comments: **“Summary of global capacity developments:** The latest available data suggest that global steelmaking capacity declined slightly to 2 233.7 million metric tonnes in 2018. However, many investment projects continue to take place around the world and others are in the planning stages. Should these projects be realised, global steelmaking capacity could increase by approximately 4-5% between 2019 and 2021 in the absence of closures, amounting to additional capacity ranging from 88 to 110 million tonnes during this period.”<sup>28</sup>

36.16 Some previous Bekaert comments, while now a little dated, resonate today. Bekaert and SW had set up a partnership in May 2012 to combine their steel wire and ropes activities in South-East Asia. “Bekaert (www.bekaert.com) is a global technological and market leader in advanced solutions based on metal transformation and coatings, and the world’s largest independent manufacturer of drawn steel wire products. Bekaert (Euronext Brussels: BEKB) is headquartered in Belgium, and employs 27,000 people worldwide. This new JV has brought to the Malaysian industry some further technical and market linkages and growth capability.”

36.17 At the time of the announcement, Mr Henri-Jean Velge, Bekaert Group Executive Vice President Wire, said<sup>29</sup>: “Developing a partnership with Southern Steel will create a production and sales platform for our joint wire and ropes activities in South-East Asia that responds to our ambitions for growth in the region.” The joint venture has been named Bekaert Southern Wire Pte Ltd. Its registered office is in Singapore.

36.18 A spokesman for Bekaert’s Mr Henri-Jean Velge later made the following comments: **“The Malaysian entities will add “sizable capacity”, and generate turnover of about €60m,** annualised, based on sales for last year, the spokesperson noted. The facilities all serve their domestic and export markets: Indonesia as well as Malaysia are strategic locations for South-East Asia and beyond, she said.”

**This production and sales platform responds to Bekaert’s ambitions for growth in South-East Asia, said Henri-Jean Velge, Bekaert group executive vp for wire.**<sup>30</sup>

36.19 Pacific Steel notes the Ministry’s comment at paragraph 201 of the Oct ’09 final report that just one of the Malaysian manufacturers had the capacity to supply the entire New Zealand market. It is relevant to note that the New Zealand galvanized wire market is circa one tenth of Malaysia’s size and thus susceptible to small volumes of imported goods. Put another way, a Malaysian galvanized wire exporter might consider an annual export to a destination of perhaps [xxxxxxxxxxxx] [*Pacific Steel estimate. This information is commercially sensitive because it would provide a competitor with a competitive advantage*] to be small, but such volume to New

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<sup>25</sup>[https://www.bekaert.com/~/\\_media/files/download%2520files/sea/bekaert%2520southern%2520wire%2520final%2520lr.pdf+&cd=2&hl=en&ct=clnk&gl=nz](https://www.bekaert.com/~/_media/files/download%2520files/sea/bekaert%2520southern%2520wire%2520final%2520lr.pdf+&cd=2&hl=en&ct=clnk&gl=nz)

<sup>26</sup> In [http://www.seaisi.org/file/fa52c3c02b89335de3045dc185278ccf\\_March.pdf](http://www.seaisi.org/file/fa52c3c02b89335de3045dc185278ccf_March.pdf) See page 15.

<sup>27</sup> <https://www.worldsteel.org/media-centre/press-releases/2018/november-2018-crude-steel-production.html> See “Notes to Editors”.

<sup>28</sup> <http://www.oecd.org/sti/ind/steelpcapacity.htm>

<sup>29</sup> <http://www.bekaert.com/en/About%20Us/Press/News/12-05-09%20Bekaert%20and%20Southern%20Steel%20set%20up%20partnership%20to%20combine%20their%20steel%20wire%20and%20ropes%20activities%20in%20South-East%20Asia.aspx>

<sup>30</sup> [https://www.steelbb.com/?PageID=157&article\\_id=107187](https://www.steelbb.com/?PageID=157&article_id=107187)

Zealand would comprise a very large share, and have consequentially very significant injurious market impact on the New Zealand industry.

37 Lastly in this section regarding evidence of likely recurrence of Malaysian dumping to New Zealand, Pacific Steel notes the following matters:

37.1 We consider there is proven access for Malaysian galvanized wire imports to New Zealand markets. The Ministry has historically sought to determine whether or not imported product can access distribution channels in the New Zealand market. An examination of the **Ministry's previous investigations on galvanized wire is determinative on the question of access. As the Ministry's** prior reports on the subject goods (and other steel goods) demonstrate, well-developed distribution channels giving widespread access to the market are clearly available for imported product.

37.2 Many of the New Zealand importers and Malaysian exporters who were involved in the trade in dumped Malaysian galvanized wire remain active. We consider it reasonable to believe that those parties will be aware of the potential expiry of the Malaysian galvanized wire remedy. The New Zealand galvanized fencing wire market is also attractive (differing from Australia only in that New Zealand currently has an anti-dumping measures while Australia does not), and being relatively near Malaysia.

37.3 A forward import supply curve is made up of the intentions of many overseas parties, and the WTO Member mix will change through time, and sometimes does so dramatically.<sup>31</sup> Evidencing intention though, can be difficult - as Justice Dobson in NZHC 2309 records:

**"[49] In Mr Croft's experience, he has not observed any previous decisions in which MBIE has relied on intent. Mr Croft doubted that the intent of an entire industry, as distinct from an individual exporter, could be ascertainable." And**

**"[53] No doubt in some contexts, marketing intentions of a country's particular industry will be ascertainable through, for example, published comments. In other circumstances, however, there will be no evidence from which to discern an objective intention of an industry. I accept Mr Croft's opinion (in the absence of such an objectively disclosed intention) that the unarticulated and potentially diverse intentions of the participants in an industry such as the Spanish preserved peach industry are unlikely to yield reliable evidence about the volume and pricing of future exports to New Zealand."**<sup>32</sup>

38 The Ministry will therefore need to assess recurrence/intention and capability against first principles. In this respect we submit the following matters are salient and supported by evidence:

- (a) Surplus Capacity: Evidenced above at paragraph 36.
- (b) Industry Organisation (including at subject goods product level) Intent, Desire and Support: Evidenced above at above at paragraph 36.
- (c) Exporting Member Government Support: Evidenced above at paragraph 36.3.
- (d) Prior Capability / Past Conduct: Evidenced at paragraph 158 of the December 2014 galvanised wire from Malaysia final report. We do not have any evidence suggesting that the conclusion there is not still correct.
- (e) Known Route to Destination Market: Evidenced by past Malaysian conduct with the subject goods, which is peripherally maintained by Malaysia's current supply of rebar to New Zealand.<sup>33</sup>

<sup>31</sup> As evidence we refer, for example, to New Zealand imports of 7214.10 and 7214.20. One Member had zero volume share of New Zealand imports in 2016, but 32% one year later in 2017. That product has no trade measures into New Zealand. Source: TradeMap, International Trade Centre, <https://marketanalysis.intracen.org>.

<sup>32</sup> High Court of New Zealand. CIV-2017-404-2831 [2018] NZHC 2309.

<sup>33</sup> We refer to the Ministry's 2018 Steel Reinforcing Bar and Coil from China and Malaysia – Dumping, paragraph 32.

(f) Ease of Entry and Distribution: Evidenced by past Malaysian conduct with the subject goods. In this respect we agree with the Ministry’s conclusion at paragraphs 147 and 158 of the December 2014 galvanised wire final report. We do not have any evidence suggesting that the conclusion there is not still correct.

(g) Importers Ability? We agree with the Ministry’s conclusions at paragraphs 150 and 158 of the December 2014 galvanised wire from Malaysia final report. We do not have any evidence suggesting that the conclusion there is not still correct.

(h) Geographical Familiarity: Evidenced by past Malaysian conduct with the subject goods, which is peripherally maintained by Malaysia’s current conduct as a supplier of rebar to NZ. <sup>34</sup>

(i) Destination Market Product Standards Familiarity: Evidenced by past Malaysian conduct with the subject goods, which is peripherally maintained by Malaysia’s current conduct as a supplier of rebar to New Zealand. <sup>35</sup>

(j) Destination Market Attractiveness: Evidenced by past Malaysian conduct with the subject goods, which is peripherally maintained by Malaysia’s current supply of rebar to New Zealand. <sup>36</sup>

### Material Injury – Malaysia

39 There are no subject goods from Malaysia currently present in New Zealand. Pacific Steel is thus not currently being materially injured by Malaysian subject goods, and the matter of when material injury from the Malaysian goods commenced need not be addressed.

### Material Injury – Data

40 Set out below in table 11 is injury-related information and data for the last three years and forthcoming two years. It is by financial year not quarter or month because we do not point to any seasonality matters in respect of recurrence of injury from the Malaysian goods, nor do we infer any particular month-month or quarter-quarter material event. The data form below has previously been found satisfactory and it uses the same product group etc which the Ministry has previously examined and verified. Certain recurrence of injury topics further on in this application refer to this table 11. The four right-most columns suffixed WD and ND refer to that F21 or F21 forecast with a continuation of Malaysian duty (these columns suffixed WD – we mean With Duty) and the same assuming the Malaysian duty is discontinued (suffixed ND – meaning No Duty, and the dumped Malaysian goods flow to New Zealand recurs).

Table 11: Injury Spreadsheet

Pacific Wire All Products (t)	F17	F18	F19	F20WD	F21WD	F20ND	F21ND
Bright wire production	Base	Higher	Lower	Lower	Lower	Lower	Lower
Galv wire production <sup>37</sup>	Base	Higher	Lower	Lower	Lower	Lower	Lower
Galvanised domestic sales	Base	Higher	Lower	Lower	Lower	Lower	Lower
Domestic Galv P&L (\$,000)	F17	F18	F19	F20WD	F21WD	F20ND	F21ND
Revenue	Base	Higher	Lower	Lower	Lower	Lower	Lower
Cost of production	Base	Higher	Lower	Higher	Lower	Higher	Lower
Material cost (Wire Rod and Zinc)	Base	Higher	Lower	Higher	Lower	Higher	Lower
Variable cost	Base	Lower	Higher	Same	Lower	Lower	Higher
Fixed costs	Base	Higher	Higher	Higher	Higher	Lower	Higher
Gross profit	Base	Higher	Lower	Lower	Higher	Lower	Higher
Selling and Administration	Base	Higher	Higher	Lower	Higher	Lower	Higher
EBIT (galvanised wire only)	Base	Higher	Lower	Lower	Higher	Lower	Higher
Domestic Galv P&L (\$ per tonne)	F17	F18	F19	F20WD	F21WD	F20ND	F21ND
Revenue	Base	Higher	Higher	Higher	Lower	Lower	Lower
Cost of production	Base	Higher	Higher	Higher	Lower	Higher	Lower
Gross profit	Base	Higher	Lower	Lower	Higher	Lower	Higher
Selling and Admin	Base	Higher	Higher	Higher	Higher	Higher	Higher
EBIT (galvanised wire only)	Base	Higher	Lower	Lower	Higher	Lower	Higher
Dom. Galv P&L (% of revenue)	F17	F18	F19	F20WD	F21WD	F20ND	F21ND
Revenue	100%	100%	100%	100%	100%	100%	100%

<sup>34</sup> Ibid.

<sup>35</sup> Ibid.

<sup>36</sup> Ibid.

<sup>37</sup> Subset of bright, including galvanised wire other than HT fence.



Cost of production	Base	Lower	Higher	Higher	Lower	Higher	Lower
Gross profit	Base	Higher	Lower	Lower	Higher	Lower	Higher
Selling and Administration	Base	Same	Same	Same	Same	Higher	Same
EBIT (galvanised wire only)	Base	Higher	Lower	Lower	Higher	Lower	Higher
Domestic Galv Other Factors	F17	F18	F19	F20WD	F21WD	F20ND	F21ND
Pacific Wire total net cashflow (\$000)	Base	Higher	Lower	Lower	Lower	Lower	Higher
Pacific Wire total capacity (t)	1	1	1	1	1	1	1
Pacific Wire galvanising capacity (t)	1	1	1	1	1	1	1
Inventories: FG at balance date (\$m)	1	0.92	1.27	1.06	1.06	0.97	0.97
Average assets (galv wire, \$000)	Base	Same	Higher	Lower	Same	Same	Same
EBIT (galvanised wire, \$,000)	Base	Lower	Lower	Lower	Higher	Lower	Higher
EBIT as a % of average assets	Base	Higher	Lower	Lower	Higher	Lower	Higher
Pacific Wire total headcount	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
Productivity	F17	F18	F19	F20WD	F21WD	F20ND	F21ND
Galv production per employee (t)	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
Galv production per shift (t)	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
Galv revenue per employee (\$)	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]

*[Pacific Steel marketing, operating and financial data. This information is commercially sensitive because it would provide a competitor with a competitive advantage. Information topic in the redacted rows can be ascertained by the information in column 1. Rows are not capable of index summary due to the risk of release of confidential information. Paragraphs 41 to 81 provide a summary of this confidential information to the extent that the information is capable of summary]*

## Material Injury Recurrence – Likely Malaysian Volume

41 This section considers the extent to which there is likely to be a significant increase in the volume of dumped goods, in absolute terms and relative to New Zealand industry production. This matter is underpinned by the following topic to which attention has been drawn: The goods would be available at low, dumped, prices; New Zealand importers with Malaysia experience remain active; Malaysian capacity exists to export; the Malaysian exporters desire growth in export volume; the New Zealand market is attractive and familiar; and Malaysia has previously exported significant (in the New Zealand context) volumes of the goods to New Zealand.

42 Detailed production capacity and utilisation information on the Malaysian galvanized wire plants is not available to Pacific Steel. In the absence of that information, Pacific Steel nonetheless considers it reasonable to conclude from the body of evidence at paragraphs 30 to 38 that Malaysia possesses significant capacity in excess of domestic demand and the intent to (at least in part) fill the surplus capacity with export sales.

43 One estimate is that if the New Zealand anti-dumping duties were removed then Malaysia may achieve (pre competitive response) exports to New Zealand of [xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx  
xxxxx xx]  
*[Data and insight. This information is commercially sensitive because it would provide a competitor with a competitive advantage]* That is a time prior to the Malaysian galvanised wire anti-dumping duties being put in place.

44 Pacific Steel considers it reasonable to conclude that a [xxx] tonne volume of Malaysian galvanized wire could readily be made and exported to New Zealand without any material effect on Malaysian volumes sold to other markets. [xxx] tonnes is perhaps a conservative (i.e. a small) level of Malaysian exports since that level of exports to New Zealand now would be a smaller share of total Malaysian exports today than it was in [xxx]. In some recent quarters Malaysia has exported more than 21,000 tonnes of the goods. *[Data. This information is commercially sensitive because it would provide a competitor with a competitive advantage]*

45 **Pacific Steel’s Malaysia volume assumption in this case is** nonetheless [xxx] of the [xxx] tonne level it dispatched prior to the introduction of duties, that is, [xxx] tonnes. In that respect the assumption is on the conservative side. The estimated [xxx] tonne volume in 2018 to New Zealand would represent [xxx]% **share of Malaysia’s exports of the goods.** That small representation in **Malaysia’s exports is the basis for** our view of it not having any material effect on Malaysian volumes sold to other markets. *[Data. This information is commercially sensitive because it would provide a competitor with a competitive advantage]*

46 The ND columns in table 11 assume the loss of [xxx] [Data. This information is commercially sensitive because it would provide a competitor with a competitive advantage] tonnes of Pacific Steel volume to imports of dumped Malaysian goods.

### Material Injury Recurrence – Likely Malaysian Price

47 Pacific Steel **considers it sensible to use Malaysia’s galvanized wire export prices to Australia in F19** as a proxy for likely export prices of a recommended flow of the subject goods from Malaysia to New Zealand. That is because: Australia has been the largest export destination for Malaysian galvanized wire every year in the decade ending in calendar 2018;<sup>38</sup> Australia has been on average 2.82 times larger than the second-largest Malaysian galvanised wire destination over calendar years 2016 to 2018;<sup>39</sup> **Australia’s share of Malaysian exports has** grown since 2001 at  $y = 1.3996x + 1.8035$ ; Australian and NZ use galvanized wire in similar situations, for similar purposes; and, the New Zealand and Australian product standards are related, not dissimilar.<sup>40</sup>

48 The likely export price of the Malaysian goods if deliveries to NZ recommended is shown below.

Table 12: Malaysian galvanised wire likely export price to New Zealand. F19 data

Measure	Explanation, Adjustments, Calculations and Comments	Unit Value (US\$/t)	Unit Value (NZ\$/t)
Base export price	TradeMap, International Trade Centre, <a href="https://marketanalysis.intracen.org">https://marketanalysis.intracen.org</a> . FOB export price of F19 Malaysian galvanized wire shipments to Australia	[xxx]	
Freight	FOB Kuala Lumpur to CIF Auckland <sup>41</sup>	[xxx]	
Subtotal at CIF <sup>42</sup>		[xxx]	[xxx]
Add local NZ-side costs: Port handling, [xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx] costs etc. <sup>43</sup>			[xxx]
NZ at ex-wharf	First point of competition between ML and NZ supply.		[xxx]

*[Cost information and basis. This information is commercially sensitive because it would provide a competitor with a competitive advantage, and some is proprietary. It is import trading information]*

49 On the basis of the calculations and estimates above, Pacific Steel considers it reasonable to conclude that if Malaysia re-commenced supply of dumped galvanized wire to New Zealand, then the ex-wharf cost (being the first point of competition between the imported and locally-made goods) would be [xxx] [Cost information and basis. This information is commercially sensitive because it would provide a competitor with a competitive advantage] per tonne. The material injury discussion follows.

### Material Injury Recurrence – Likely Malaysian Price Undercutting

50 The issue of the level of trade at which imported galvanized wire competes with galvanized wire produced by Pacific Steel has been the subject of extensive debate in previous investigations. Pacific Steel **agrees with the Ministry’s** 2014 consideration at paragraph 162 of the December 2014 Galvanized Wire from Malaysia Final Report that the first point of competition in the New Zealand market exists at the ex-wharf level for imports (where importers are faced with an economic choice of buying NZ product or importing from elsewhere), versus ex-factory for the Pacific Steel goods. Pacific Steel is not aware of any changes to product, market, or New Zealand industry dynamics since 2014 that would give rise to a different level of trade conclusion than that in paragraph 162.

51 The likely export price to New Zealand if the dumping remedy is not renewed is estimated at paragraph 48 on F19 to be [xxx] per tonne. The relevant point of comparison to [xxxx] per tonne is

<sup>38</sup> Sourced from TradeMap, International Trade Centre, <https://marketanalysis.intracen.org>.

<sup>39</sup> Sourced from TradeMap, International Trade Centre, <https://marketanalysis.intracen.org>.

<sup>40</sup> New Zealand operates under the following standards: NZS3471:1974, which was withdrawn but reinstated in Feb 2000; New Zealand Standard NZS4534; and an Australian/New Zealand Standard ANZS4534.

<sup>41</sup> Information obtained from [xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx] [Source information. This information is commercially sensitive]

<sup>42</sup> FX rate is average in F19 from <https://www.ofx.com/en-ca/forex-news/historical-exchange-rates/monthly-average-rates/> 0.6707.

<sup>43</sup> Information obtained from [xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx] [Source information. This information is commercially sensitive] Calculated on 24 tonnes in a container per **paragraph 73 of the Ministry’s** December 2014 Galvanised wire from Malaysia final report.



Pacific Steel's F19 price of [xxxx] per tonne at table 11. *[Price information and basis. This information is commercially sensitive because it would provide a competitor with a competitive advantage].*

52 The potential level of undercutting relative to [xxx] per tonne is thus [xxx] per tonne or [xxx]%. The ND columns above in table 11 assume the Pacific Steel price effect from the Malaysian goods is [xxx] of the level of undercutting, which is still a significant [xxx] per tonne. *[Undercutting information. This information is commercially sensitive because it would provide a competitor with a competitive advantage]* per tonne. The material injury discussion follows.

### Material Injury Recurrence – Other Subject Goods

53 Pacific Steel has estimated an average ex-wharf price for galvanised wire from the four largest sources of galvanised wire imported into New Zealand – Indonesia, Australia, Canada and China. The data suppression creates difficulties for this exercise and certain assumptions have been made.

54 Referring to table 13 below, Pacific Steel calculates that both the Indonesian and Chinese goods significantly undercut Pacific Steel in F19, but to a lesser degree than Malaysian goods would have per the calculations at paragraphs 50 to 52. The reasonable conclusion to draw from this evidence is that if the Malaysian remedies in New Zealand are not renewed and exports from Malaysia resume, the low, dumped export prices from Malaysia will likely hold a price advantage in the segment in the absence of duties, and they would be injurious.

Table 13: Other galvanised wire imports undercutting. F19 data NZ\$ per tonne

Source Country	F19 (t)	CIF Unit Value (NZ\$/t)	Local Costs (NZ\$/t)	Ex-Wharf (NZ\$/t)	Pacific Steel (NZ\$/t)	Undercutting (NZ\$/t)	Undercutting (%)
Indonesia	3113	1698	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
Australia	1048	1910	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
Canada	3186	2013	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
China	2246	1617	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]

*[Data and Pacific Steel operating information. The Local Costs are estimated of modest amount. The Pacific Steel value is the same down the sixth column. Canada is least undercutting. This information is commercially sensitive because it would provide a competitor with a competitive advantage. It is import trading information]*

### Material Injury Recurrence - Causal Link

55 A causal link between dumped imports of galvanized wire has been established in the prior investigations on the subject goods. This application provides evidence that, if the anti-dumping duties were to be removed from Malaysian galvanised wire, those goods would likely hold a price advantage over imports from all other sources and the domestic industry at the same level of trade.

56 Pacific Steel is not aware of any reason why the New Zealand commercial activities and industry practices underpinning the previous causal link will not remain valid and thus present if dumped Malaysian goods re-enter the New Zealand galvanised wire market. In support of that view Pacific Steel notes that the New Zealand galvanized wire industry commercial practice remains substantially unchanged, and the principal New Zealand importers and Malaysian exporters remain active.

### Material Injury Recurrence – Price Depression & Suppression

57 The Malaysian statistics and estimates therefrom show that the Malaysian producers consistently export subject goods to other countries at prices significantly below the un-dumped FOB price ex Malaysia. At paragraph 28 the average Malaysian dumping margin is estimated at 45%.

58 Pacific Steel considers that absent a continuation of measures against unfairly traded goods from Malaysia and in order to maintain market share and volume it would have need to lower its prices in order to match the dumped Malaysian galvanised wire price. The price depression potential may be estimated at the level of price undercutting – being [xxx] per tonne. *[Data. This information is commercially sensitive because it would provide a competitor with a competitive advantage]*

59 With any loss of volume to the dumped goods there would be price suppression from Pacific Steel's average production cost increasing as fewer tonnes are made. In the face of price competition from the dumped goods such increased costs will not be able to be recouped in the marketplace.

### Material Injury Recurrence – Economic Impact – Sales and Output

60 Pacific Steel estimates at paragraph 58 the potential level of undercutting in F19 is [xxx] per tonne. Importers may take dumped Malaysian goods to the New Zealand market at the dumped prices, and Pacific Steel would be obliged to move price on its domestically sold galvanized wire. Over an annual volume of [xxx] tonnes (F19 galvanized domestic sales volume), this would equate to up to [xxx] million lower sales revenue in F19. Competitive responses from Pacific Steel may be anticipated to ameliorate this effect, however even a small proportion of this effect of dumped goods pricing on Pacific Steel's sales revenue would be substantial. Undercutting of [xxx] the estimated amount taken to Pacific Steel sales equates to a sales effect of minus [xxx] million. *[Data. This information is commercially sensitive because it would provide a competitor with a competitive advantage]*

61 If Malaysian remedies were removed, Pacific Steel anticipates loss of volume to the dumped Malaysian imports. Competitive responses from Pacific Wire may be expected to limit this to [xxxxxx] [xxx] of the estimated [xxx] tonne p.a. discussed at paragraphs 43 and 44. This equates to [xxx] tonnes loss of output. *[Data. This information is commercially sensitive because it would provide a competitor with a competitive advantage]*

62 Pacific Steel has looked at this matter from a forward perspective, that is, taking the current estimates for F20 and F21 (which assume the Malaysian duties remain in place) versus accommodating the best estimate of \$[xxx]/t Malaysian price undercutting and [xxx] tonnes of lost volume to Malaysia into the F20 and F21 estimates. These outcomes are versus a circumstance of that price and volume effect not occurring and are at table 11 in the suffixed WD versus ND columns. WD signifies the Malaysian duty being continued. ND signifies the Malaysian duty being discontinued. *[Data. This information is commercially sensitive because it would provide a competitor with a competitive advantage]*

63 The adverse sales revenue effect is minus [xxx] in total in F20ND and F21ND versus F20WD and F21WD. The adverse sales volume effect is minus [xxx] in total in F20ND and F21ND versus F20WD and F21WD. *[Data. This information is commercially sensitive because it would provide a competitor with a competitive advantage]*

### Material Injury Recurrence – Economic Impact – Market Share

64 The last three financial year market share estimates are shown below. If Pacific Steel's volume decline related to the Malaysian goods [xxx] of the threatened [xxx] tonnes being present here, then Pacific Steel's market share would decline from [xx]% to [xxx]%. *[Data and insight. This information is commercially sensitive because it would provide a competitor with a competitive advantage]*

Table 14: Market Share Estimates

Market Share	F17	F18	F19
Pacific Steel	1	1.1	0.9
Imports	1	0.9	1.1

*[Data. This information is commercially sensitive (and so is indexed) because it would provide a competitor with a competitive advantage]*

### Material Injury Recurrence – Economic Impact – Profits

65 Table 11 shows that the combined price effect from Malaysia and loss of volume to Malaysia on EBIT is minus [xxx] in total in F20ND and F21ND versus F20WD and F21WD. Note that in absolute terms the F20 and F21 EBIT data has [xx], however that does not impact the comparisons between WD and ND. *[Data and information. This information is commercially sensitive because it would provide a competitor with a competitive advantage]*





*competitive advantage*] are an improvement to its production, rather than a cause, or would-be cause, of injury. Upgrades are an ongoing process. Pacific Steel does not believe that there is evidence of a technology development relevant to a consideration of material injury. The Pacific Steel method of producing galvanised wire is similar to that of other manufacturers.

### Material Injury Recurrence – Economic Impact – Productivity

81 Productivity of the New Zealand industry can be a cause of injury if that export performance is at the expense of its domestic performance.<sup>47</sup> **Pacific Steel does not consider that Pacific Steel's productivity (considered that way) has been a cause of injury, or is likely to cause injury in the foreseeable future.**

### Material Injury Recurrence – Economic Impact – Exports

82 Pacific Steel has not of late been exporting subject goods. Export performance of the New Zealand industry can be a cause of injury if that export performance is at the expense of its domestic performance.<sup>48</sup> **Pacific Steel does not consider that Pacific Steel's export performance has been a cause of injury, or is likely to cause injury in the foreseeable future.**

### Material Injury Recurrence – Economic Impact – “**embedment**”

83 This application addresses Malaysia-side analysis in respect of dumping and New Zealand-side analysis in respect of injury and economic impact if Malaysian galvanised wire dumping to New Zealand recommenced. Pacific Steel recalls these case constructs because we are aware that the Ministry from time to time refers to something “**embedment**” in regard to trade measures. For example, “**embedded**”<sup>49</sup> is mentioned in **Cabinet paper “A Bounded Public Interest Test and Automatic Termination Period for the Anti-dumping and Countervailing Duties Regime.”**<sup>50</sup>

84 Pacific Steel observes **that there is no “embedment” concept** or factor in the Trade (Anti-Dumping and Countervailing Duties) Act 1988, nor the WTO Anti-Dumping Agreement for the Ministry to take account of in a sunset review. Pacific Steel further observes that in 2015 the Ministry did propose the introduction of the ATP mechanism **to assuage what it termed “embedded”**<sup>51</sup> but that Ministry proposal did not proceed and was not taken to the Act.

### Confirmation of Application

85 I hereby apply, on behalf of Pacific Steel, for the initiation of a sunset review of the anti-dumping duties applicable to galvanized wire from Malaysia.

86 This application provides positive evidence of:

86.1 Likelihood of dumping recurrence should the anti-dumping remedies be removed; and

86.2 The likely injury to the industry; and

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<sup>47</sup> Malaysia Galvanised Wire December 2014 final report at paragraph 261. The more complete section including headings is: **“5.6.5 Export performance and productivity of New Zealand producers 261. Export performance and productivity of the New Zealand industry can be a cause of injury if its export performance is at the expense of its domestic performance.”**

<sup>48</sup> Ibid.

<sup>49</sup> See paragraph 60. **“A potential issue remains, however, that if anti-dumping and countervailing duties are imposed on certain goods, there is the propensity for the duties to become embedded in a manner which prevents industry from adjusting to international competition from dumped and subsidised goods”.**

<sup>50</sup> This paper is not dated. May we suggest such papers are dated because reference to them is otherwise difficult. Indeed, the Ministry has released two different, undated RIS documents at **different times but which carry the same title. We can ascertain which of these two RIS' is which by examining content or non-embedded accompanying document information but we suggest that document dating can alleviate that difficulty.** In this respect we refer to a 13 September 2019 New Zealand Steel submission to the Ministry on the public interest test. See footnote 54 on page 16.

<sup>51</sup> **Supplementary Discussion Paper “Introducing a Bounded Public Interest Test and Automatic Termination Period into the Anti-Dumping and Countervailing Duties Regime June 2015. Relevant excerpt is “This supplementary discussion paper proposes introducing an automatic termination period (ATP), in addition to a bounded public interest test, into the anti-dumping and countervailing duties regime.” See paragraph 1.1 on page 4.**

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86.3 The causal link between dumped goods and the likely recurrence of injury from the removal of duties.

87 Pacific Steel makes this application as the New Zealand industry manufacturing like goods to those subject to the application.

Lianne Meiklejohn, General Manager, Pacific Steel (NZ) Ltd.

13 December 2019