Application for Indonesia and China Galvanised Wire Anti-Dumping Duties

Pacific Steel (NZ) Limited

5 February 2020

Application

1 This application seeks anti-dumping duties, including provisional anti-dumping duties, on dumped and injurious imports of galvanised wire from Indonesia and China.

1. Applicant and New Zealand Industry

2 This application is made by Pacific Steel (NZ) Limited ("Pacific Steel") of 21 Beach Road, Otahuhu, Auckland 1062. Contact name is [xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx xxxxxxxxxxxxxxxxxxxxxxx] This company is owned by New Zealand Steel Holdings Limited, Mission Bush Road, Glenbrook, Auckland, whose parent is BlueScope Steel Limited. ASX BSL. See http://www.bluescopesteel.com/

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

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

5 In previous investigations into South African and Malaysian dumping of the same goods as in this application, 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.

6 In this application Pacific Steel has followed the requirements in the Ministry's web-residing "Dumping Investigation Application Form" as at 6 November 2019.

Like Goods

7 "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."

8 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, and that it and the section below "4. The Goods" will satisfy the requirements of the Ministry application form at 1.8.

3. Summary of New Zealand Producers

9 Domestic production of like goods in F19 by Pacific Steel was [xxx] *[Operating information. This information is commercially sensitive because it would provide a competitor with a competitive advantage]* tonnes, which is 100% of New Zealand production.

4. The Goods

10 Description: Consistent with the types of Malaysian galvanised wire currently subject to anti-dumping duty in New Zealand the goods subject to this application for initiation of an investigation are: "Galvanized steel wire of high, medium and low tensile strength between (and including) 2mm and 4.5mm in diameter, excluding armouring wire.

11 Tariff Classification: The subject goods are currently classified under twenty tariff item/keys: 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 The goods subject to this application are descriptively the same as the goods reported in prior Ministry galvanised wire investigations into South Africa and Malaysia in respect of method of manufacture, physical characteristics, end use, and marketing and distribution channels. We refer the Ministry to the Ministry's December 2014 Galvanised wire from Malaysia final report and the verification reports, submissions from Pacific Steel (in particular the .pdf documents in email delivered Friday, July 11, 2014 3:56 PM), the public file in that matter, and Pacific Steel's website at https://www.pacificsteel.co.nz/products/#httpwiremark-e2dev-co-nzhomestagestage. The subject goods are shown in the two photos below.

Market Information

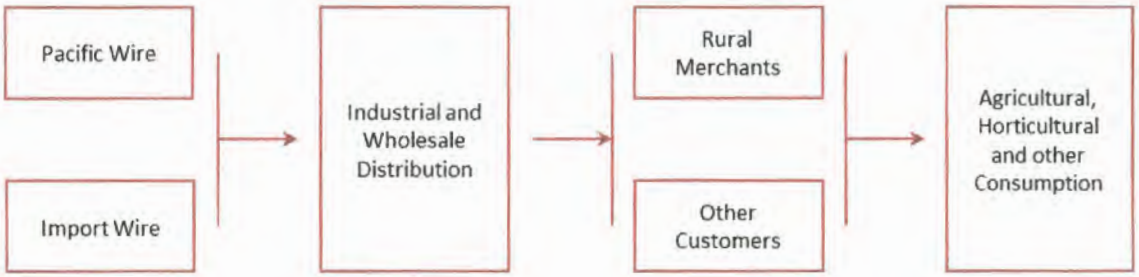
13 Pacific Steel and its owner, BlueScope, do not have any ownership interest in any Indonesian or Chinese manufacturer of galv wire. Pacific Steel (NZ) Limited is not related to any of its customers.

14 Pacific Steel draws attention to the new Wiremark branding at right, which is the developed position from the previous HiSpanV and other branding. Pacific Wire's marketing strategy is centred on the Wiremark brand, product assurance and attributes. Wiremark denotes galvanized wire that has been made in NZ for unique local conditions. Wiremark product is performance tested for strength and ductility and is coated to the coating standard AS/NZS 4534.

15 Pacific Wire and Wiremark is prominent in the New Zealand galvanized wire sector via long-standing promotion, support and sponsorship. For example, Pacific Wire and Wiremark is one of the founders and a strategic partner of the Fencing Contractors Association of NZ and its 'Wired' magazine, which is distributed quarterly to all its members by the FCANZ. Pacific Wire and Wiremark have also been the long-term sponsor and driver of the Golden Pliers fencing competition which is held annually at the Mystery Creek Fieldays near Hamilton.

16 Wiremark product encompasses manufacturing wire and fencing wire. Manufacturing wire customers typically convert galvanized wire (which they may choose to buy from Pacific Wire, or import) into finished woven products such as deer, general farm, security, tennis court, pool and other types of fabricated (i.e. woven) fence. Some manufacturing product is sold to industrial re-manufacturers to make fastenings, shelves, staples, coat hangers, display stands and chains etc. Fencing wire is coiled and packaged at Otahuhu and is either distributed to re-manufacturers, or direct to their customers on their behalf.

17 Pacific Steel's goods compete with alternative goods at the ex-wharf level of trade because that is the point at which customers may choose either Pacific Steel or imported goods. The New Zealand industry generalised structure is shown below:



18 NZ buyers can obtain the goods from Pacific Steel or import source. There have been no changes to market structures and dynamics over the last few years which might give rise to a different level of trade conclusion than ex-wharf/ex-factory, which is the level of trade found in previous reports.

19 There are no material differences since the Ministry's previous examination insofar as method of manufacture, physical characteristics, end use, and marketing and distribution channels.

5. Alleged Dumped Imports

20 The countries of export of the alleged dumped imports are Indonesia and China. The Ministry application form at 5.2 asks the applicant to identify whether the named countries of export of the dumped import goods are also the countries of origin of the goods. We strongly believe that the aforementioned named countries of export of the goods are also the countries of origin of the goods. We have no reason to think that this is not so but are not certain and feel that we cannot assist further since we did not produce those goods and we are not privy to the goods documentation.

21 A confidentiality order is in place on three of the twenty items of subject and like goods within Statistics NZ import data. The 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 confidentiality orders have constrained Pacific Steel's analysis however those orders do not constrain the Ministry.

22 Set out below in table 1 is negligibility-focussed information addressing the Ministry application form at 5.3. Source is TradeMap, International Trade Centre, https://marketanalysis.intracen.org at same product group level as Pacific Steel's previous applications on these goods. TradeMap, International Trade Centre, https://marketanalysis.intracen.org. 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 under the confidential tariff codes and that it includes in respect of Canada and Malaysia (and possibly others) volume of non-like goods. The table below is based on New Zealand-side records.

Table 1: Negligibility: Imports of tariff group 7217.20, Kilograms and tonnes and percent [1]

Exporting Country	2018-Q3 Imported quantity, Kilograms	2018-Q4 Imported quantity, Kilograms	2019-Q1 Imported quantity, Kilograms	2019-Q2 Imported quantity, Kilograms	F19 Imported quantity, Tonnes	F19 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%

23 On these records Indonesia and China comprise 28.94% and 20.88% share of NZ imports, neither value being negligible. Pacific Steel has looked for but has not found a credible import data permutation which would suggest that the imports from either Indonesia or China are anywhere near a negligible volume. Confirmation of that circumstance would be a matter for a Ministry investigation when it can examine the import records.

24 Overseas Producers: Pacific Steel believes that the exporter of the Indonesian goods is PT. Bekaert Indonesia. Website-obtained address is Jl. Surya Utama I No.14, Kutanegara, Kec. Ciampel, Kabupaten Karawang, Jawa Barat 41361, Indonesia. Phone: +62 267 440288. Pacific Steel is not aware of the name/address of the Chinese origin goods manufacturer(s).

25 Importers: Pacific Steel understands that the importer of the Indonesian goods is the Fletcher Wire Products company, which is part of Fletcher Steel Limited, 810 Great South Road, Penrose, Auckland, 1061, New Zealand. Phone 09 525 9000. Fletcher Wire Products is a wholesaler, manufacturer located at Beach Road, Otahuhu, Auckland.

[1] Screenshot of source TradeMap, International Trade Centre, https://marketanalysis.intracen.org. spreadsheet is at Appendix One on page 19.

26 We understand that an importer of Chinese goods is Paul Industries, a Tauranga-based building materials supplier. Address is 201 Taurikura Dr, Tauriko, Tauranga 3171. Phone 07 578 8209. See http://www.paulindustries.co.nz/

27 Occurrence, first cause of injury? (Ministry application form item at 5.6). As a general observation, since there is no precise definition of injury, there can be no precise point at which such condition first existed. We also do not discern a clear delineation or event (say there being no Indonesian or Chinese goods present at one juncture, then very high and sustained high volume immediately following). As will be seen below in Table 2, the import growth from Indonesia and China has been lumpy but of overall upward direction. In addition, Pacific Steel is not privy to the import side cost details or logistics and marketing arrangements and intent. These circumstances hinder us in answering item 5.6.

Table 2: Imports of tariff group 7217.20, Calendar, New Zealand-side records. Tonnes [2]

Country	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Indonesia	1048	2844	3034	1378	1263	1569	1647	1960	3515	1975
China	936	1456	1373	1729	1833	2498	1624	1527	1494	2440

28 Goods from Indonesia grew in volume some years ago but the volume then fell away. Second-lowest volume over the years shown was in 2013. But the volume has then grown and the highest level from Indonesia was in 2017 and per table 1 at paragraph 22 it was NZ's largest source in F19. Indonesia's growth path across the above table 2 is $y = 53.23x + 1730.5$.

29 The China growth is a little different to Indonesia as to timing. China was elevated in 2014, then declined and is now again elevated. China's long-term pattern is growth at $y = 90.436x + 1193.6$.

30 We conclude that the Indonesian and Chinese goods were materially injuring Pacific Steel in F19, and also F18 and earlier. It is probable that the period pre-injury is around F13-F15, and that is the period we have considered in the injury and economic analyses commencing at paragraph 47.

6. Export Prices

31 Pacific Steel does not have the commercial information suggested by the Ministry at 6.1 bullet one first sub-sentence. Pacific Steel is not an importer so cannot provide that aspect of the required evidence. As general commercial observation, we are unaware of a domestic industry having such perfect knowledge of its importing competitor's supply-side costs.

32 Pacific Steel does not have the information suggested at 6.1 bullet one second sub-sentence because we have not been provided quotes.

33 We therefore consider that trade information on product group 7217.20 is the most relevant source of data for a construction of the Indonesian and Chinese goods export price to NZ. The NZ-side records feature some suppression of both Indonesian and Chinese goods data during F19 so we have based the following Indonesian and Chinese export prices on origin-side TradeMap, International Trade Centre, https://marketanalysis.intracen.org. FOB[3] data.

Table 3: Indonesia Export Price Construction and Estimate

Indonesia: F19 Measure (on first seven months in F19 only as this is the latest information available as at 3 February 2020 on Indonesia's F19 exports)		Indonesia 1st 7M of F19
Total Value (US$ FOB). See Appendix One at page 45.		[xxx]
Total Volume (t). See Appendix One at page 45.		[xxx]
Unit Value (US$ FOB per tonne). Calculated from the above.		[xxx]
Cost of credit. [xxx] days at 5.8%, being the interest rate in Indonesia (US$/t) [4]	[xxx]	

[2] Screenshot of source spreadsheet is at Appendix One on page 19.
[3] FOB information is at Appendix One on pages 45 and 46.
[4] Data from trading economics.com. Screenshot of interest rate evidence is at Appendix One on page 20. Regarding the estimated number of days, we are not an importer of those goods and do not have specific information on what commercial arrangements the importers have - except that we anticipate such supply will have a terms amount. We do not have cause to depart from the amount used in the 2014 case, nor do we have better information. We note that this is a nominal amount.

Indonesia: F19 Measure (on first seven months in F19 only as this is the latest information available as at 3 February 2020 on Indonesia's F19 exports)		**Indonesia 1st 7M of F19**
Export packaging. [xxx] of the 2014 Malaysian packaging cost is the [xxx] which cost has not changed in price since then. We have therefore used the 2014 Malaysian figure (US$/t) (as recorded in the submitted Pacific Steel March 2014 application at paragraph 39) as we consider that this remains reasonable.	[xxx]	[xxx]
Indonesia inland freight estimate [xxx] (US$/t) [5]	[xxx]	
Export documentation and shipping charges [xxxxxxxxxxxxxxxxxxxxxxxxxxxx xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx xxxxxxxxxxxxxxx] excluding the above local freight and packaging (US$/t)	[xxx]	
Subtotal (US$ per tonne)	[xxx]	
Ex-factory Export Price (US$ per tonne)		1009.89

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

Table 4: China F19 Export Price Construction and Estimate

China: F19 Measure		**China F19**
Total Value (US$ FOB). See Appendix One at page 46.		[xxx]
Total Volume (Kg). See Appendix One at page 46.		[xxx]
Unit Value (US$ FOB per tonne). Calculated from the above.		[xxx]
Cost of credit. [xxx]days at 4.31%, being the China Prime Loan rate in F19 [6] (US$/t)	[xxx]	
Export packaging. Ditto Indonesia value and logic above	[xxx]	
Inland freight. No information on China distance since the plant location is unknown. We have therefore used the Indonesia rate on [xxx] (US$/t) [7]	[xxx]	
Export documentation and shipping charges [xxxxxxxxxxxxxxxxxxxxxxxxxxxxxx xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx] excluding the above local freight and packaging (US$/t) [8]	[xxx]	
Subtotal (US$ per tonne)	[xxx]	[xxx]
Ex-factory Export Price (US$ per tonne)		967.01

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

34 The estimated ex-factory value of Indonesia and China's export sales of the subject goods to New Zealand in F19 are US$1009.89 and US$967.01 per tonne respectively.

7. Normal Values

35 It is difficult to obtain evidence of Indonesia and China's wholesale level of trade price for its domestically sold subject goods. The difficulties include:

35.1 As far as we can tell, none of the Indonesia or Chinese makers of galvanized wire publish price-identifying information such as invoices and terms of trade. Nor might relevant invoices be readily available to non-insiders (such as, in this case, Pacific Steel) to a particular trade.

35.2 Public Indonesian and Chinese subject goods price lists cannot be found.

35.3 End-user selling prices of the subject goods (for example the precursor subject 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.

35.4 While some Chinese makers of galvanized wire are likely an associate of a public company, segmental pricing information on the subject goods is not available.

[5] Screenshot of source spreadsheet is at Appendix One on pages 21 and 23. [xxxxxxxxxxxxxxxxxxxxx xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx] *[Supplier and Information. Commercial sensitivity]*
[6] Please refer to footnote 4.
[7] Please refer to footnote 5.
[8] Screenshot of source information is at Appendix One on page 22.

35.5 As far as Pacific Steel can tell, no domestic customers of the Indonesian and Chinese galvanized wire publish any normal value information, i.e., their buy price.

35.6 The relevant association (SEAISI[9]) does not publish normal value price information.

36 As a result of these difficulties Pacific Steel has developed a normal value using the constructed approach (per table 7.2 of Ministry's web-residing "Dumping Investigation Application Form" as at 6 November 2019) using current information, which has been adjusted where necessary. The constructed normal value is built using the F19 Pacific Steel and Pacific Wire manufacturing costs and certain other information. The Pacific Steel information base is narrated in Appendix One at page 28. The normal value allows for estimated differences between the economics of making the subject goods in Indonesia and China, versus the Pacific Steel and Pacific Wire facility in Otahuhu, New Zealand.

37 We highlight certain differences relating to the electricity, gas and labour costs. There are some other differences such as yield where Pacific Steel has made adjustments based on its commercial cost judgment. Tables 5 and 6 below show the detailed constructed normal value for Indonesia and China.

38 The billet cost commencement point for Indonesia is an import CFR cost. The billet cost commencement point for the China galv wire constructed normal value is an in-China billet price series [xxxxxxxxxxxxxxx] *[Supplier name. The two billet series are an Asian region commercial grade import billet, and a commercial-grade in-China domestic price. Commercial confidentiality]* In Pacific Steel (and Ministry peer's) view this price circumstance is distorted downward, however it is available data. The existence of the distortion reduces the Chinese normal value and reduces the dumping margin and its use is therefore conservative and reasonable.

Table 5: Indonesia Galvanised Wire Constructed Normal Value

A. Cost item	B. Cost Base source and Commentary	C. Cost Data (NZ$/t)	D. Adjusted Cost (NZ$/t)	E. F19 Cost Data (US$/t) [10]
Billet	[xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx] [11]			[xxx]
Billet to mill	Est. amount per paragraph 109b) 2016 rebar [xxx] sort by heat			[xxx]
Vanadium: [12]				[xxx]
Billet handling [13]	Nominal amount, para 109d) 2016 rebar			[xxx]
Billet inventory	Nominal amount, para 109d) 2016 rebar			[xxx]
Billet	Calculation			[xxx]
Yield: [xxxxxxxxxxxxxxxxxxxxx] runs (PS's is last 4 years av.) [14]		[xxx]	[xxx]	[xxx]

[9] http://www.seaisi.org/html/
[10] Exchange rates are average in F19 from https://www.ofx.com. See Appendix One on page 27.
[11] Screenshot of source information is at Appendix One on page 24.
[12] The assumption is an estimated [xxx] of the vanadium cost per tonne that is in the billet which is rolled at Pacific Steel and made into galvanised wire at Pacific Steel's wire mill. The base billet price is a plain ordinary grade of carbon steel with no significant alloy content (V in particular). That is known because [xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx] Vanadium alloy in the goods). Calculations and data is in the below screenshot. That is the origin of the [xxxxxx] per tonne, including the exchange rate used. Screenshot of further source information is at Appendix One on page 29.
[13] We don't know whether the maker of galvanised wire might be integrated, or not (although we do know that Bekaert Indo is not integrated). In our commercial view it is likely that some measure of billet handing and inventory is incurred, and it would be by Bekaert. As an aside, the amount is a nominal [xxx] and [xxx] per tonne respectively, and we consider that it is a reasonable assumption.
[14] The [xxxxxxxxxxxxxxxxxxxxx] yield [xxxxxx] is a Pacific commercial and operating estimate [xxxxx xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx] There are three aspects: First, [xxxxxxxxxxxxxxxxxxxxxxxxxx xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx] reasonable estimate; Second, if anything, [xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx] and all other things being equal, then the yield would [xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx

A. Cost item	B. Cost Base source and Commentary	C. Cost Data (NZ$/t)	D. Adjusted Cost (NZ$/t)	E. F19 Cost Data (US$/t) [10]
Cost of yield loss	Calculation			[xxx]
Less scrap	Calculation			[xxx]
Production labour	Estimated [xxx] of New Zealand [15]	[xxx]	[xxx]	[xxx]
Maintenance	Estimated [xxx] at Indonesian plants [16]	[xxx]	[xxx]	[xxx]
Electricity	Estimated 53.75% of New Zealand [17]	[xxx]	[xxx]	[xxx]
Gas	Estimated [xxx] of New Zealand [18]	[xxx]	[xxx]	[xxx]
Other utilities	Estimated per gas is [xxx] above	[xxx]	[xxx]	[xxx]
Rollshop	[xxxxxxxxxxxxxxxxxxxxxx] Used [xxx]	[xxx]	[xxx]	[xxx]
Other variable	[xxxxxxxxxxxxxxxxxxxxxx] Used [xxx]	[xxx]	[xxx]	[xxx]
Other fixed costs	Estimated [xxx] at Indonesian plants	[xxx]	[xxx]	[xxx]
Depreciation	No information suggesting difference	[xxx]	[xxx]	[xxx]
Subtotal	Calculation in column E	[xxx]	[xxx]	[xxx]
Bright draw yield	No information suggesting difference	[xxx]	[xxx]	[xxx]
Bright yield cost	Calculation in column E	[xxx]	[xxx]	[xxx]
Bright post yield	Calculation	[xxx]	[xxx]	[xxx]
Bright labour	Estimated [xxx] of New Zealand	[xxx]	[xxx]	[xxx]
Bright fixed maint.	Estimated [xxx] at Indonesian plants	[xxx]	[xxx]	[xxx]
Other FC & scrap	Estimated [xxx] at Indonesian plants	[xxx]	[xxx]	[xxx]
Bright electricity	Estimated 53.75% of New Zealand	[xxx]	[xxx]	[xxx]
Bright consumables	Estimated [xxx] at Indonesian plants	[xxx]	[xxx]	[xxx]
V. maint. plant & OH	Estimated [xxx] at Indonesian plants	[xxx]	[xxx]	[xxx]
Subtotal	Calculation	[xxx]	[xxx]	[xxx]
Galv zinc	LME priced, no info suggests difference	[xxx]	[xxx]	[xxx]
Subtotal	Calculation	[xxx]	[xxx]	[xxx]
Galv yield	No information suggesting difference	[xxx]	[xxx]	[xxx]
Galv post yield	Calculation	[xxx]	[xxx]	[xxx]
Galv labour	Estimated [xxx] of New Zealand	[xxx]	[xxx]	[xxx]
Galv fixed maint.	Estimated [xxx] at Indonesian plants	[xxx]	[xxx]	[xxx]
Other FC and scrap	Estimated [xxx] at Indonesian plants	[xxx]	[xxx]	[xxx]
Galv electricity	Estimated 53.75% of New Zealand	[xxx]	[xxx]	[xxx]
Galv gas, other	Estimated [xxx] of New Zealand	[xxx]	[xxx]	[xxx]
Galv consumables	Estimated [xxx] at Indonesian plants	[xxx]	[xxx]	[xxx]
V. maint. plant & OH	Estimated [xxx] at Indonesian plants	[xxx]	[xxx]	[xxx]
SGA	Administrative and selling costs [19]	[xxx]	[xxx]	[xxx]
Total cost	Calculation			[xxx]
Profit	4.07 % (av. Gunawan (GDST) and Krakatau Steel (KRAS) in F19) [20]			[xxx]
Normal Value	Calculation			1207.84

xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx] one product; Third, this takes us to [xxxxxxxxxxxxxxxxxxxxxx xxxx]. We have studied the pattern and yield movement at Pacific Steel and in our opinion and based on our operating judgment, a [xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx] adjustment is warranted.

[15] See screenshot and source information in Appendix One at pages 30 to 34.

[16] This is an estimate for which specific supporting positive evidence is not reasonably available. We know what Pacific Steel's costs are, but we do not possess like operating data sheets and information of Indonesian (or Chinese) galv wire plants because we don't own or operate them and we can't find such information in the public domain. Regarding the [xxx] versus [xxx] in maintenance-related rows, [xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx] we took account of that in our estimate of the degree to which the Indonesian or Chinese plant maintenance in that particular area might differ.

[17] See Appendix one at page 35. Per Meralco NZ is 13.08 and Indonesia is 7.03, thus 53.75%.

[18] See Appendix one at pages 36 to 38. Per Jakarta Post Indonesia is US$6 per MMBtu versus NZ [xxx] cents per kWhr which calculates to Indonesia being [xxx] of New Zealand.

[19] Estimated off the information in table 13 row eighteen. Average of the last five years. Pacific Steel does not have any information providing a better basis for this cost estimate.

[20] Sources are in appendix One at pages 39 to 44.

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

Table 6: China Galvanised Wire Constructed Normal Value

A. Cost item	B. Cost Base source and Commentary	C. Cost Data (NZ$/t)	D. Adjusted Cost (NZ$/t)	E. F19 Cost Data (US$/t)
Billet: [xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx xxxxxxxxxxx] (excluding VAT). That is in columns O and P in the spreadsheet at Appendix One at page 24. Information on Chinese VAT rates and dates of change thereto are at Appendix One at following pages 25 and 26.				[xxx]
Billet to mill	No allowance			[xxx]
Vanadium: See footnote 12.				[xxx]
Billet handling	Nominal amount, para 109d) 2016 rebar			[xxx]
Billet inventory	Nominal amount, para 109d) 2016 rebar			[xxx]
Billet	Calculation			[xxx]
Yield: [xxxxxxxxxxxxxxxxxxxxxxxx] runs (PS's is last 4 yr av.) [21]		[xxx]	[xxx]	[xxx]
Cost of yield loss	Calculation			[xxx]
Less scrap	Calculation			[xxx]
Production labour	Estimated 43.07% of New Zealand	[xxx]	[xxx]	[xxx]
Maintenance	Estimated [xxx] at China plants	[xxx]	[xxx]	[xxx]
Electricity	Estimated 64.22% of New Zealand	[xxx]	[xxx]	[xxx]
Gas	Estimated [xxx] of New Zealand	[xxx]	[xxx]	[xxx]
Other utilities	Used the [xxx] CN-NZ gas relativity	[xxx]	[xxx]	[xxx]
Rollshop	[xxxxxxxxxxxxxxxxxxxxxxx] Used [xxx]	[xxx]	[xxx]	[xxx]
Other variable	[xxxxxxxxxxxxxxxxxxxxxxx] Used [xxx]	[xxx]	[xxx]	[xxx]
Other fixed costs	[xxxxxxxxxxxxxxxxxxxxxxx] Used [xxx]	[xxx]	[xxx]	[xxx]
Depreciation	No information suggesting difference	[xxx]	[xxx]	[xxx]
Subtotal	Calculation in column E	[xxx]		[xxx]
Bright draw yield	No information suggesting difference	[xxx]	[xxx]	[xxx]
Bright yield cost	Calculation in column E	[xxx]	[xxx]	[xxx]
Bright post yield	Calculation	[xxx]	[xxx]	[xxx]
Bright labour	Estimated 43.07% of New Zealand	[xxx]	[xxx]	[xxx]
Bright fixed maint.	Estimated [xxx] at China plants	[xxx]	[xxx]	[xxx]
Other FC & scrap	Estimated [xxx] at China plants	[xxx]	[xxx]	[xxx]
Bright electricity	Estimated 64.22% of New Zealand	[xxx]	[xxx]	[xxx]
Bright consumables	Estimated [xxx] at China plants	[xxx]	[xxx]	[xxx]
V. maint. plant & OH	Estimated [xxx] at China plants	[xxx]	[xxx]	[xxx]
Subtotal	Calculation	[xxx]	[xxx]	[xxx]
Galv zinc	LME priced, no info suggests difference	[xxx]	[xxx]	[xxx]
Subtotal	Calculation	[xxx]	[xxx]	[xxx]
Galv yield	No information suggesting difference	[xxx]	[xxx]	[xxx]
Galv post yield	Calculation	[xxx]	[xxx]	[xxx]
Galv labour	Estimated 43.07% of New Zealand	[xxx]	[xxx]	[xxx]
Galv fixed maint.	Estimated [xxx] at China plants	[xxx]	[xxx]	[xxx]
Other FC and scrap	Estimated [xxx] at China plants	[xxx]	[xxx]	[xxx]
Galv electricity	Estimated 64.22% of New Zealand	[xxx]	[xxx]	[xxx]
Galv gas, other	Estimated [xxxxxx] of New Zealand	[xxx]	[xxx]	[xxx]
Galv consumables	Estimated [xxx] at China plants	[xxx]	[xxx]	[xxx]
V. maint. plant & OH	Estimated [xxx] at China plants	[xxx]	[xxx]	[xxx]
SGA	Administrative and selling costs	[xxx]	[xxx]	[xxx]
Total cost	Calculation			[xxx]
Profit: 11.657 percent (av. Baoshan, Angang and Maashan Iron and Steel in F19) [22]				[xxx]
Normal Value	Calculation			1259.04

[21] See comments on this row item at table 5 and its footnotes. Other row items in this table 6 are supported by like material in table 5, itemised to Appendix One. For example, SGA at table 5 comment and reference is same for table 6.

[22] Source is https://www.investing.com/equities

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

39 Per the analysis above, the Indonesia F19 galvanised wire constructed normal value estimate is US$1208 per tonne. Similarly, the China F19 galvanised wire constructed normal value estimate is US$1259 per tonne.

8. Dumping Margins

Table 7: Dumping Margins

Destination Country	Ex-factory normal value, US$/t	Ex-factory export price, US$/t	Dumping margin (US$/t)	Dumping margin (% of exp. price)
Indonesia	1208	1010	198	19.6%
China	1259	967	292	30.2%

9. Material Injury

40 Pacific Steel comprises the New Zealand industry because there are no other New Zealand manufacturers of goods like those made at Pacific Wire, 21 Beach Road, Otahuhu, Auckland.

41 Provisional Duties: These can be applied at any time from 60 days after an investigation is initiated provided there is reasonable cause to believe that the goods are dumped and causing or threatening to cause material injury, and provided such action is necessary to prevent material injury being caused during the remainder of the investigation. Pacific Steel considers that this circumstance applies to the New Zealand industry now, and we request provisional measures be imposed.

42 May we highlight a certain aspect of provisional duty timing. While the Ministry correctly indicates that provisional duties can be applied 60 days post initiation of an investigation, that reflects only what is permitted, and does not engage the matter of when validly justified provisional duties *ought to* be applied. In our view it is counter to provisional's purpose for day 60 to be viewed principally, or only, as an enabling date.

43 Import Volumes into New Zealand: Some information on this arises in response to the negligibility question in the Ministry application form (1.8) at paragraph 22 above. This is referred to again after the below table 8 which is presented in the Table 9.1 form requested.

Table 8: Import Volumes

Metric	F17 Qty (t)	F17 Value (NZ$k)	F18 Qty (t)	F18 Value (NZ$k)	F19 Qty (t)	F19 Value (NZ$k)
Indonesia	3267	4789	2278	3479	3113	5284
China	1693	2183	2215	3548	2246	3633
Dumped	4960	6972	4493	7027	5359	8917
Other	4823	8774	4389	8304	5397	10673
All Imports [23]	9783	15746	8881	15331	10756	19590
New Zealand Production [24]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
Total New Zealand Market	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
Dumped Import % of NZ Production	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
Dumped Import % of NZ Market	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]

[Pacific Steel operating information and consequential market data. The redacted information summarises as follows: New Zealand production and the New Zealand market has been reasonably steady both in volume and value. Dumped Import % of NZ Production has been less steady on both

[23] This and the above four rows data screenshot is at Appendix One on page 47.
[24] This is on sales, thus the volume and sales value matches table 13 at paragraph 50, and the segment share analysis is also consistent. Table 9 information also appears as segment share table 14, wherein sales is the relevant data, not production. That said, both production and sales volume data appears on table 13.

measures however both are of significant percentage. Production Qty is highest in F18 and lowest in F19. Production Value is highest in F8 and lowest in F17. Dumped Import % of NZ Production figures are reasonably steady over the period examined. In both Qty and Value they were highest in F19. The dumped import % of NZ Market figures (both Qty and Value) were highest in F19. This information is commercially sensitive because it would provide a competitor with a competitive advantage]

44 Question 9.2 relates only to volume, so the above volume information is extended in table 9 below. The points made at paras 27 to 30 are salient. We do not discern clear delineation or event regarding onset of injury (say there being no Indonesian or Chinese goods present at one juncture but then a very large sudden flow occurring). The dumped import growth has been lumpy, however of overall upward direction. It is notable that the dumped goods share of market production value is uniformly lower than share of volume which is consistent with the dumped goods being injurious.

Table 9: Import Volume etc (tonnes and percent)

Metric	F13	F14	F15	F16	F17	F18	F19
Indonesia	1375	1368	1526	2004	3267	2278	3113
China	1716	2272	2179	1780	1693	2215	2246
Dumped	3091	3641	3705	3784	4960	4493	5359
Other	5972	5783	5894	5016	4823	4389	5397
All Imports [25]	9063	9423	9599	8800	9783	8881	10756
New Zealand Production [26]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
Total New Zealand Market	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
Dumped Import % of NZ Production	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
Dumped Import % of NZ Market	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]

[Pacific Steel operating information and consequential market data. The redacted information summarises as follows: New Zealand production and the New Zealand market have been reasonably steady. The commencement point on production is higher than the end. Dumped Import % of NZ Production has grown by approximately 100%. The highest point is in F19. Second-highest points is in F17. The Dumped Import % of NZ Market row grew slowly F13 to F16 then stepped up in F17, declined a little, then peaks in F19. This information is commercially sensitive because it would provide a competitor with a competitive advantage]

45 Further insights from table 9 F13 to F19 are: Dumped goods % of NZ production has risen from [xxx]in F13 to [xxx] in F19. Slight dip to that pattern in F18, but highest data point is F19's [xx] The trend is upward at [xxxxxxxxxxxxxxxxxxxxx]; and there is a near same pattern in the dumped goods share of the NZ market. That is [xxx] rising to [xxx] as roughly steady growth at [xxxxxxxxxxxx xxxxxxxxxx]. It is also notable that the dumped goods grew in absolute terms at [xxxxxxxxxxxxxx] whereas the Other (non-dumped) declined in absolute terms at [xxxxxxxxxxxxxxxx] *[Data and equations. This information is commercially sensitive because it would provide a competitor with a competitive advantage]*

10. Price Effects

Price Undercutting

46 Set out below is the Pacific Steel price compared at ex-factory versus ex-wharf for imports. The goods from Indonesia and China significantly undercut Pacific by [xxx] and [xxx] respectively. *[Cost information. The amount of price undercutting is greater for China. This information is commercially sensitive because it would provide a competitor with a competitive advantage]*

Table 10: Price Undercutting

F19 Measure (NZ$/t)	Indonesia	China
Pacific Steel at ex-factory	[xxx]	[xxx]
Imports at CIF New Zealand [27]	[xxx]	[xxx]

[25] This and the above four rows data screenshot is at Appendix One on pages 47 and 48.
[26] Ibid.
[27] Source is TradeMap, International Trade Centre, https://marketanalysis.intracen.org. Please see Appendix One at pages 48 and 49. The CIF matter is evidenced at Appendix One on page 20.

Adjustment to ex-wharf New Zealand-side [28]	[xxx]	[xxx]
Imports at ex-wharf	[xxx]	[xxx]
Amount of undercutting	[xxx]	[xxx]
Price undercutting as a % of Pacific Steel	[xxx]	[xxx]

[Cost and Pacific Steel operating information. The amount of price undercutting is greater for China. This information is commercially sensitive because it would provide a competitor with a competitive advantage, and some is proprietary information]

Price Depression

47 Price depression occurs when prices are lower than those unaffected by the unfairly traded goods, or have been reduced because of the dumped goods. Price effects, generally, seek to establish whether the unfairly traded goods pricing has had significant effects on the prices of the New Zealand industry's goods. Pacific Steel's galv wire selling price is [xxxxxxxxxxxxxxxxxx] in F11 through F19 at [xxxxxxxxxxxxxxxxxxx]. We submit that prices have been reduced below what they otherwise would have been, but for the Indonesia and China dumping. This is evidenced by the gross profit value per unit at table 13 trend being downward [xxxxxxxxxxxxxxxxxx] and as a percent of revenue being also being downward [xxxxxxxxxxxxxxxxxx]. *[Pacific Steel operating information and equations. This information is commercially sensitive because it would provide a competitor with a competitive advantage]*

Table 11: Pacific Steel Price (NZ$ per tonne)

Year	F11	F12	F13	F14	F15	F16	F17	F18	F19
Pacific Price	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]

[Pacific Steel price information. The line of data is described thus: Six years of consecutive decline starting at F11 and ending in F16 then rising near linearly from F16 to F19. The highest value is in F11. This information is commercially sensitive because it would provide a competitor with a competitive advantage]

48 In determining whether or not any material injury to an industry has been or is being caused or is threatened in accordance with Section 8 of the Act, the Ministry must have regard to the position the industry would or would likely be in but for the dumping. That requirement bears out here. In the circumstance of IPP-based pricing which the Ministry has previously verified and which continues today, we submit that the undercutting levels represent price depression at Pacific Steel.

Price Suppression

49 Price suppression occurs when New Zealand producers are unable to increase prices due to the presence of the unfairly traded goods. This is evident below against the period F13-F15. The per unit cost of production trend F13 to F19 is upward [xxxxxxxxxxxxxxxxxxxxxxxx] the per unit revenue trend is [xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx] *[Pacific Steel operating information equations. This information is commercially sensitive because it would provide a competitor with a competitive advantage]*

Table 12: Unit Revenue and Cost of Production

Year	F13	F14	F15	F16	F17	F18	F19
Average Selling Price (NZ$/t)	Base	Lower	Lower	Lower	Higher	Higher	Higher
Cost of Production (NZ$/t)	Base	Lower	Higher	Higher	Lower	Higher	Higher
Selling and Admin (NZ$/t)	Base	Lower	Higher	Higher	Lower	Higher	Higher
Average Selling Price (indexed to F13)	Base	Lower	Lower	Lower	Higher	Higher	Higher
Cost of Production (indexed to F13)	Base	Lower	Higher	Higher	Lower	Higher	Higher
Delta Selling Price minus Production Cost	Base	Lower	Lower	Lower	Higher	Higher	Lower

[Cost and Pacific Steel operating information. The lines of data are described thus: Row two is four years of consecutive decline starting at F13 and ending in F16 then rising near linearly from F16 to F19. There is near same end point as beginning point; Row three is flat for the three years then up in F16 then down, then rising for two years; Row four is flat then peaks in F16 then significantly down and flat; Row five is near flat; Row six is slow upward; Row seven varies significantly. This

[28] Source of this adjustment value is [xxxxxxxxxxxxxxxxxxxxxxxxxxx] *[Supplier. Commercial confidentiality]* Please see Appendix One at pages 21 and 22.

information is commercially sensitive because it would provide a competitor with a competitive advantage]

11. Economic Impact

50 Set out below is the Injury Spreadsheet from F13 onward. This follows the application form at table 11.1 on page 19, however is by financial year not quarter or month. That is for data efficiency reasons given that the injury perspective is to F13, and also because we do not point to any seasonality, month-month or quarter-quarter material event or trend.

Table 13: Injury Spreadsheet

Pacific Wire All Products (t)	**F13**	**F14**	**F15**	**F16**	**F17**	**F18**	**F19**
Bright wire production	Base	Higher	Lower	Higher	Lower	Higher	Lower
Galv wire production [29]	Base	Higher	Lower	Lower	Lower	Higher	Lower
Galvanised domestic sales	Base	Higher	Lower	Lower	Higher	Higher	Lower
Domestic Galv P&L ($,000)	**F13**	**F14**	**F15**	**F16**	**F17**	**F18**	**F19**
Revenue	Base	Higher	Lower	Lower	Higher	Higher	Lower
Cost of production	Base	Higher	Lower	Lower	Lower	Higher	Lower
Material cost (Wire Rod and Zinc)	Base	Higher	Lower	Lower	Higher	Higher	Lower
Variable cost	Base	Higher	Lower	Higher	Lower	Lower	Higher
Fixed costs	Base	Higher	Lower	Higher	Lower	Higher	Higher
Gross profit	Base	Lower	Lower	Lower	Higher	Higher	Lower
Selling and Administration	Base	Higher	Higher	Higher	Lower	Higher	Higher
EBIT (galvanised wire only)	Base	Lower	Lower	Lower	Higher	Lower	Lower
Domestic Galv P&L ($ per tonne)	**F13**	**F14**	**F15**	**F16**	**F17**	**F18**	**F19**
Revenue	Base	Lower	Lower	Lower	Higher	Higher	Higher
Cost of production	Base	Lower	Higher	Higher	Lower	Higher	Higher
Gross profit	Base	Lower	Lower	Lower	Higher	Higher	Lower
Selling and Admin	Base	Lower	Higher	Higher	Lower	Higher	Higher
EBIT (galvanised wire only)	Base	Lower	Lower	Lower	Higher	Higher	Lower
Domestic Galv P&L (% of revenue)	**F13**	**F14**	**F15**	**F16**	**F17**	**F18**	**F19**
Revenue	100%	100%	100%	100%	100%	100%	100%
Cost of production	Base	Higher	Higher	Higher	Lower	Lower	Higher
Gross profit	Base	Lower	Lower	Lower	Higher	Higher	Lower
Selling and Administration	Base	Same	Higher	Higher	Lower	Same	Same
EBIT (galvanised wire only)	Base	Lower	Lower	Lower	Higher	Higher	Lower
Domestic Galv Other Factors	**F13**	**F14**	**F15**	**F16**	**F17**	**F18**	**F19**
Pacific Wire total net cashflow ($000)	Base	Higher	Lower	Lower	Higher	Higher	Lower
Pacific Wire total capacity (t)	Base	Same	Same	Same	Same	Same	Same
Pacific Wire galvanising capacity (t)	Base	Same	Same	Same	Same	Same	Same
Inventories: FG at balance date ($k)	Base	Lower	Lower	Higher	Lower	Lower	Higher
Average assets (galvanised wire, $k) [30]	Base	Lower	Lower	Same	Higher	Same	Higher
EBIT (galvanised wire, $,000)	Base	Lower	Lower	Lower	Higher	Lower	Lower
EBIT as a % of average assets	Base	Lower	Lower	Lower	Higher	Higher	Lower
Pacific Wire total headcount	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
Productivity	**F13**	**F14**	**F15**	**F16**	**F17**	**F18**	**F19**
Galv production per employee (t)	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
Galv production per shift (t)	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
Galv revenue per employee ($)	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]

[Cost and Pacific Steel operating information. This information is commercially sensitive because it would provide a competitor with a competitive advantage. This table is not capable of summary. It is various Pacific Steel operating and financial information whose identity can be ascertained by the row

[29] Subset of bright, including galvanised wire other than HT fence.

[30] Note that through-time view here is compromised somewhat due to the early periods being under different ownership than now, and [xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx xxxxxxxxx] investments. [xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx] *[Pacific Steel financial information. This information is commercially sensitive because it would provide a competitor with a competitive advantage, and some is proprietary]*

description in the first column. Rows are not capable of index summary due to the risk of release of confidential information]

<u>Output and Sales</u>

51 Output and sales have been affected as the dumped goods from Indonesia and China have grown segment share. This is evidenced at table 9 above from [xxx] rising to [xxx] as roughly steady growth at [xxxxxxxxxxxxxxxxxx], while across the same period Pacific Steel's output declined at [xxx xxxxxxxxxxxxxxx] notwithstanding having capability to supply those goods. Counterfactual analysis indicates that but for the grown sales of Indonesian and Chinese goods, and against say F13, those sources may have comprised perhaps [xxx] of the NZ industry's sales level, which is [xxx] points lower than their F19 actual of [xxx]. Those [xxx] points of share in F19 reaching to output effect may be estimated as [xxx] tonnes, with sales effect of [xxx]. *[Data and Pacific Steel operating information and equations and insight. This information is commercially sensitive because it would provide a competitor with a competitive advantage]*

52 At this juncture we draw attention to a Ministry perspective at paragraph 204 of the 2014 galvanised wire from Malaysia final report (and which it has also offered in other reports):

> *"The analysis of market share must take account of changes in the growth of the market as a whole. A decline in the share of the market held by the domestic industry in a situation where the market as a whole is growing will not necessarily indicate that injury is being caused to the domestic industry, particularly if the domestic industry's sales are also growing. There is no "entitlement" to market share."*

53 That view strains against certain WTO jurisprudence such as the Panel in DS518 which comments in relation to market share where a domestic industry did not hold its market share in a growing market, and so incurred injury. DS518 states:

> <at 7.189> *"In our view, it is not unreasonable for a competent authority to consider that the fact that the domestic industry could not keep its market share in front of increasing demand indicates a negative trend in the situation of the domestic industry, considering that the domestic industry had available production capacity to meet the growing demand.[218]"*

> <at 7.213> *"In our view, it is not unreasonable for a competent authority to consider that "stagnant" trends in several injury factors in light of a considerable increase in demand, may constitute negative trends in the overall situation of the domestic industry. In the present case, the Indian competent authority noted that the domestic industry increased its production capacity and had available capacity to meet the growing demand, but its performance did not improve in step with the increasing demand."*

54 In response that guidance, Pacific Steel notes that it does have and has had available capacity, and has lost segment share to the dumped goods from Indonesia and China. We refer to tables 8 and 9 (re. segment share) and tables 13 and 15 (capacity and utilisation).

55 Sales and output injury from the dumped goods is further evidenced by the following:

> 55.1 Up to [xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx] Those goods were made from [xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx xxxx] which is Pacific Steel-made goods. *[Commercial insight. Commercial confidentiality]*

> 55.2 Below is contemporaneous in 2019 marketing literature [xxxxxxxxxxxxxxxxxxxxxx xxxxxxxxxxxxx] priced at $82.97 per coil, [xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx xxxxxxxxx] priced at $72 per coil. The [xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx] Pacific Steel sales revenue and output, and is price depression and suppression. *[Commercial insight. Commercial confidentiality]*

55.3 An [xxxxxxxx[31]xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx] As an aside, this occurred [xxxxxxxxxxxxxx] particularly steep Indonesian wire import growth. See table 14. *[Pacific Steel marketing information. This information is commercially sensitive because it would provide a competitor with a competitive advantage]*

Segment Share

56 Below is the share information as requested at item Table 9.1 Import Volumes, at paragraph 0.

Table 14: Import Volume etc (tonnes and percent)

Metric	F13	F14	F15	F16	F17	F18	F19
Indonesia	1375	1368	1526	2004	3267	2278	3113
China	1716	2272	2179	1780	1693	2215	2246
Dumped	3091	3641	3705	3784	4960	4493	5359
Other	5972	5783	5894	5016	4823	4389	5397
All Imports	9063	9423	9599	8800	9783	8881	10756
New Zealand Production [32]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
Total New Zealand Market	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
Dumped Import % of NZ Production	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]
Dumped Import % of NZ Market	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]

[Pacific Steel operating information and consequential market data. The redacted information summarises as follows: New Zealand production and the New Zealand market have been reasonably steady. The commencement point on production is higher than the end. Dumped Import % of NZ Production has roughly doubled between F13 and F19. The Dumped Import % of NZ Market has also roughly doubled between F13 and F19. This information is commercially sensitive because it would provide a competitor with a competitive advantage]

57 The dumped goods have grown segment share, as evidenced at table 14 above, from [xx] rising to [xxx] as roughly steady growth at [xxxxxxxxxxxxxxxxx], while across the same period Pacific's output [xxxxxxxxxxxxxxxxxxxxxxxxxxxxx], notwithstanding Pacific Steel having the capability to supply those goods. Counterfactual analysis indicates that but for the grown sales of Indonesian and Chinese goods, and against say F13, those sources may have comprised [xxxxxxx] of the NZ industry's sales level, which is [xxx] points lower than F19's [xxx]. We recall the comments in DS518 above at paragraphs 53 to 54 which confirm that loss of domestic share manufacturer share to imports can be injurious. We submit that this is the circumstance here. *[Data and Pacific Steel operating information and equations. This information is commercially sensitive because it would provide a competitor with a competitive advantage]*

Profits

58 As per table 13 above since the period F13-F15 the gross profit and EBIT in absolute terms has declined at [xxxxxxxxxxxxxxxxx], and [xxxxxxxxxxxxxxxxx], respectively from the Indonesian and Chinese undercutting pressure. On a per unit basis the pattern is near same. The per unit gross profit and EBIT trend lines are [xxxxxxxxxxxxxxxxx], and [xxxxxxxxxxxxxxxxx], respectively. *[Pacific Steel operating information and equations. This information is commercially sensitive because it would provide a competitor with a competitive advantage]*

[31] [xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx *[Pacific Steel marketing information. This information is commercially sensitive because it would provide a competitor with a competitive advantage]*

[32] Ibid.

59 The Ministry must consider the circumstance of the domestic industry but for the dumping. The relevant information is the circumstance in F19 versus the average in F13-F15. If profitability in F19 had been reflective of F13-F15 (i.e. but for the dumping), Pacific Steel would have had higher F19 gross profit and EBIT. The material gross profit injury but for the dumping is thus the [xxx] adverse lower F19 gross profit per tonne versus the average F13-F15 gross profit per tonne over the F19 sales volume, which is [xxx] million. The EBIT the figures are an [xxx] adverse lower F19 EBIT per tonne versus the average F13-F15 EBIT per tonne over the F19 sales volume, which is [xxxx]. *[Pacific Steel operating information. This information is commercially sensitive because it would provide a competitor with a competitive advantage]*

Productivity

60 Material injury to productivity has occurred over the period examined as it [xxxxxxxxxxxxx xxxxxxxxxxxxxxxxxx] staff. [xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx] *[Pacific Steel operating information. This information is commercially sensitive because it would provide a competitor with a competitive advantage]*

Return on Investments

61 While there has been material injury to ROI, Pacific Steel suggests that a pure through-time view of ROI (via the average assets row in table 13) is compromised due to early periods being under different ownership than now, and [xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx xxxxxxx] investments. [xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx] We therefore consider it more useful to focus on the more fundamental economic aspect of the mill not being profitable, and its EBIT trend being downward [xxxxxxxxxxxxxxxxxxx]. ROI is markedly lower than would otherwise be the case due to the dumped goods presence via both their dumped and undercutting prices (table 10) and via the New Zealand volume growth (as per table 9) that those prices have provided. The counterfactual circumstance evidences this. The relevant like-like[33] info is the EBIT circumstance in F19 versus the average across F13-F14 on an assumption of flat capital investment records. Pacific Steel has suffered ROI injury in an economic sense, as its EBIT has declined. *[Pacific Steel operating information and equation. This information is commercially sensitive because it would provide a competitor with a competitive advantage*]

Use of Production Capacity

62 Use of galvanised wire production capacity has declined from [xxx] in F13 to [xxx] in F19. The trendline is [xxxxxxxxxxxxxxxxxxx]. Material injury has thus occurred in use of production capacity since the Indonesia and China dumping and undercutting has enabled those goods to grow share at the expense of the use of the domestic industry's production capacity. See paragraphs 53 and 54. *[Pacific Steel operating information and equation. This information is commercially sensitive because it would provide a competitor with a competitive advantage]*

Table 15: Capacity Utilisation (percent)

Metric	F13	F14	F15	F16	F17	F18	F19
Capacity Utilisation	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]	[xxx]

[Pacific Steel operating information. Slow-ish declining percentage data. This information is commercially sensitive because it would provide a competitor with a competitive advantage]

Other Adverse Effects - Cashflow

63 Cashflow [xxxxxxxxxxxxxxxxxxxxxxxx] the galvanised wire part of the Pacific Steel Beach Road wire mill business. This site manufactures both bright and galvanised wire. [xxxxxxxxxxxxxxxxxxxx xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx] quite in the manner contemplated by the Ministry guide at 11.16 which refers back to table 11.1. Certain conclusions can nonetheless be drawn under "but for" analysis. The Indonesian undercutting at table 10 is [xxx] per tonne. That is less than China's [xxx] per tonne. Taking the [xxx] per tonne as an example, that undercutting has a cashflow effect, all other things being equal, of [xxxxxxx] in F19. The volume effect on cashflow of the unfairly traded goods is in addition to that price effect. *[Data*

[33] F12 and F14 is unlike F19 in that it is the mill under different ownership. But it is like-like insofar as the physical assets. The changes are accounting matters, not the economic matters which are the focus under section 8(2) of the Act.

and Pacific Steel operating information. This information is commercially sensitive because it would provide a competitor with a competitive advantage]

Other Adverse Effects - Inventories
64 Pacific Steel does not point to materially injurious effect insofar as inventories.

Other Adverse Effects - Employment
65 There has been material injury in relation to employment. The total wire mill employment was [xxx] through F13 to F16 whereupon staff numbers [xxxxxxxxxxxxxxx]. Profitability pressure (see Table 13 EBIT F13, F14 and F15, and the trend therein) [xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx xxxxxxxxxxxxxxxxxxxxxxxxxxxx] *[Pacific Steel operating information. This information is commercially sensitive]*

Other Adverse Effects - Wages
66 An adverse effect arises on wages commensurate with the employment discussion, para 64.

Other Adverse Effects - Growth
67 Pacific Steel's growth is adversely affected by the price undercutting from the Indonesian and Chinese goods and the economic effects therefrom.

68 Pacific Steel considers that remedies being available on all unfair (dumped, subsidised and injurious) trade is a very important part of the global and New Zealand domestic economy and full recourse needs to be available (in ways like, not unlike, that which occurs in New Zealand's peer jurisdictions) if local businesses are to be able to compete on a level playing field in New Zealand against international competitors. In this respect we are reminded of the desirability which MBIE's peers place on that endeavour, and the current trend outside New Zealand to strengthen fair trade mechanisms. The following two March 2019 quotes from the European Commission offer example:

> "*We believe in open, rules-based trade. Now, we are better equipped to stand up for our companies if other countries don't stick to the rules.*" European Commission Trade Commissioner, Cecilia Malmström; and,
>
> "*The EU is and will remain one of the most open markets in the world. We are and will remain in the first line defending open, fair and rules-based trade. This, however, should not be mistaken as naivety. Our unshakable and facts-based conviction that trade brings prosperity will not prevent us from defending our workers and companies with all legitimate tools when others do not play by the rules. With this new legislation and a new set of modernised tools, Europe will be able to keep pace and deal more effectively with the ever-changing realities of the international trading environment.*" President of the European Commission, Jean-Claude Juncker [34]

Other Adverse Effects - Ability to Raise Capital, and Investments
69 Pacific Steel considers that the current dumping and injury from the Indonesian and Chinese goods challenges availability investment capital for the Auckland wire mill. Commerce chooses where to place investment capital, and any visible risk to a fairly traded economic environment from trade measures being unavailable is a significant negative in any investment consideration.

Other Adverse Effects - Impact of Margin of Dumping
70 This is considered significant. The Indonesian and Chinese margins are estimated in table 7 at 19.6% and 30.2% respectively, and are currently taken through the market via Import Parity Price (IPP) price pressure (indeed, arising as the undercutting observed at paragraph 55.2 above). 19.6% and 30.2% are significant dumping margins levels and due to the manner in which those prices are used in price discussions, they are significantly injurious to Pacific Steel.

12. Other Causes of Injury

Volume and Prices of Non-Dumped Like Goods
71 Below are New Zealand side import records quarterly in F19, and for F19. May we note that the data suppression creates difficulties for this exercise which Pacific Steel is not able to overcome.

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[34] https://trade.ec.europa.eu/doclib/docs/2019/march/tradoc_157812.pdf

Table 16: Imports of tariff group 7217.20, Kg and tonnes and %. NZ-side records

Exporting Country	2018-Q3 Imported quantity, Kilograms	2018-Q4 Imported quantity, Kilograms	2019-Q1 Imported quantity, Kilograms	2019-Q2 Imported quantity, Kilograms	F19 Imported quantity, Tonnes	F19 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 17: Imports of tariff group 7217.20, New Zealand $ and $ per tonne. NZ-side records

Exporting Country	2018-Q3 Imported value, NZ$,000	2018-Q4 Imported value, NZ$,000	2019-Q1 Imported value, NZ$,000	2019-Q2 Imported value, NZ$,000	F19 Imported value, NZ$m	F19 Imported unit value, NZ$/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

72 Five countries individually have a volume share >1.6%. Pacific Steel has calculated an average ex-wharf price in New Zealand for galvanised wire from the largest four of those five sources – Indonesia, Australia, Canada and China. Those undercutting estimates are set out below.

Table 18: 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)	Under-cutting (NZ$/t)	Under-cutting (%)
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]

73 Only Indonesian and Chinese goods undercut Pacific Steel in F19. We are cautious in being too definitive on this matter due to difficulties related to data suppression, but current information tends to suggest that the Australian, Canadian and Korean goods (which might not be dumped) are not a cause of material injury to Pacific Steel. Further information on this matter may yet be presented.

Demand Reduction, Consumption Pattern Change

74 This relates to the pattern of consumption or a reduction in demand as a cause of material injury to the New Zealand industry. Pacific Steel does not observe this having occurred. We refer to the information in table 14 at paragraph 56. The total market has [xxxxxxxxxxxxxxxxxxxxxxxxxxxxxx] tonne level for some time, however the standout features are that the dumped goods have grown in share percent and absolute volume over the period. Specifically, the dumped goods have grown

segment share from [xxx] rising to [xxx] as roughly steady growth at [xxxxxxxxxxxxxxxxx], while across the same period Pacific Steel's output declined at [xxxxxxxxxxxxxxxxx], notwithstanding Pacific Steel having capability to supply those goods. Counterfactual analysis indicates that but for the grown sales of Indonesian and Chinese goods, and against say F13, those sources may have comprised [xxxxxxx] of the New Zealand industry's sales level, which is [xxx] points lower than their actual [xxx] share in F19. *[Data and Pacific Steel operating information and equations. This information is commercially sensitive because it would provide a competitor with a competitive advantage]*

75 Pacific Steel notes that the route to market of the goods does not exhibit change, nor does goods use, nor has there been material shift in the nature of wire usage.

Restrictive Trade Practices

76 Pacific Steel does not have any information on, or consider that, restrictive trade practices have caused injury to the New Zealand industry.

Technology Development

77 Pacific Steel does not have any information suggesting that developments in technology by Pacific Steel's overseas competitors have been a cause of injury to Pacific Steel. Pacific Steel considers that the technological changes made to its business over recent years (for example [xxx xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx] 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. Pacific Steel's production method is similar to other manufacturers. *[Pacific Steel operating information. This information is commercially sensitive because it would provide a competitor with a competitive advantage]*

Export Performance

78 Pacific Steel has not of late been exporting subject goods. Export performance of the NZ industry can be a cause of injury if that export performance is at the expense of its domestic performance. Pacific Steel does not consider that its export performance has been a cause of injury.

Imports by the New Zealand Industry

79 Pacific Steel has not of late imported subject goods.

13. Causal Link

80 Significant elements in the causal link are:

80.1 The goods from Indonesia and China have undercut Pacific Steel's pricing, resulting in price depression and suppression.

80.2 The other sources of import goods do not undercut Pacific Wire's pricing, so the undercutting price pressure is from the Indonesian and Chinese goods.

80.3 The dumped goods have grown segment share, as evidenced at table 14 above, from [xxx] rising to [xxx] as roughly steady growth at [xxxxxxxxxxxxxxx], while across the same period Pacific's output declined at [xxxxxxxxxxxxxxxxx], notwithstanding Pacific Steel having the capability to supply those goods. Counterfactual analysis indicates that but for the grown sales of Indonesian and Chinese goods, and against say F13, those sources may have comprised [xxxxxxx] of the NZ industry's sales level, which is [xxx] points lower than F19's [xxx]. This is dumped import growth in absolute terms and relative to Pacific Steel's production and New Zealand consumption. *[Data and Pacific Steel operating information and equations. This information is commercially sensitive because it would provide a competitor with a competitive advantage]*

80.4 Price pressure in the galvanised wire market (dumped import goods versus Pacific Steel goods) takes place via the IPP pricing matter with which the Ministry is familiar, and is demonstrated by the pricing shown in paragraph 55.2.

80.5 Downward pressure on prices has caused ongoing (and increasing) financial losses in the business in absolute terms, and also relative to a circumstance but for the dumping.

14. Declaration

Trade (Anti-Dumping and Countervailing Duties) Act 1988 [35]

81 I hereby apply for the initiation of an investigation into the dumping of galvanized wire from Indonesia and China.

82 In support of this application I attach evidence of:

82.1 dumping; and

82.2 material injury to the industry; and

82.3 a causal link between the alleged dumped goods and the material injury.

83 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.

5 February 2020

[35] The Ministry's Dumping Investigation Application Form (see https://www.mbie.govt.nz/assets/c4d13a5d45/dumping-investigation-application-form.pdf) needs updating in about four places so that it refers to the correct Act.

Appendix One. Supporting Documents and Information

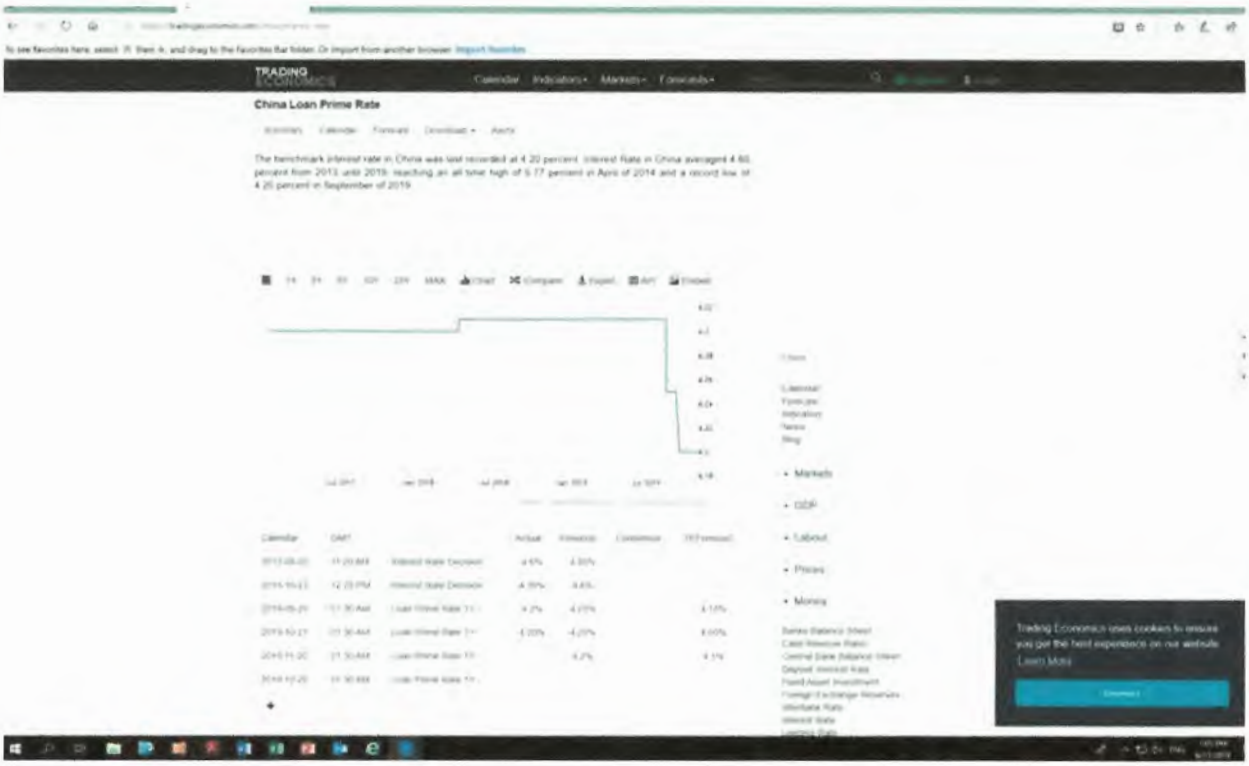
[Confidential proprietary information. Source is TradeMap, International Trade Centre, https://marketanalysis.intracen.org.]

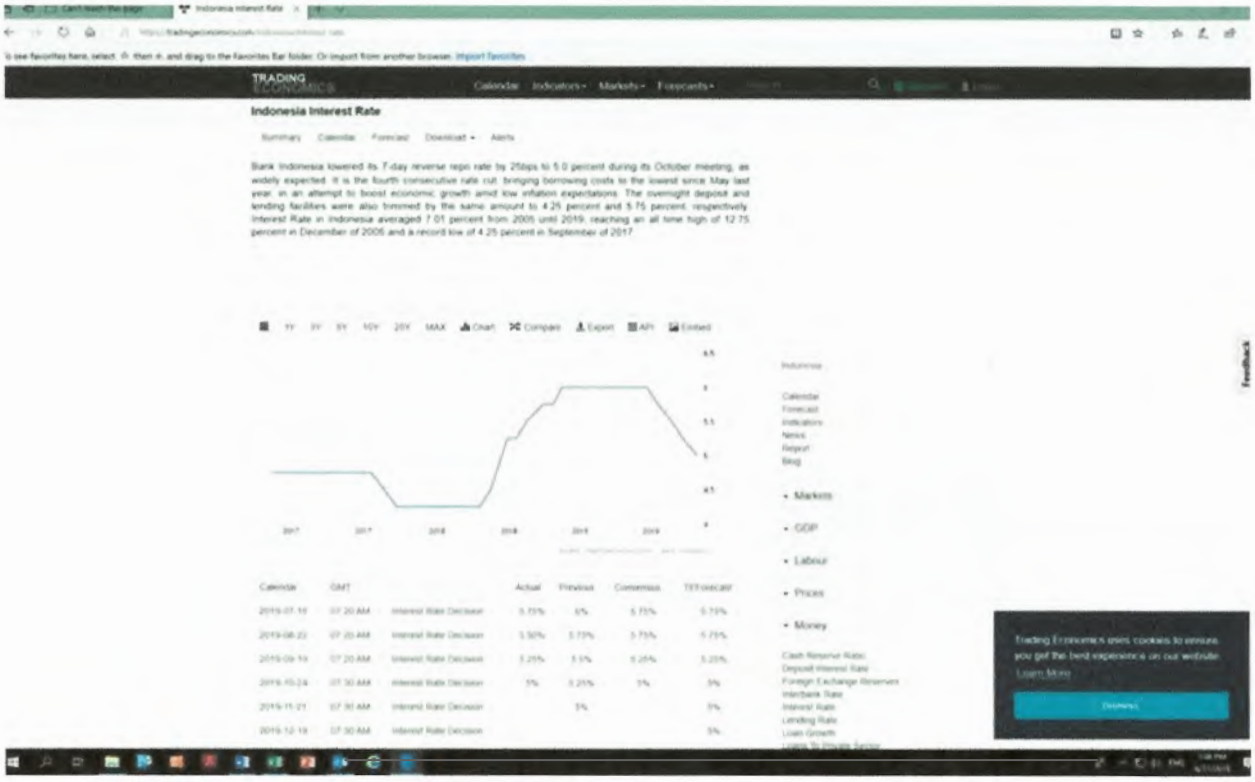
FOB – CIF

TradeMap's import data is CIF. Export is FOB. See screenshot below from https://www.trademap.org/stFAQ.aspx?nvpm=1%7c554%7c%7c%7c%7c721720%7c%7c%7c6%7c1%7c1%7c1%7c2%7c2%7c2%7c2%7c1#li_Answer1_1

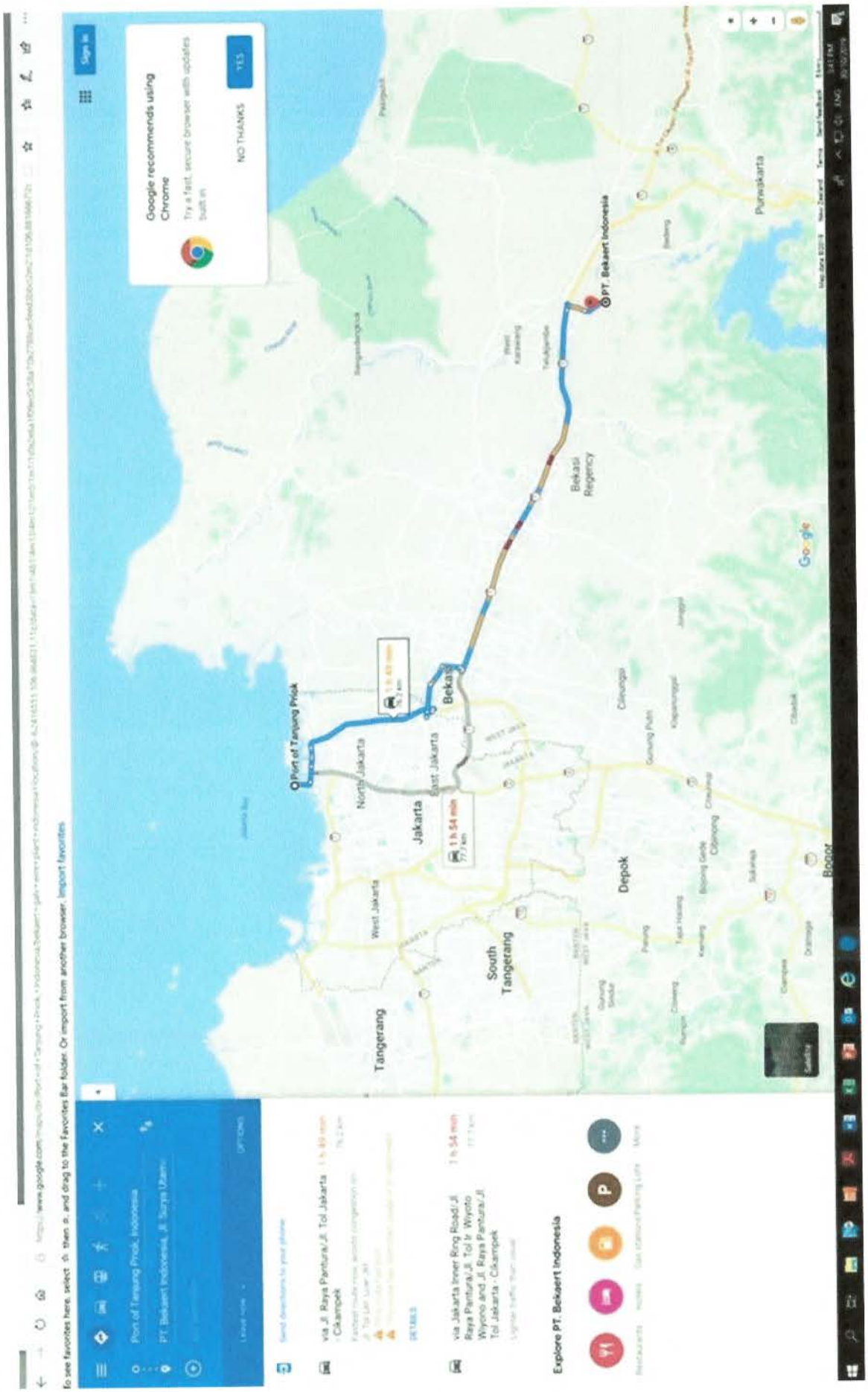
- **Transportation and insurance costs** are included in the reported import value (CIF: Cost Insurance Freight) but are excluded from the reported export value (FOB: Free On Board).

Interest Rates





[Cost construction data information source. This information is commercially sensitive]


Google recommends using Chrome
Try a fast, secure browser with updates built in
NO THANKS
YES
Port of Tanjung Priok, Indonesia
PT. Bekaert Indonesia, Jl. Surya Utama
via Jl. Raya Pantura/Jl. Tol Jakarta - Cikampek
via Jakarta Inner Ring Road/Jl. Raya Pantura/Jl. Tol Ir. Wiyoto Wiyono and Jl. Raya Pantura/Jl. Tol Jakarta - Cikampek
Explore PT. Bekaert Indonesia
Port of Tanjung Priok
PT. Bekaert Indonesia
Jakarta
North Jakarta
East Jakarta
West Jakarta
Tangerang
South Tangerang
Bekasi
Bekasi Regency
Depok
Bogor
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[Cost construction data information source. This information is proprietary]

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China: VAT rate reductions announced

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5 March 2019

Chinese Premier Li Keqiang on 5 March 2019 announced that the value added tax (VAT) rates of 16% and 10% that apply to the supply of certain goods and services would be reduced to 13% and 9%, respectively.

Related content

Cayman Islands: Economic substance law, profit shifting

The Cayman Islands issued guidance concerning economic substance law.

Additional tariffs on imports from China to increase

A USTR notice concerning additional 25% customs duty or tariff, effective May 10, 2019.

The reduced VAT rates are intended to provide relief to businesses and consumers, represent a step by the government to enhance economic activity in certain sectors, and reduce the overall tax burden.

KPMG observation

The Chinese government has long used the VAT system as a tool in managing the economy, and today's announcement is no exception. With this announcement, the government would have reduced the headline VAT rate by almost 25% over the past 12 months—initially from 17% to 16% (effective from 1 May 2018) and now from 16% to 13%. Once completed, China's "headline" VAT rate would be below the OECD average rate of 19%.

Note that this VAT rate reduction likely represents a first step in a broader process of reforms of the Chinese VAT system. In particular, it is expected during 2019 and 2020 that the government will seek to reduce the number of VAT rates from three rates (6%, 9% and 13%) down to two rates. The government is also expected to upgrade the status of the VAT rules with respect to formal legislation and implementation rules. A remaining question is whether (and to what extent) the government uses the VAT legislative process as an opportunity for further reforms, including aligning China's VAT system with OECD principles.

In addition to the rate reduction, there will also be preferential treatments available, such as an increase to the credits for manufacturers and lifestyle-related service providers, to reduce the tax burden for all taxpayers. Details are expected to be issued by policymakers shortly.

While at first glance this VAT rate reduction announcement may not seem challenging from a tax implementation perspective, there are

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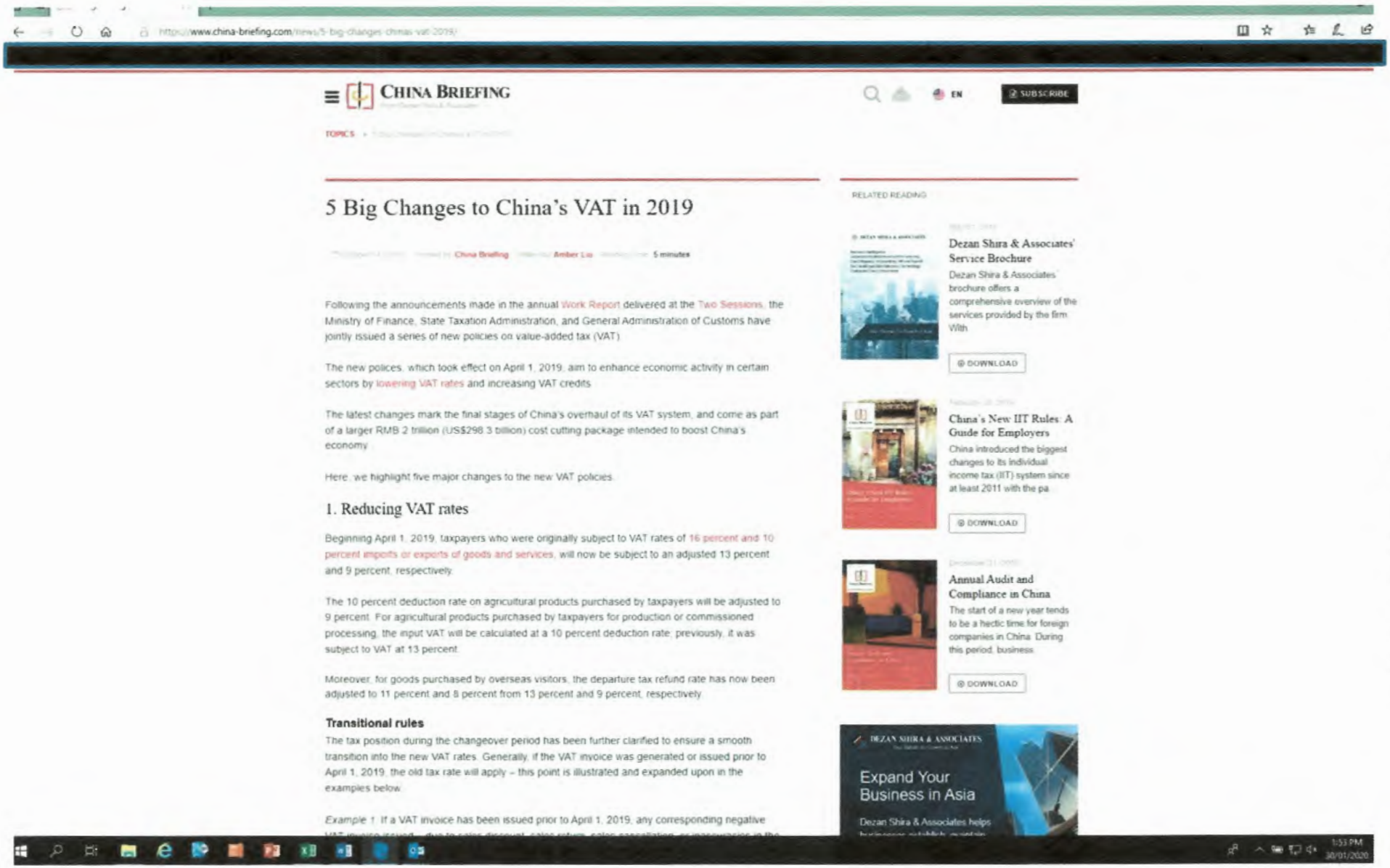

https://www.china-briefing.com/news/5-big-changes-chinas-vat-2019/

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5 Big Changes to China's VAT in 2019

China Briefing Amber Liu 5 minutes

Following the announcements made in the annual Work Report delivered at the Two Sessions, the Ministry of Finance, State Taxation Administration, and General Administration of Customs have jointly issued a series of new policies on value-added tax (VAT).

The new polices, which took effect on April 1, 2019, aim to enhance economic activity in certain sectors by lowering VAT rates and increasing VAT credits.

The latest changes mark the final stages of China's overhaul of its VAT system, and come as part of a larger RMB 2 trillion (US$298.3 billion) cost cutting package intended to boost China's economy.

Here, we highlight five major changes to the new VAT policies.

1. Reducing VAT rates

Beginning April 1, 2019, taxpayers who were originally subject to VAT rates of 16 percent and 10 percent imports or exports of goods and services, will now be subject to an adjusted 13 percent and 9 percent, respectively.

The 10 percent deduction rate on agricultural products purchased by taxpayers will be adjusted to 9 percent. For agricultural products purchased by taxpayers for production or commissioned processing, the input VAT will be calculated at a 10 percent deduction rate; previously, it was subject to VAT at 13 percent.

Moreover, for goods purchased by overseas visitors, the departure tax refund rate has now been adjusted to 11 percent and 8 percent from 13 percent and 9 percent, respectively.

Transitional rules

The tax position during the changeover period has been further clarified to ensure a smooth transition into the new VAT rates. Generally, if the VAT invoice was generated or issued prior to April 1, 2019, the old tax rate will apply – this point is illustrated and expanded upon in the examples below.

Example 1: If a VAT invoice has been issued prior to April 1, 2019, any corresponding negative

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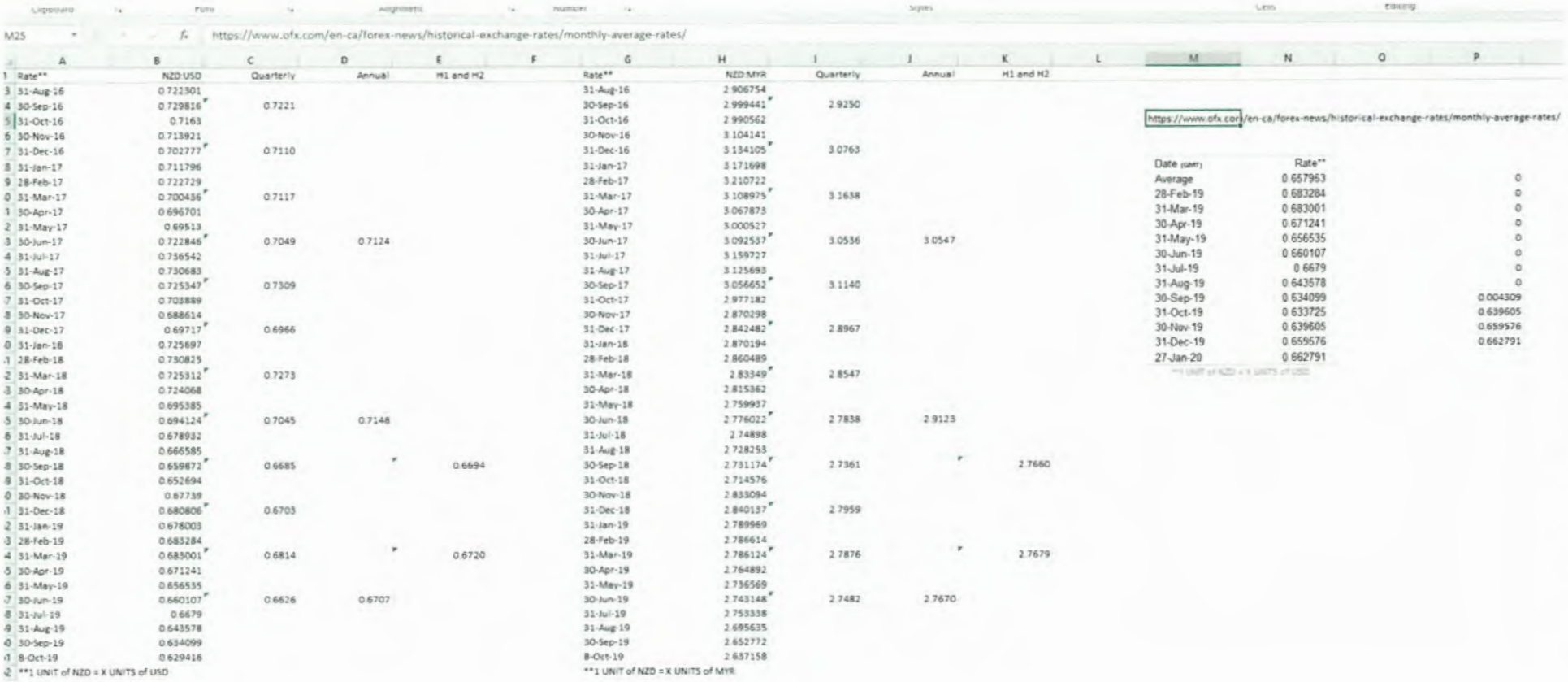


M25 https://www.ofx.com/en-ca/forex-news/historical-exchange-rates/monthly-average-rates/

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
1	Rate**	NZD:USD	Quarterly	Annual	H1 and H2		Rate**	NZD:MYR	Quarterly	Annual	H1 and H2					
3	31-Aug-16	0.722301					31-Aug-16	2.906754								
4	30-Sep-16	0.729816	0.7221				30-Sep-16	2.999441	2.9250							
5	31-Oct-16	0.7163					31-Oct-16	2.990562					https://www.ofx.com/en-ca/forex-news/historical-exchange-rates/monthly-average-rates/			
6	30-Nov-16	0.713921					30-Nov-16	3.104141								
7	31-Dec-16	0.702777	0.7110				31-Dec-16	3.134105	3.0763							
8	31-Jan-17	0.711796					31-Jan-17	3.171698					Date (GMT)	Rate**		
9	28-Feb-17	0.722729					28-Feb-17	3.210722					Average	0.657963		0
0	31-Mar-17	0.700436	0.7117				31-Mar-17	3.108975	3.1638				28-Feb-19	0.683284		0
1	30-Apr-17	0.696701					30-Apr-17	3.067873					31-Mar-19	0.683001		0
2	31-May-17	0.69513					31-May-17	3.000527					30-Apr-19	0.671241		0
3	30-Jun-17	0.722846	0.7049	0.7124			30-Jun-17	3.092537	3.0536	3.0547			31-May-19	0.656535		0
4	31-Jul-17	0.736542					31-Jul-17	3.159727					30-Jun-19	0.660107		0
5	31-Aug-17	0.730683					31-Aug-17	3.125693					31-Jul-19	0.6679		0
6	30-Sep-17	0.725347	0.7309				30-Sep-17	3.056652	3.1140				31-Aug-19	0.643578		0
7	31-Oct-17	0.703889					31-Oct-17	2.977182					30-Sep-19	0.634099		0.004309
8	30-Nov-17	0.688614					30-Nov-17	2.870298					31-Oct-19	0.633725		0.639605
9	31-Dec-17	0.69717	0.6966				31-Dec-17	2.842482	2.8967				30-Nov-19	0.639605		0.659576
0	31-Jan-18	0.725697					31-Jan-18	2.870194					31-Dec-19	0.659576		0.662791
1	28-Feb-18	0.730825					28-Feb-18	2.860489					27-Jan-20	0.662791		
2	31-Mar-18	0.725312	0.7273				31-Mar-18	2.83349	2.8547							
3	30-Apr-18	0.724068					30-Apr-18	2.815362								
4	31-May-18	0.695385					31-May-18	2.759937								
5	30-Jun-18	0.694124	0.7045	0.7148			30-Jun-18	2.776022	2.7838	2.9123						
6	31-Jul-18	0.678932					31-Jul-18	2.74898								
7	31-Aug-18	0.666585					31-Aug-18	2.728253								
8	30-Sep-18	0.659872	0.6685		0.6694		30-Sep-18	2.731174	2.7361		2.7660					
9	31-Oct-18	0.652694					31-Oct-18	2.714576								
0	30-Nov-18	0.67739					30-Nov-18	2.833094								
1	31-Dec-18	0.680806	0.6703				31-Dec-18	2.840137	2.7959							
2	31-Jan-19	0.678003					31-Jan-19	2.789969								
3	28-Feb-19	0.683284					28-Feb-19	2.786614								
4	31-Mar-19	0.683001	0.6814		0.6720		31-Mar-19	2.786124	2.7876		2.7679					
5	30-Apr-19	0.671241					30-Apr-19	2.764892								
6	31-May-19	0.656535					31-May-19	2.736569								
7	30-Jun-19	0.660107	0.6626	0.6707			30-Jun-19	2.743148	2.7482	2.7670						
8	31-Jul-19	0.6679					31-Jul-19	2.753338								
9	31-Aug-19	0.643578					31-Aug-19	2.695635								
0	30-Sep-19	0.634099					30-Sep-19	2.652772								
1	8-Oct-19	0.629416					8-Oct-19	2.637158								
2	**1 UNIT of NZD = X UNITS of USD						**1 UNIT of NZD = X UNITS of MYR									

Basis of Pacific Steel cost information, and explanation

84 The Pacific Steel accounting and costing information system described below is the source and basis for the information in the constructed normal value tables 5 and 6, and for the injury spreadsheet at table 13. The information base has been prepared on a consistent basis, with same accounting personnel, back to 1999.

85 Pacific Steel uses the BPCS software as its ERP system. This is a transaction-based system, where various sub-systems allow for data input, retrieval and analysis. ERP software allows organisations to manage business operations, by collecting and integrating data from different aspects of the business. Transactional information is generated from production tracked by works orders, spares inventory movements, creditors, and debtor data integrated into the general ledger, and supported by a customised chart of accounts. Responsibility areas are split across business unit and cost centre structures.

86 BPCS queries can be generated to focus on specific data requirements, and then, if desired, be input to Excel data sheets for further analysis such as waterfall charts. We also use an Excel add-in "Control" largely for budgeting/forecasting/reporting purposes across actual v. budget v. forecast. The reporting functionality allows for ease of analysis between operations and support functions. Charts and tables can then be linked into the data, allowing for updates with each new time period. Checks and balances are built in to ensure data integrity to the general ledger.

87 All of the of the actual transactions Pacific Steel has with customers are produced in BPCS which contains sales, credits [xxxxxxx] *[Commercially sensitive information]* data at an invoice line level thereby allowing analysis of the input data by group, such as customer, product, or market. Dispatch records tie in with the debtor side of BPCS.

88 Pacific Steel uses a standard costing system. Major cost groups are material, labour, fixed, despatch, and variable costs. Each production SKU or item has a bill of material (BOM) and routing table, with details maintained in BPCS. Material costs include the direct cost of billet tracked by heat / cast supplied from NZS, with billet creditor invoices processed through the EDI interface into BPCS. The BOM links the material component costs into each item according to the relevant specification and yield assumptions. The routing information is used to allocate a portion of fixed, despatch, and variable overhead from budget assumptions upon completion of each works order for an item. The material and overhead recovery costs are transferred to inventory as production items progress through various steps of work in progress, and ultimately comprise the cost of goods sold (COGS) value for finished goods.

[Cost construction data information source. This information is commercially sensitive]

Labour

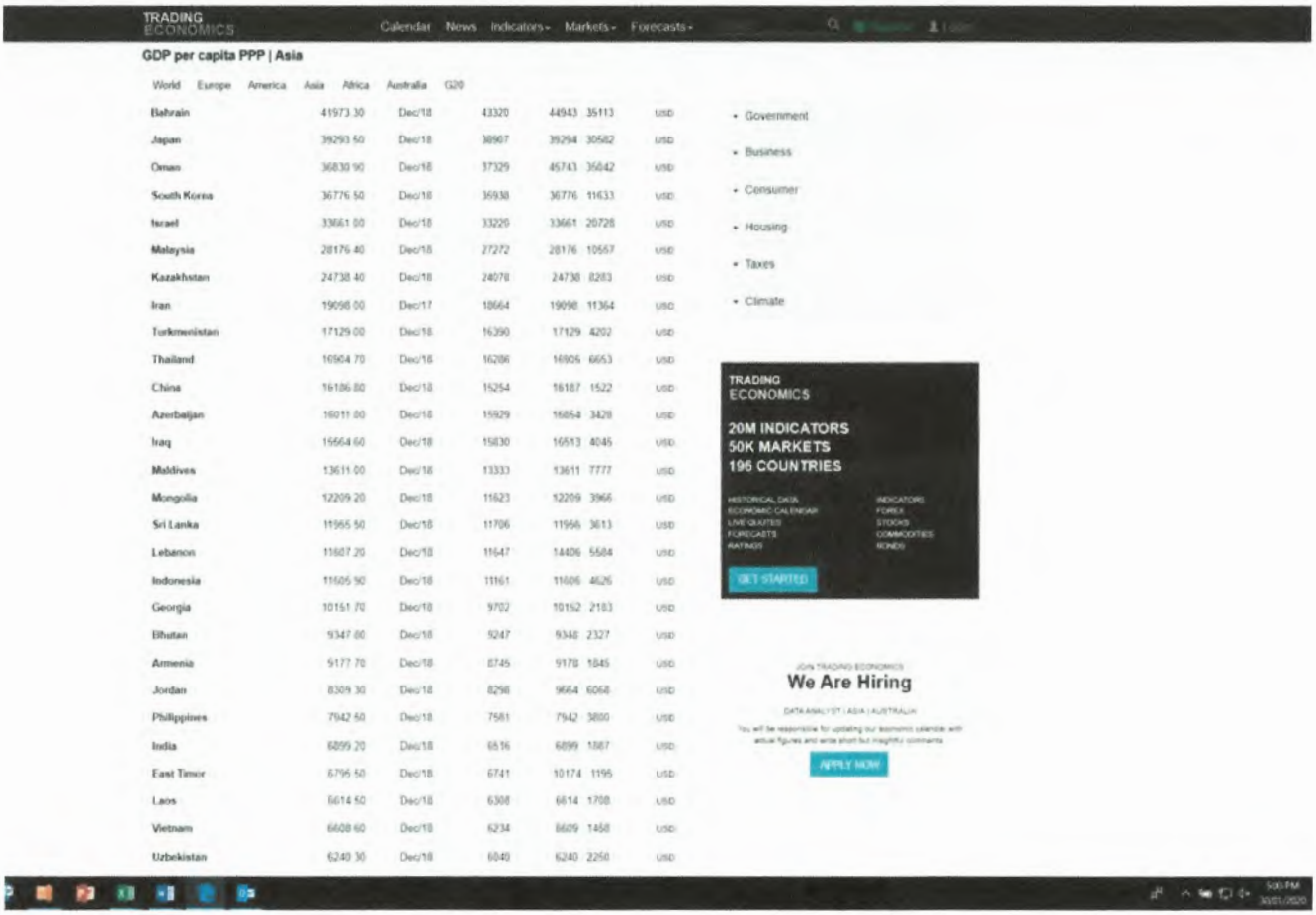
89 Screenshots of the New Zealand, Indonesia and China trading economics data is below. This assists to estimate the labour cost differential between New Zealand and Indonesia and China. The three base numbers used are respectively 36046, 11161 and 15524. Indonesia's case we have uplifted the implied labour cost differential by [xxx] *[Pacific Steel estimate. This information is commercially sensitive]* Not making this adjustment would imply that labour consumption in manufacturing plants is neutral to labour cost, which as per the reference below, is not correct. Put another way, it does not take account of labour productivity (staffing or manning rate on a line) as between countries.

90 We tested this Indonesia adjustment against labour efficiency metrics in http://www3.weforum.org/docs/GCR2016-2017/05FullReport/TheGlobalCompetitivenessReport2016-2017_FINAL.pdf See appendix below at page 32 which shows that Labour market efficiency: Table 3 from page 48 shows China at 39th place scoring 4.53 versus Indonesia 108th scoring 3.80. We also examined some recent McKinsey Indonesia views from https://www.mckinsey.com/~/media/McKinsey/Locations/Asia/Indonesia/Our%20Insights/More%20bang%20for%20your%20buck%20Improving%20productivity%20in%20Indonesia/Op-Ed%20on%20Lean%20Productivity%20ENGLISH_Final.ashx which accord with the preceding. See the appendix below at page 33. Per the following page 34 of McKinsey's op-ed (see https://www.google.com/search?source=hp&ei=hYA4XqTJMrvB3LUP9syx6AI&q=op+ed+meaning&oq=oped&gs_l=psy-ab.1.1.0j0i10l9.50.971..3803...0.0..0.242.856.0j1j3.....0....1..gws-wiz.....0i131.wjHQsHK992g), lean manufacturing (part of which involves using less labour) is part of the Indonesia recommendation.

91 Spreadsheet calculations are:

NZ	36046	
ML	27272	75.66%
CN	15524	43.07%
Indo	11161	30.96% [redacted]

[Redacted cell is Pacific Steel's estimate. This information is commercially sensitive]



TRADING ECONOMICS

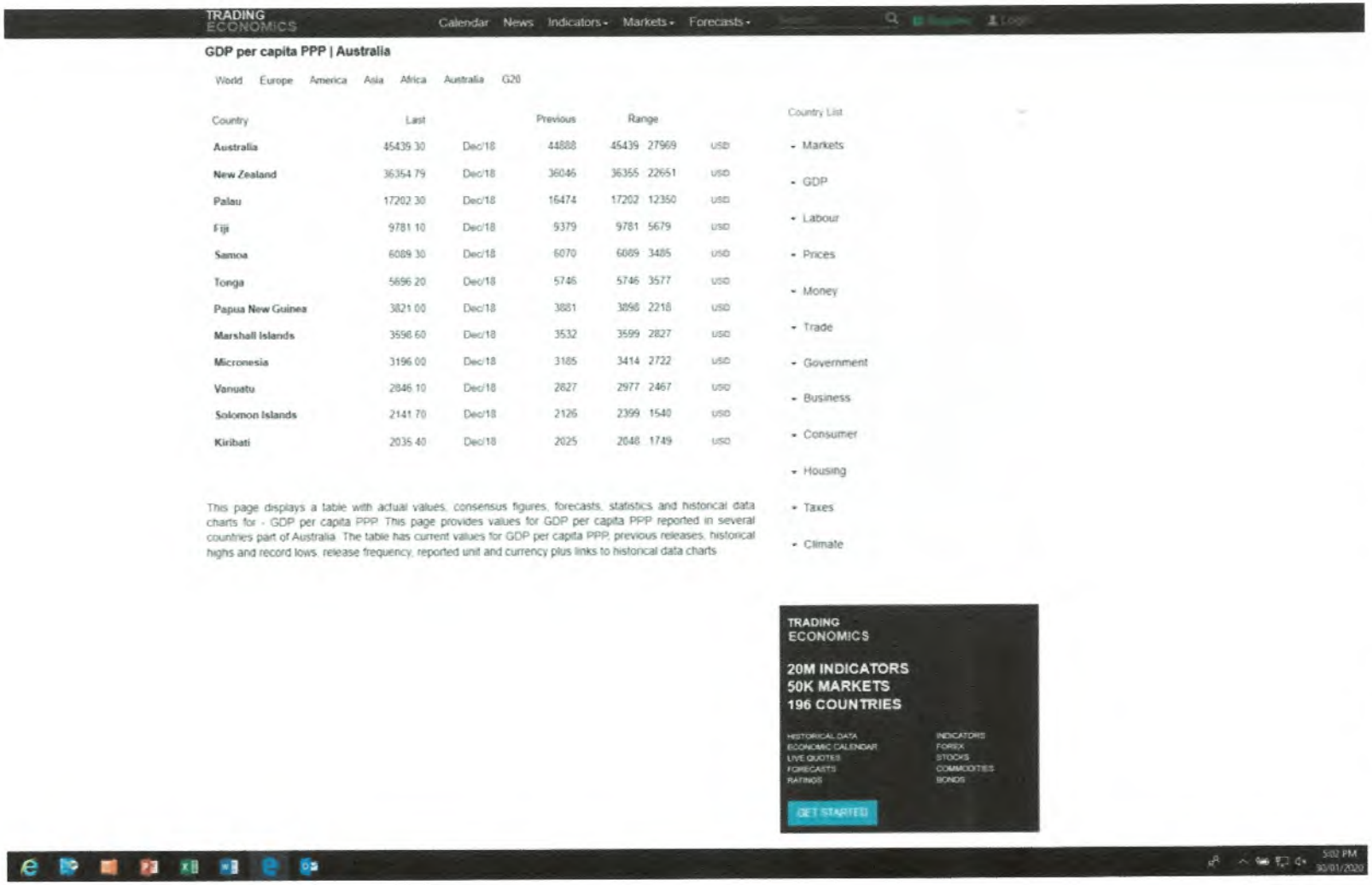
Calendar News Indicators Markets Forecasts

GDP per capita PPP | Asia

World Europe America Asia Africa Australia G20

Bahrain	41973.30	Dec/18	43320	44943	35113	USD
Japan	39293.50	Dec/18	38907	39294	30582	USD
Oman	36830.90	Dec/18	37329	45743	35042	USD
South Korea	36776.50	Dec/18	36938	36776	11633	USD
Israel	33661.00	Dec/18	33226	33661	20728	USD
Malaysia	28176.40	Dec/18	27272	28176	10557	USD
Kazakhstan	24738.40	Dec/18	24078	24738	8283	USD
Iran	19098.00	Dec/17	18664	19098	11364	USD
Turkmenistan	17129.00	Dec/18	16390	17129	4202	USD
Thailand	16904.70	Dec/18	16286	16905	6653	USD
China	16186.80	Dec/18	15254	16187	1522	USD
Azerbaijan	16011.00	Dec/18	15929	16864	3428	USD
Iraq	15664.60	Dec/18	15830	16513	4045	USD
Maldives	13611.00	Dec/18	13333	13611	7777	USD
Mongolia	12209.20	Dec/18	11623	12209	3966	USD
Sri Lanka	11955.50	Dec/18	11706	11956	3613	USD
Lebanon	11607.20	Dec/18	11647	14406	5584	USD
Indonesia	11605.90	Dec/18	11161	11606	4626	USD
Georgia	10161.70	Dec/18	9702	10152	2183	USD
Bhutan	9347.00	Dec/18	9247	9348	2327	USD
Armenia	9177.70	Dec/18	8745	9178	1845	USD
Jordan	8309.30	Dec/18	8298	9664	6068	USD
Philippines	7942.50	Dec/18	7581	7942	3800	USD
India	6899.20	Dec/18	6516	6899	1867	USD
East Timor	6795.50	Dec/18	6741	10174	1195	USD
Laos	6614.50	Dec/18	6308	6614	1708	USD
Vietnam	6608.60	Dec/18	6234	6609	1468	USD
Uzbekistan	6240.30	Dec/18	6040	6240	2256	USD

- Government
- Business
- Consumer
- Housing
- Taxes
- Climate



TRADING ECONOMICS

Calendar News Indicators Markets Forecasts

GDP per capita PPP | Australia

World Europe America Asia Africa Australia G20

Country	Last		Previous	Range	
Australia	45439.30	Dec/18	44888	45439 27969	USD
New Zealand	36354.79	Dec/18	36046	36355 22651	USD
Palau	17202.30	Dec/18	16474	17202 12350	USD
Fiji	9781.10	Dec/18	9379	9781 5679	USD
Samoa	6089.30	Dec/18	6070	6089 3485	USD
Tonga	5696.20	Dec/18	5746	5746 3577	USD
Papua New Guinea	3821.00	Dec/18	3881	3898 2218	USD
Marshall Islands	3598.60	Dec/18	3532	3599 2827	USD
Micronesia	3196.00	Dec/18	3185	3414 2722	USD
Vanuatu	2846.10	Dec/18	2827	2977 2467	USD
Solomon Islands	2141.70	Dec/18	2126	2399 1540	USD
Kiribati	2035.40	Dec/18	2025	2048 1749	USD

This page displays a table with actual values, consensus figures, forecasts, statistics and historical data charts for - GDP per capita PPP. This page provides values for GDP per capita PPP reported in several countries part of Australia. The table has current values for GDP per capita PPP, previous releases, historical highs and record lows, release frequency, reported unit and currency plus links to historical data charts.

Country List

- Markets
- GDP
- Labour
- Prices
- Money
- Trade
- Government
- Business
- Consumer
- Housing
- Taxes
- Climate

5:02 PM 30/01/2020

1.1: Findings from the Global Competitiveness Index

Table 3: The Global Competitiveness Index 2016–2017: Efficiency enhancers

			PILLARS											
	EFFICIENCY ENHANCERS		5. Higher education and training		6. Goods market efficiency		7. Labor market efficiency		8. Financial market development		9. Technological readiness		10. Market size	
Country/Economy	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score
Albania	86	3.88	42	4.90	69	4.33	98	3.93	94	3.59	82	3.66	109	2.87
Algeria	110	3.55	96	3.87	133	3.52	132	3.25	132	2.99	108	3.08	36	4.73
Argentina	82	3.92	40	4.96	135	3.26	130	3.30	127	2.98	69	4.08	28	4.93
Armenia	80	3.96	71	4.38	45	4.59	55	4.40	90	3.68	71	4.01	120	2.68
Australia	13	5.27	9	5.91	27	4.82	28	4.69	6	5.42	24	5.66	22	5.10
Austria	22	5.00	12	5.76	25	4.90	40	4.53	34	4.54	23	5.72	43	4.53
Azerbaijan	59	4.23	78	4.16	50	4.49	26	4.77	97	3.55	55	4.52	63	3.89
Bahrain	40	4.52	44	4.90	22	4.98	35	4.55	43	4.30	37	5.15	92	3.23
Bangladesh	107	3.60	118	3.04	96	4.08	120	3.58	99	3.54	122	2.69	38	4.65
Barbados	64	4.16	29	5.16	86	4.19	42	4.52	62	4.09	31	5.44	136	1.56
Belgium	18	5.18	5	5.99	13	5.22	45	4.49	29	4.65	15	5.99	34	4.75
Benin	125	3.29	117	3.09	126	3.72	50	4.42	106	3.47	129	2.48	123	2.59
Bhutan	108	3.58	98	3.84	101	4.05	27	4.69	79	3.87	102	3.19	133	1.82
Bolivia	120	3.42	100	3.77	134	3.42	136	3.12	76	3.88	111	2.96	82	3.35
Bosnia and Herzegovina	106	3.60	92	4.02	129	3.69	125	3.46	101	3.51	76	3.88	98	3.05
Botswana	84	3.89	88	4.07	73	4.29	36	4.54	66	3.99	86	3.58	105	2.89
Brazil	61	4.20	84	4.11	128	3.70	117	3.67	93	3.63	59	4.37	8	5.73
Brunei Darussalam	87	3.88	65	4.48	68	4.34	47	4.46	92	3.65	84	3.60	116	2.74
Bulgaria	44	4.43	56	4.64	57	4.41	54	4.40	59	4.14	38	5.14	65	3.85
Burundi	137	2.72	134	2.29	130	3.62	78	4.13	135	2.57	137	2.01	135	1.69
Cambodia	97	3.69	124	2.88	76	4.24	58	4.39	63	4.06	98	3.28	86	3.28
Cameroon	114	3.52	105	3.43	109	3.97	76	4.16	91	3.66	124	2.60	85	3.29
Canada	6	5.42	19	5.54	17	5.10	8	5.34	7	5.30	21	5.79	15	5.42
Cape Verde	121	3.40	79	4.15	97	4.08	116	3.67	112	3.37	78	3.76	137	1.37
Chad	135	2.76	137	2.21	137	3.00	111	3.79	133	2.88	138	1.93	115	2.76
Chile	31	4.77	28	5.20	44	4.59	52	4.41	23	4.82	39	5.09	44	4.50
China	30	4.79	54	4.64	56	4.43	39	4.53	56	4.16	74	3.96	1	7.00
Colombia	48	4.38	70	4.39	100	4.06	81	4.11	25	4.75	64	4.25	35	4.73
Congo, Democratic Rep.	127	3.27	128	2.77	127	3.72	53	4.41	117	3.24	134	2.30	95	3.17
Costa Rica	52	4.34	35	5.07	78	4.23	68	4.26	40	4.37	45	4.77	83	3.35
Côte d'Ivoire	96	3.73	109	3.36	92	4.16	75	4.19	75	3.88	94	3.39	80	3.40
Croatia	68	4.09	49	4.70	95	4.10	100	3.89	95	3.58	47	4.72	78	3.52
Cyprus	71	4.06	55	4.64	33	4.70	48	4.44	120	3.19	51	4.63	114	2.76
Czech Republic	27	4.85	27	5.20	36	4.67	44	4.50	27	4.74	29	5.54	46	4.43
Denmark	17	5.19	6	5.95	18	5.07	13	5.08	24	4.76	11	6.10	58	4.21
Dominican Republic	92	3.83	95	3.94	106	4.00	109	3.79	87	3.73	79	3.73	67	3.79
Ecuador	95	3.74	73	4.34	124	3.75	123	3.56	113	3.37	98	3.55	62	3.90
Egypt	100	3.67	112	3.27	112	3.95	135	3.15	111	3.39	99	3.26	25	5.03
El Salvador	101	3.67	103	3.57	102	4.03	122	3.57	45	4.27	93	3.40	94	3.18
Estonia	28	4.80	18	5.54	20	5.06	15	5.03	22	4.82	32	5.35	100	3.00
Ethiopia	117	3.47	127	2.79	105	4.01	70	4.24	102	3.51	131	2.43	66	3.83
Finland	14	5.26	2	6.16	19	5.06	23	4.78	5	5.46	16	5.97	59	4.10
France	19	5.14	21	5.46	31	4.71	51	4.42	31	4.60	17	5.92	7	5.74
Gabon	122	3.33	121	2.98	125	3.74	101	3.89	103	3.50	109	3.06	112	2.81
Gambia, The	123	3.31	108	3.39	82	4.21	46	4.49	100	3.52	112	2.92	138	1.34
Georgia	69	4.08	89	4.06	46	4.57	43	4.51	58	4.16	65	4.21	101	3.00
Germany	7	5.40	16	5.63	23	4.97	22	4.80	20	4.88	10	6.11	5	5.99
Ghana	91	3.84	99	3.77	93	4.16	72	4.23	85	3.78	95	3.39	72	3.70
Greece	67	4.09	45	4.87	89	4.17	114	3.75	136	2.52	42	4.98	56	4.23
Guatemala	77	4.00	102	3.61	48	4.56	99	3.92	18	4.88	96	3.37	73	3.68
Honduras	98	3.69	101	3.63	94	4.12	118	3.64	36	4.54	106	3.12	97	3.06
Hong Kong SAR	4	5.58	14	5.66	2	5.71	3	5.60	4	5.53	5	6.21	33	4.77
Hungary	56	4.27	72	4.36	59	4.40	80	4.13	70	3.97	54	4.52	53	4.27
Iceland	32	4.75	11	5.88	29	4.74	10	5.21	53	4.17	8	6.17	129	2.31
India	46	4.41	81	4.12	60	4.39	84	4.10	38	4.41	110	2.99	3	6.43
Indonesia	49	4.38	63	4.50	58	4.40	108	3.80	42	4.33	91	3.54	10	5.71

By Arief Budiman

More bang for your buck:
Improving productivity in Indonesia

"Lean" operations and approaches can help Indonesia improve productivity and gain a competitive edge.

Indonesia has made enormous strides in the past decade, emerging today with a strong, diversified economy and as a serious player on the international stage. Can it build on that progress? The rupiah has come under pressure, food and fuel price hikes have pushed inflation, and growth has slowed.

Time and again, studies have shown that productivity improvement is the single biggest factor driving long term, sustainable [illegible]abor and capital productivity [illegible] the region. As a result, Indor[illegible]ge when compared with its ASEAN neighbors. In the manufacturing sector, for example, low levels of labor productivity undermine Indonesia's cost advantage, and countries such as Malaysia and Thailand outperform despite their higher wages. Malaysia in fact does more than twice as well as Indonesia on labor productivity. In the World Economic Forum's 2013-2014 Global Competitiveness Report, Indonesia posted one of the largest improvements in the country rankings at 38, but still trails Singapore at 2, Malaysia at 24 and Thailand at 37. The report, which assesses the competitiveness of 148 economies, showed Indonesia's weak performance in some critical areas: efficiencies in the labor market (103rd), technology readiness (75th), and rigidities in labor practices along with the low participation of women in the workforce (115th). In other words, there is a lot Indonesia can do to become more competitive.

If the economy is going to sustain high growth, it needs to be driven by higher productivity. To achieve this, Indonesia must make more and better use of its labor and capital resources.

How do inefficiencies persist in a country with a booming working-age population and a robust consumer driven economy? The country's infrastructure and skills gaps are well known. There is a third key factor which deserves particular attention: process productivity. How can organizations design and operate their businesses so that their resources, whether labor, capital or technology, are used most effectively?

While there are many ways to improve productivity, research by McKinsey & Company has shown one of the greatest opportunities across all sectors is for organizations to adopt lean management principles and techniques. "Lean" is one of the biggest management ideas of the past 50 years. It has transformed how companies think about operations—starting in assembly lines and other factory settings and moving into services. And it can be the key to driving a more productive Indonesia.

Essentially, it is taking the waste out of processes, enabling continuous improvement by delivering value efficiently to customers and making customers the top priority, encouraging employee empowerment, discovering better, more standardized and more collaborative ways of working, and connecting strategy and goals with meaningful purpose.

Pra tire value chains to elin hat are redundant or don't add value; investing in labor saving tools, equipment and technologies; improving the quality of employee capabilities; setting clear tracking and measurement tools; and implementing mechanisms for continuous improvement. In the past few years alone, we've observed lean's successful application to mortgage processing in India, customer-experience improvements in a Colombian pension fund, better and faster processing of political-asylum requests in Sweden, and the streamlining of business services in the United Arab Emirates. Put simply, it is about finding ways to work smarter.

Consider, for example, one Indonesian company that used the "lean" approach to get more out of its machinery with rationalization of the plant, closer supervision and regular updates. The company was able to save more than $300 million and generate better returns as a result.

In another example, a major Indonesian company used "lean" to redesign its service delivery model significantly reducing the number of days it required to deliver and install products—a tedious process that involved several technician visits and inspections and delays with payments processing.

"Lean" can be used across all sectors including banking, government, energy, mining, consumer services, telecommunications, construction, food and transportation. What's more, new technologies and new ways of gathering product performance data and customer insights are making it easier for organizations to learn what their customers truly value. Savvy companies link this information back to product design and marketing, for example, to better serve their customers. The detailed level of insights and unprecedented amount of data offers even greater potential for eliminating waste and for increasing value.

"Lean" is, however, hard to implement. For Indonesian companies, the priority should be to:

- Rethink organization structures to avoid silos, encourage transparency, and establish a governance structure that enables quick decision making;
- Assess existing processes for ways to apply standardization, quality assurance, and maintenance excellence
- Build skills and capabilities with a focus on shifting behaviors and attitudes for lasting change; and
- Develop strong and effective management systems that reward performance.

Raising productivity doesn't need to be at the expense of jobs and employment. Indonesia has posted significant productivity gains across sectors at the same time that employment has increased in 35 of the past 51 years. Yet despite such strong progress, average labor productivity across sectors is still only around half of Malaysia's.

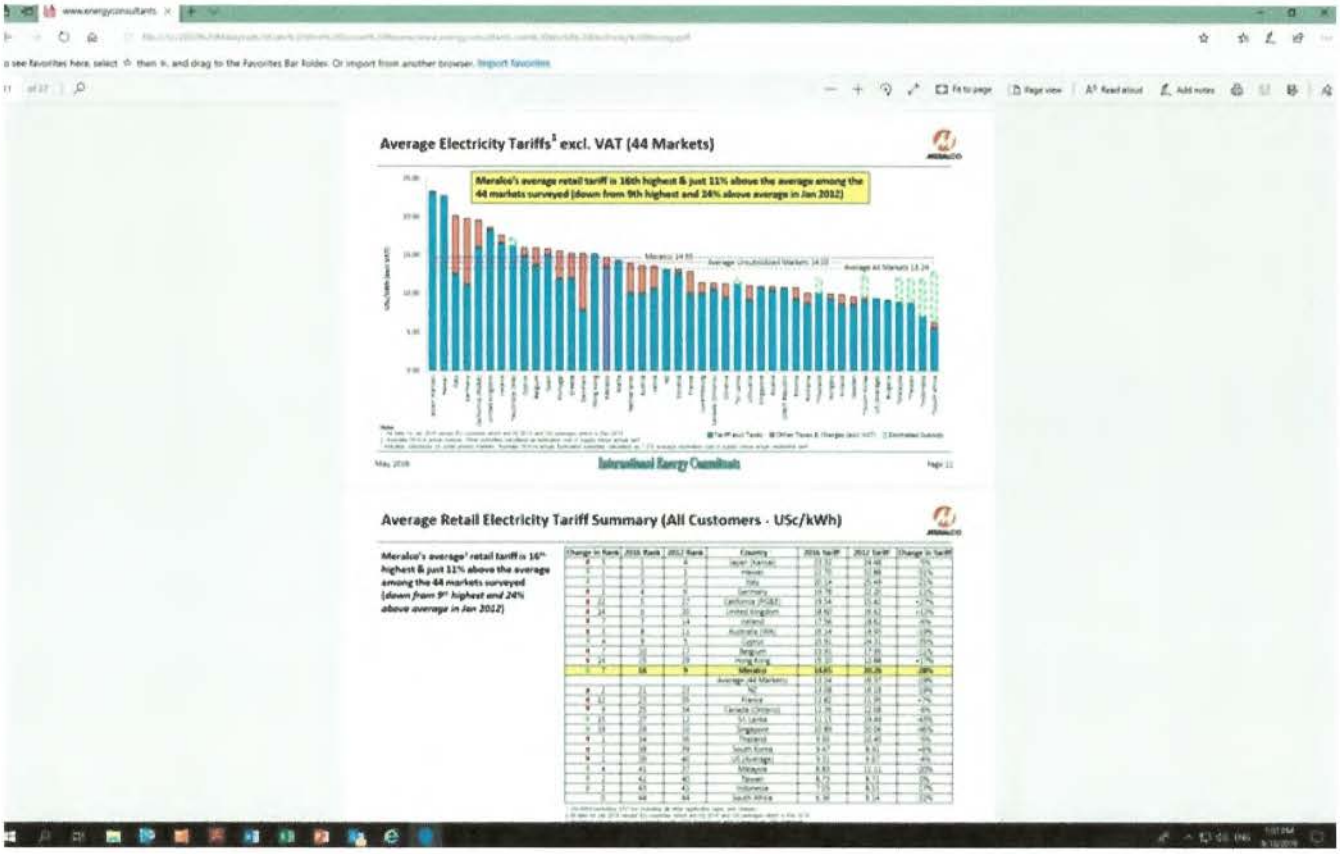
Transforming Indonesia into a more-productive economy will require common-sense approaches such as reorienting business processes, and substantial initiatives including rethinking strategies across sectors. Approximately 80 percent of the productivity gap with Malaysia is explained by the manufacturing, retail trade, transport and telecommunications, and agriculture sectors. If Indonesia can lift its productivity to the level of Malaysia, the economic benefit will be huge.

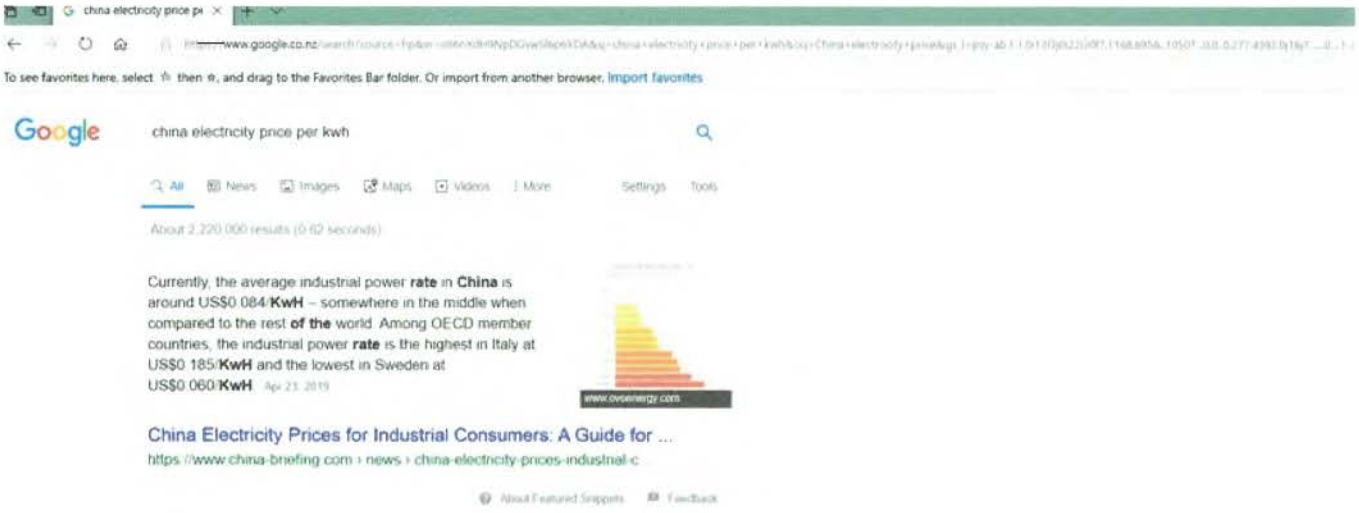
Arief Budiman is a Partner in our Jakarta office.

Electricity

92 Spreadsheet and screenshots of information is below.

New Zealand	13.08	Meralco at screenshot. From file:///U:/2020%20Malaysia%20Galv%20Wire%20Sunset%20Review/www.energyconsultants.com%20World%20Electricity%20Pricing.pdf
Indonesia	7.03	Ditto
Multiplier	1.860597	Calculation
Multiplier	53.75%	Calculation
New Zealand	13.08	Meralco at screenshot. From file:///U:/2020%20Malaysia%20Galv%20Wire%20Sunset%20Review/www.energyconsultants.com%20World%20Electricity%20Pricing.pdf
China	8.4	China-briefing.com. See Google screenshot
Multiplier	1.557143	Calculation
Multiplier	64.22%	Calculation





Gas

93 Spreadsheet and screenshots of information is below.

94 The information summarises as follows. China has a nominal half of one percent uplift in the 8.72 to 8.77 because the IAEE information on China appears (screenshot indicating page 23 at its lower right) not to be margined price. Document comes from http://www.iaee.org/documents/2018EnergyForum3qtr.pdf

[Gas cost construction data information spreadsheet. It uses some public information relative to Pacific Steel invoice information and leads to the gas adjustment in tables 5 and 6. This spreadsheet is commercially sensitive]

[Gas cost construction data information source. This invoice information is commercially sensitive]

MMBtu from a research institution[4], and 0.883 RMB/m3 ($3.5/MMBtu for production cost of CNPC[5]). It is worth noting that before 2013, the ex-factory benchmark price (or first station price) for different gas fields were set by the NDRC (National Development and Reform Commission (PRC)) with a cost-plus method, which included wellhead cost, purification fee and applicable taxes and margins (Sergey Paltsev, 2015). After 2013, a city gate price was set with the netback method, which is linked to fuel oil and LPG. For this article, the average ex-factory prices of industrial use, city gas and residential use[6] for 2010 were used as a benchmark; and the costs of conventional gas at reference city gates (Guangzhou, Shanghai and Beijing) are calculated by adding the transportation cost to the ex-factory price. See Table 1.

Figure 6: Selected Chinese natural gas infrastructure
Source: International Energy Agency

Cost of tight gas transported to reference cities

Located in the north of Ordos basin, the Sulige gas field is the largest gas field by production. In 2014, the production of that field accounted for over 65% of all tight gas production in China (Yang Zhen, 2016); therefore, the Sulige gas field is used as representative for tight gas production in China.

A sweet block (M-block) has been studied for economic evaluation (Yang Zhen, 2016). Yang found that for a gas price of 1.26 RMB/m3 ($5.01/MMBtu) at the Changqing field, the after-tax IRR for existing wells would be only 1.6%, which is far below the cost of capital. For the future wells of the M-Block, the after-tax IRR will be -6.1%, with a net cash flow of -5.05 billion RMB. To get a reasonable after-tax IRR, the gas price at the Yulin city gate (near Sulige gas field) should be around 1.60 RMB/m3 ($6.36/MMBtu). Thus we use the economically feasible city gate price of 1.68 RMB/m3 ($6.68/MMBtu), which will generate an IRR of 8% for the sweet M block, to calculate the costs at the city gate of Guangzhou, Shanghai and Beijing.

Transportation costs from Sulige to Shanghai, Guangzhou and Beijing are 0.583 RMB/m3 ($2.32/MMBtu), 0.675 RMB/m3 ($2.68/MMBtu) and 0.285 RMB/m3 ($1.13/MMBtu), respectively. Therefore, the total costs for Sulige tight gas to reach these city gates are 2.263 RMB/m3 ($8.99/MMBtu), 2.355 RMB/m3 ($9.36/MMBtu) and 1.965 RMB/m3 ($7.81/MMBtu) accordingly.

	Sichuan-Chongqing gas fields (RMB/m3)	Changqing gas fields[8] (RMB/m3)	Xinjiang gas fields (RMB/m³)
05/2010 (average ex-factory price or first station price)	1.402	1.25	1.065

Table 1: NDRC natural gas prices for different gas fields[7]

Cost of shale gas to Shan

Even though China has one of the largest shale gas reserves in the world and the Chinese government has enacted favorable policies in the past years to promote shale gas production, there are still various obstacles for shale gas development. Currently, all the shale gas is produced in the Sichuan basin, where the terrain is rough and population density is high. In addition, the geological situation of Sichuan basin is more complex compared to that of the United States. For example, over half of the shale gas reserve is more than 3500m deep, and cannot be extracted economically today (Dong Dazhong, 2014). The average cost of a shale gas well in China[9] is 50 million RMB (7.5 million USD) to 100 million RMB (15 million

p.23

Profit

95 Worksheets and screenshots of Indonesia and China information is below. Certain data downloaded Q1 F19 information has now dropped off the tables (as pasted they are immediately below). The Gunawan Q1 F19 information has been retrieved from WSJ Markets. There is a small difference in the reported data which is understood to be a currency conversion USD to IRD). The Krakatau Q1 F19 information is provided in two screenshots from Gurufocus. See lowest right revenue and gross profit as separate screenshots. Baosteel, Angang and Maanshan are also in two parts. First, the investing.com current screenshot, supplemented by Reuters information to provide the Q1 F19 information.

China

Baoshan Iron and Steel

	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018	Sep 30, 2018	Average
Total Revenue	75609.65	65477.84	79585.17	76897.33	
Gross Profit	8649.74	6413.39	10341.4	12459.48	
	11%	10%	13%	16%	12.62%

Angang Steel Company Limited

	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018	Sep 30, 2018	
Total Revenue	26611	24463	27344	26951	
Gross Profit	2972	1768	2986	4755	
	11%	7%	11%	18%	11.56%

Maanshan Iron and Steel

	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018	Sep 30, 2018	
Total Revenue	19309.25	17717.44	18836.23	23053.54	
Gross Profit	2237.57	835.5	2321.58	3064.08	
	12%	5%	12%	13%	10.82%

Average China 11.67%

Indonesia

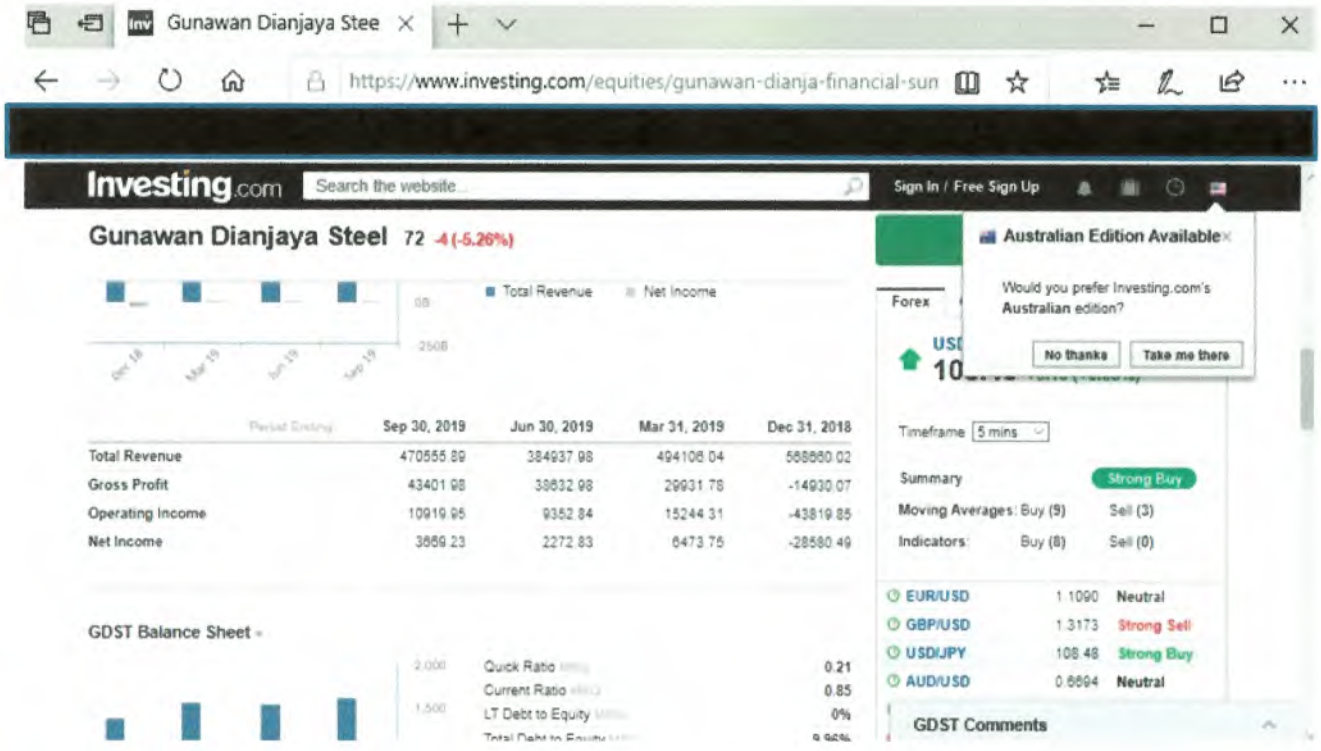
Gunawan Dianjaya (GDST)

	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018	Sep 30, 2018	Average
Total Revenue	384937.98	494106.04	568660.02	383309.52	
Gross Profit	38832.98	29931.78	14930.07	3556.16	
	10%	6%	3%	1%	3.14%

Krakatau Steel (KRAS)

	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018	Sep 30, 2018	
Total Revenue	283.07	416.98	463.44	421.83	
Gross Profit	12.23	11.75	44.66	13.79	
	4%	3%	10%	3%	5.01%

Average Indonesia 4.07%



https://www.wsj.com/market-data/quotes/ID/GDST/financials/quarter/income-statement

DJIA 28256.03 S&P 500 3225.52 Nasdaq 9150.94 U.S. 10 Yr 0/32 Yield Crude Oil 51.63 Euro 1.1088

WSJ MARKETS

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Gunawan Dianjaya Steel

GDST (Indonesia: Jakarta)

72 IDR
-4 -5.26%

Volume 1,168,300
65-Day Avg Vol 3,345,371
1 Day Range 72 - 76
52 Week Range 55 - 117

ADVANCED CHARTING COMPARE

Open 76 Prior Close 76

1 Day GDST -5.26% DJIA -2.09% S&P 500 -1.77% Basic Materials/Resources -2.33%

OVERVIEW · FINANCIALS · INCOME STATEMENT | BALANCE SHEET | CASH FLOW ALL SECTIONS

QUARTERLY ANNUAL

Fiscal year is January-December. All values IDR Millions.	30-Sep-2019	30-Jun-2019	31-Mar-2019	31-Dec-2018	30-Sep-2018	5-qtr trend
Sales/Revenue	470,556	384,938	494,106	568,660	383,390	
Sales Growth	22.24%	-22.09%	-13.11%	48.32%	-	
Cost of Goods Sold (COGS) incl. D&A	427,743	346,914	464,783	584,260	387,530	
COGS excluding D&A	424,245	343,352	461,097	577,969	384,382	
Depreciation & Amortization Expense	3,499	3,562	3,686	6,291	3,148	
Depreciation	3,499	3,562	3,686	6,291	3,148	
COGS Growth	23.30%	-25.36%	-20.45%	50.77%	-	
Gross Income	42,813	38,024	29,323	(15,600)	(4,140)	

Krakatau Steel Persero 1

https://www.investing.com/equities/krakatau-steel-financial-sumn

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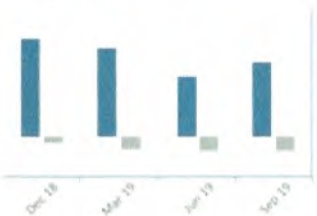
Krakatau Steel Persero 272 -8 (-2.86%)

KRAS Income Statement



Total Revenue Net Income

Gross margin TTM	6.75%
Operating margin TTM	-5.46%
Net Profit margin TTM	-16.87%
Return on Investment TTM	-8.64%

Period Ending	Sep 30, 2019	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018
Total Revenue	351.02	283.07	418.98	483.44
Gross Profit	33.74	12.23	11.75	44.86
Operating Income	-19.38	-34.53	-38.22	7.39
Net Income	-76.96	-72.83	-62.32	-37.44

KRAS

Australian Edition Available

Would you prefer Investing.com's Australian edition?

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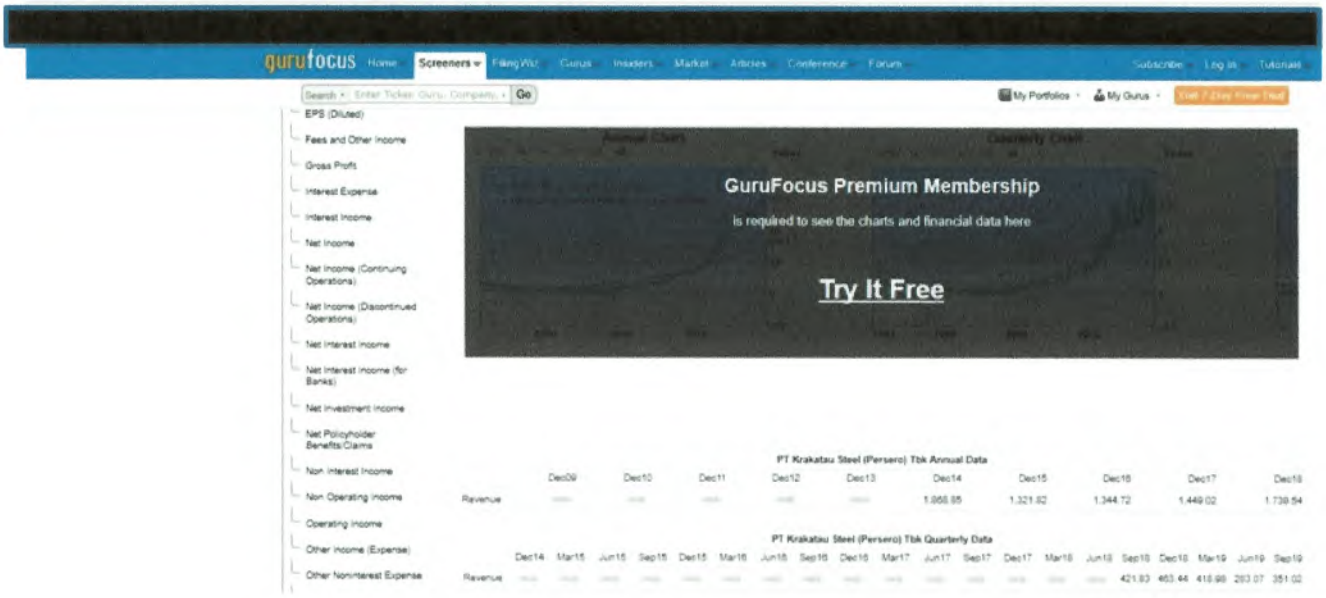
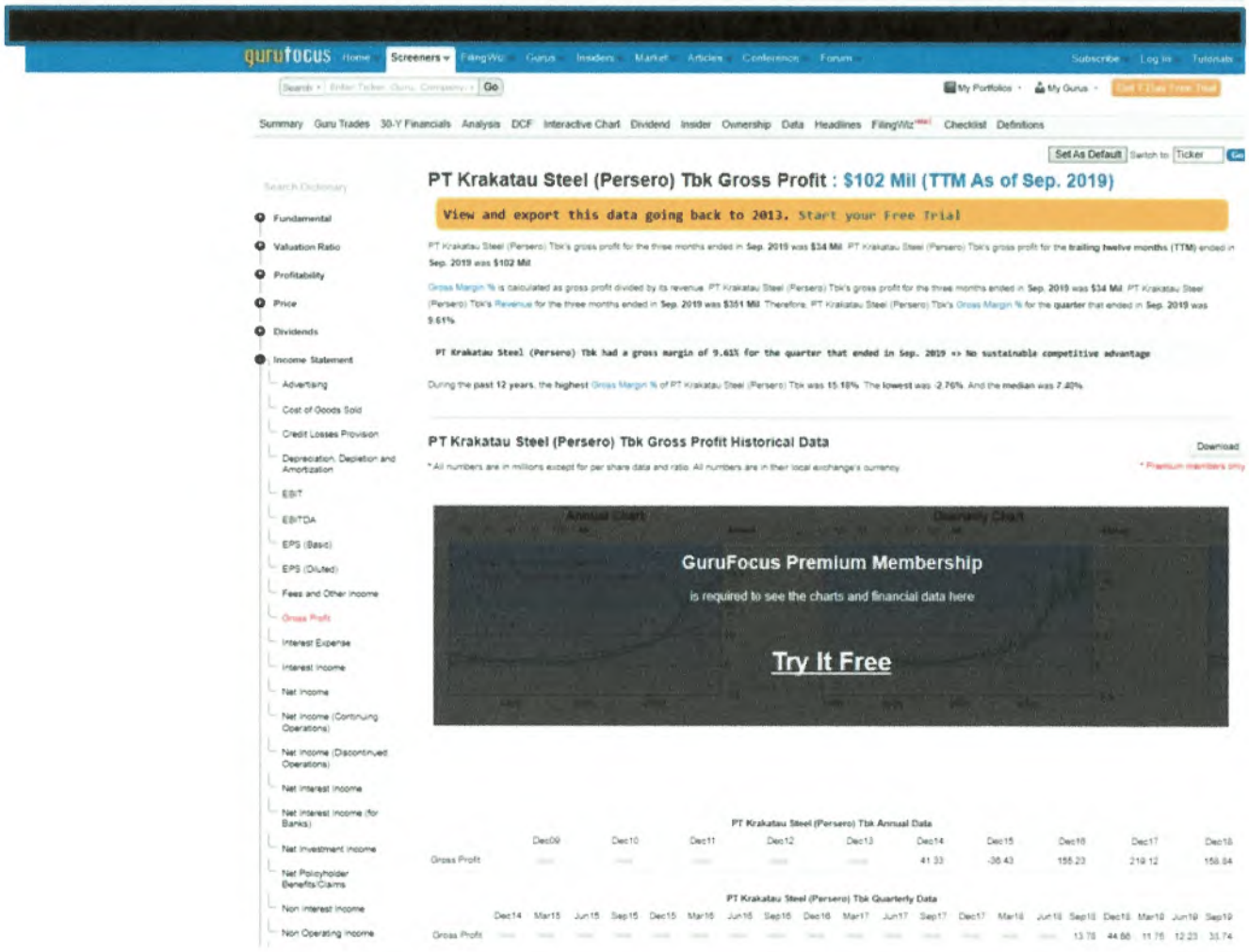
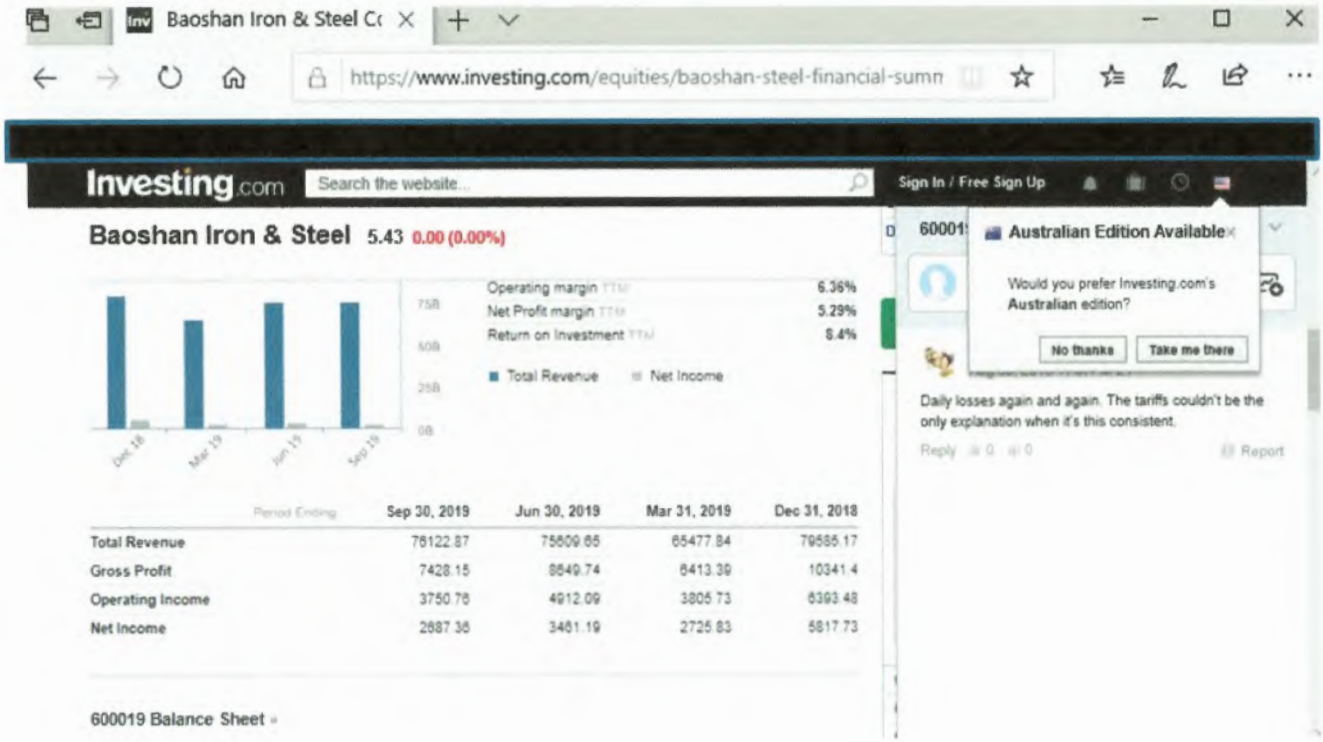
https://www.gurufocus.com/term/Revenue/OTCPK:PKRKY/Revenue/PT%20Krakatau%20Steel%20(Persero)%20Tbk



https://www.gurufocus.com/term/Gross+Profit/OTCPK:PKRKY/Gross-Profit/PT%20Krakatau%20Steel%20(Persero)%20Tbk




Baoshan Iron & Steel Co
https://www.investing.com/equities/baoshan-steel-financial-sumn
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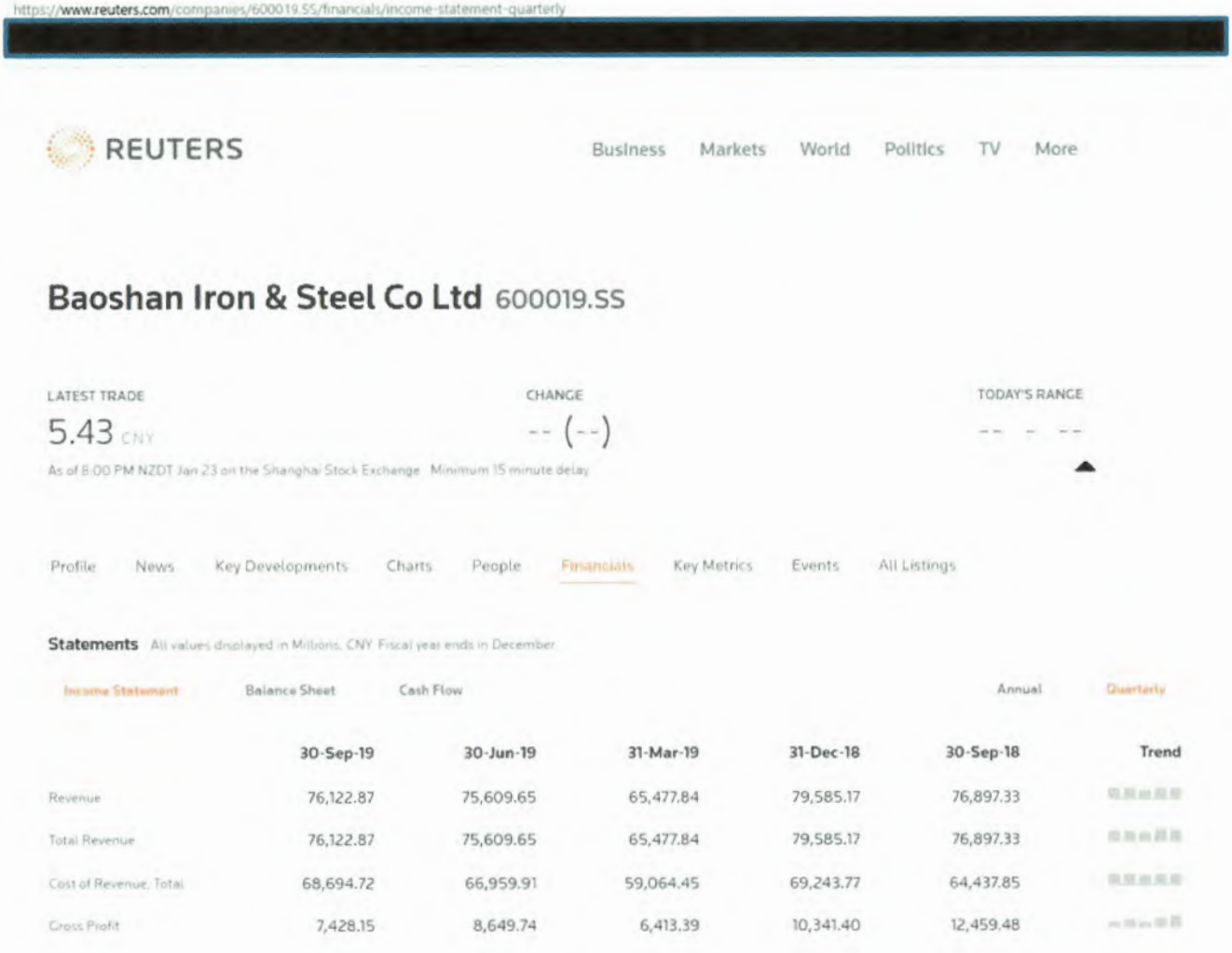
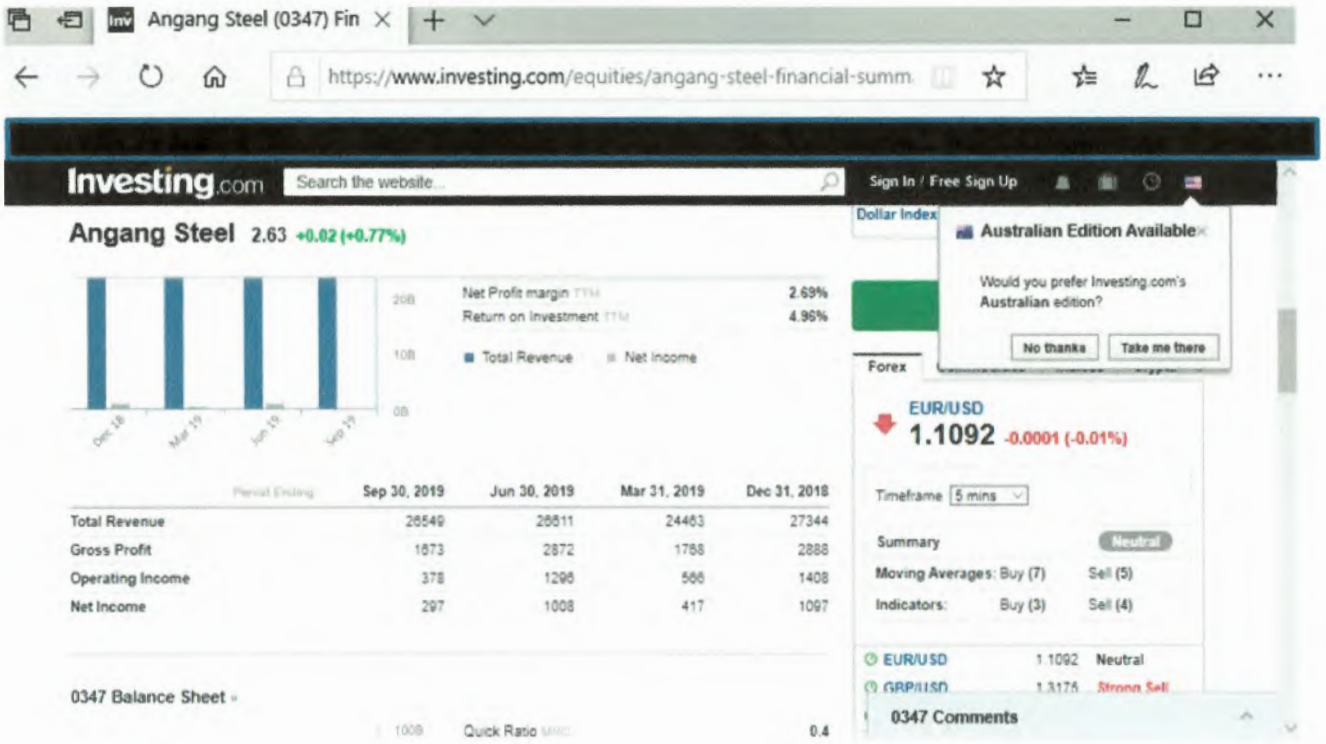
Baoshan Iron & Steel 5.43 0.00 (0.00%)
Operating margin TTM 6.36%
Net Profit margin TTM 5.29%
Return on Investment TTM 8.4%
Total Revenue
Net Income
Australian Edition Available
Would you prefer Investing.com's Australian edition?
No thanks
Take me there
Daily losses again and again. The tariffs couldn't be the only explanation when it's this consistent.
Reply
Report
Period Ending Sep 30, 2019 Jun 30, 2019 Mar 31, 2019 Dec 31, 2018
Total Revenue 76122.87 75609.65 65477.84 79585.17
Gross Profit 7428.15 8649.74 6413.39 10341.4
Operating Income 3750.76 4912.09 3805.73 6393.48
Net Income 2687.36 3461.19 2725.83 5817.73
600019 Balance Sheet


https://www.reuters.com/companies/600019.SS/financials/income-statement-quarterly
REUTERS
Business Markets World Politics TV More
Baoshan Iron & Steel Co Ltd 600019.SS
LATEST TRADE
5.43 CNY
CHANGE
-- (--)
TODAY'S RANGE
As of 8:00 PM NZDT Jan 23 on the Shanghai Stock Exchange Minimum 15 minute delay
Profile News Key Developments Charts People Financials Key Metrics Events All Listings
Statements All values displayed in Millions, CNY Fiscal year ends in December
Income Statement Balance Sheet Cash Flow
Annual Quarterly
30-Sep-19 30-Jun-19 31-Mar-19 31-Dec-18 30-Sep-18 Trend
Revenue 76,122.87 75,609.65 65,477.84 79,585.17 76,897.33
Total Revenue 76,122.87 75,609.65 65,477.84 79,585.17 76,897.33
Cost of Revenue, Total 68,694.72 66,959.91 59,064.45 69,243.77 64,437.85
Gross Profit 7,428.15 8,649.74 6,413.39 10,341.40 12,459.48


Angang Steel (0347) Fin
https://www.investing.com/equities/angang-steel-financial-summ
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Angang Steel 2.63 +0.02 (+0.77%)
Net Profit margin 2.69%
Return on Investment 4.96%
Total Revenue
Net Income
Australian Edition Available
Would you prefer Investing.com's Australian edition?
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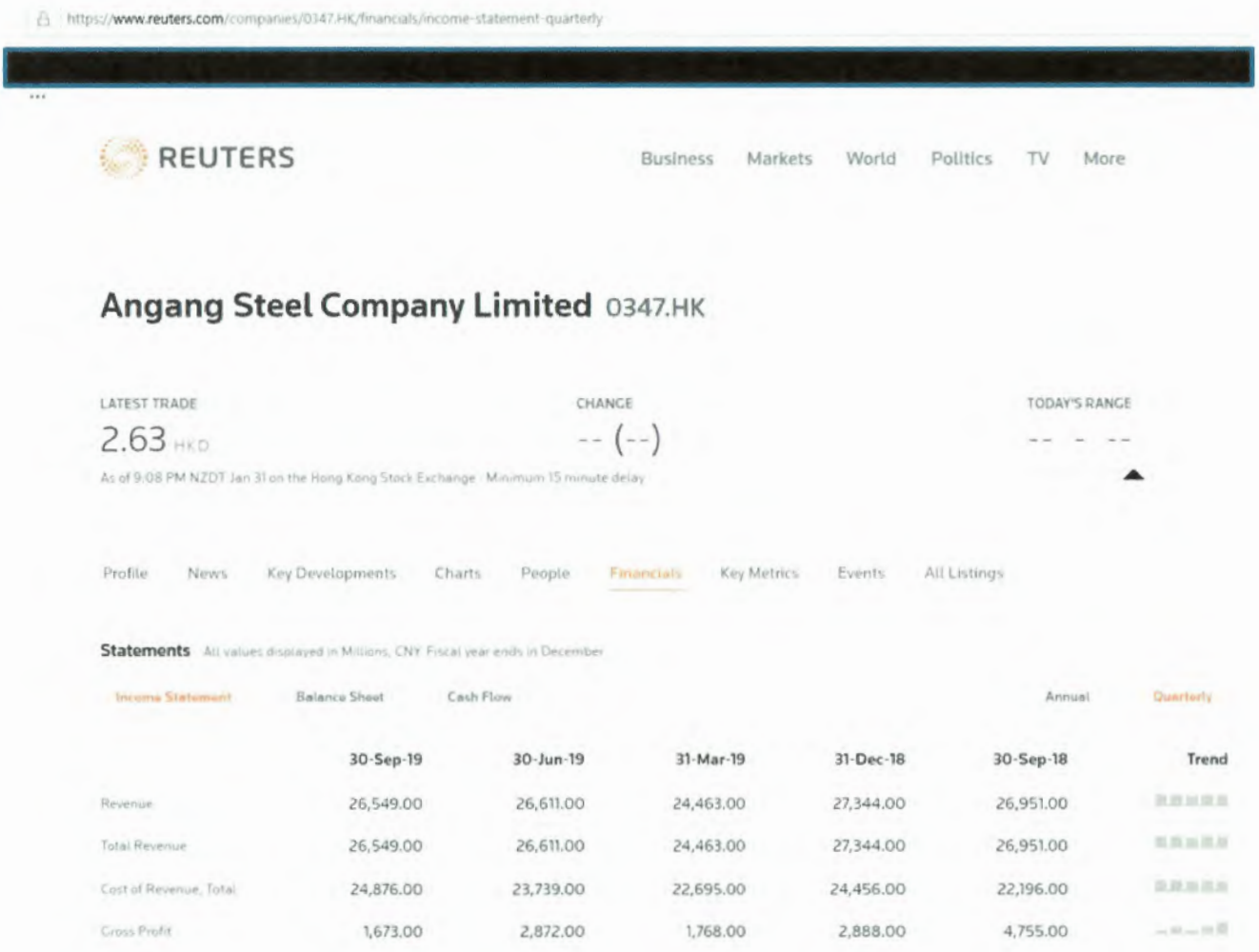
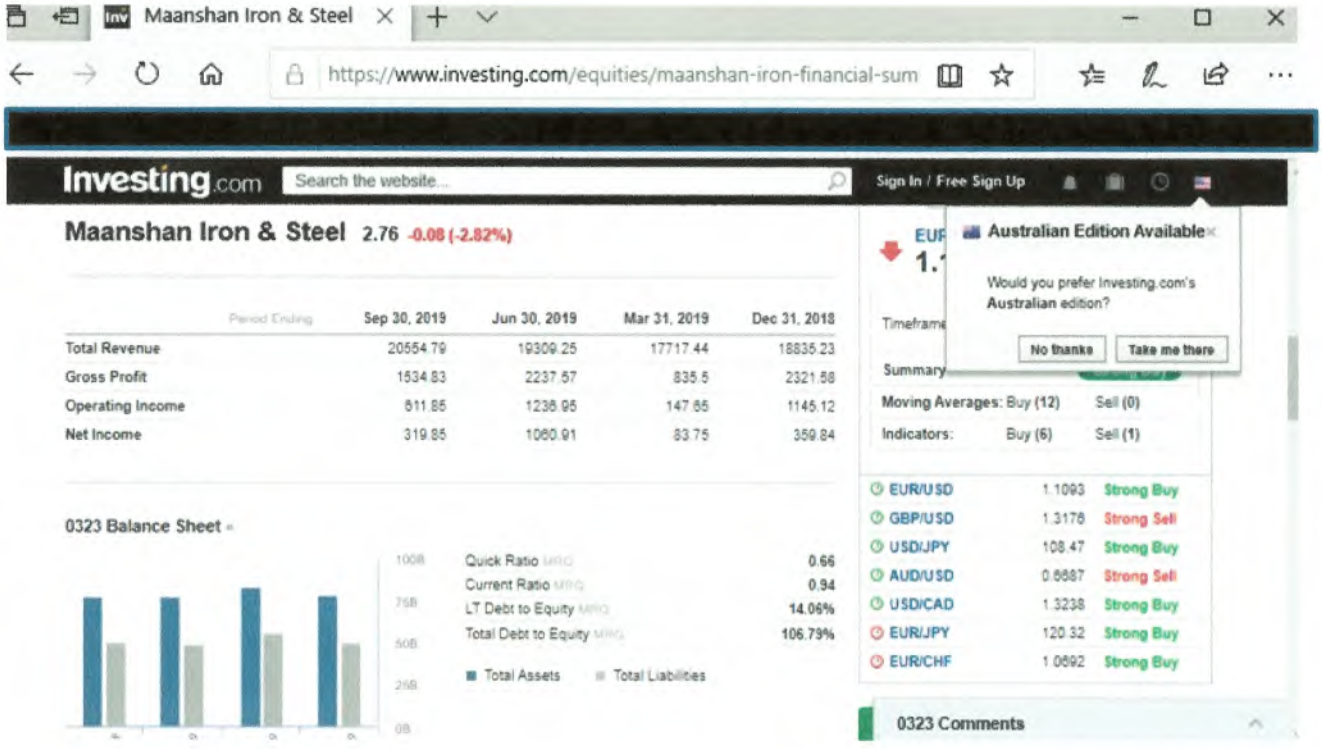
Forex
EUR/USD
1.1092 -0.0001 (-0.01%)
Timeframe 5 mins
Summary
Neutral
Moving Averages: Buy (7) Sell (5)
Indicators: Buy (3) Sell (4)
EUR/USD 1.1092 Neutral
0347 Comments
Period Ending Sep 30, 2019 Jun 30, 2019 Mar 31, 2019 Dec 31, 2018
Total Revenue 26549 26611 24463 27344
Gross Profit 1673 2872 1768 2888
Operating Income 378 1296 566 1408
Net Income 297 1008 417 1097
0347 Balance Sheet
Quick Ratio 0.4


https://www.reuters.com/companies/0347.HK/financials/income-statement-quarterly
REUTERS
Business Markets World Politics TV More
Angang Steel Company Limited 0347.HK
LATEST TRADE
2.63 HKD
CHANGE
-- (--)
TODAY'S RANGE
-- - --
As of 9:08 PM NZDT Jan 31 on the Hong Kong Stock Exchange · Minimum 15 minute delay
Profile News Key Developments Charts People Financials Key Metrics Events All Listings
Statements All values displayed in Millions, CNY. Fiscal year ends in December
Income Statement Balance Sheet Cash Flow
Annual Quarterly
30-Sep-19 30-Jun-19 31-Mar-19 31-Dec-18 30-Sep-18 Trend
Revenue 26,549.00 26,611.00 24,463.00 27,344.00 26,951.00
Total Revenue 26,549.00 26,611.00 24,463.00 27,344.00 26,951.00
Cost of Revenue, Total 24,876.00 23,739.00 22,695.00 24,456.00 22,196.00
Gross Profit 1,673.00 2,872.00 1,768.00 2,888.00 4,755.00


Maanshan Iron & Steel
https://www.investing.com/equities/maanshan-iron-financial-sum
Investing.com
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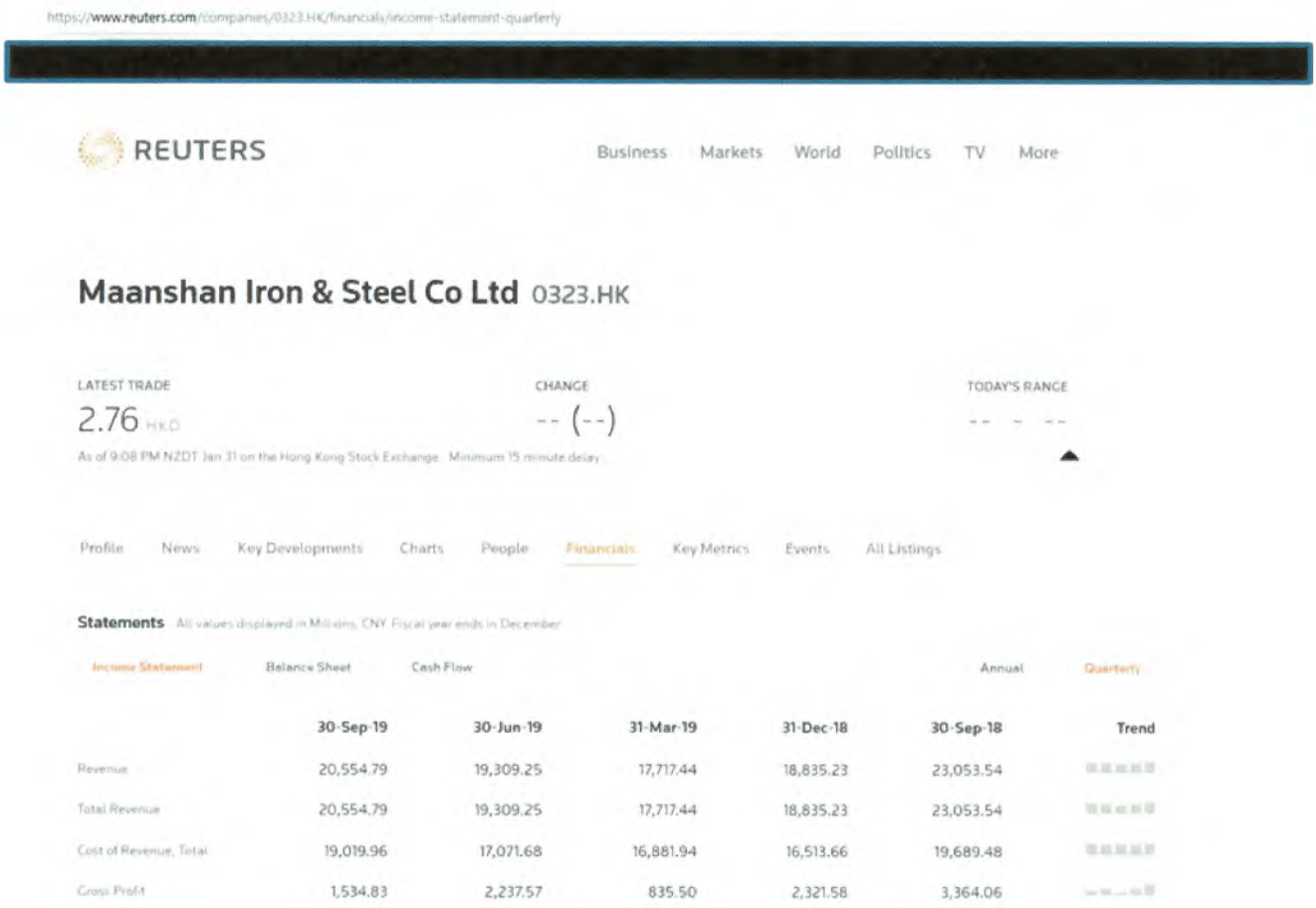
Maanshan Iron & Steel 2.76 -0.08 (-2.82%)
Australian Edition Available
Would you prefer Investing.com's Australian edition?
No thanks
Take me there
Period Ending Sep 30, 2019 Jun 30, 2019 Mar 31, 2019 Dec 31, 2018
Total Revenue 20554.79 19309.25 17717.44 18835.23
Gross Profit 1534.83 2237.57 835.5 2321.58
Operating Income 611.85 1236.95 147.65 1145.12
Net Income 319.85 1060.91 83.75 359.84
Summary
Moving Averages: Buy (12) Sell (0)
Indicators: Buy (6) Sell (1)
EUR/USD 1.1093 Strong Buy
GBP/USD 1.3178 Strong Sell
USD/JPY 108.47 Strong Buy
AUD/USD 0.6687 Strong Sell
USD/CAD 1.3238 Strong Buy
EUR/JPY 120.32 Strong Buy
EUR/CHF 1.0892 Strong Buy
0323 Balance Sheet
Quick Ratio 0.66
Current Ratio 0.94
LT Debt to Equity 14.06%
Total Debt to Equity 106.79%
Total Assets
Total Liabilities
0323 Comments


https://www.reuters.com/companies/0323.HK/financials/income-statement-quarterly
REUTERS
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Maanshan Iron & Steel Co Ltd 0323.HK
LATEST TRADE
2.76 HKD
CHANGE
-- (--)
TODAY'S RANGE
As of 9:08 PM NZDT Jan 31 on the Hong Kong Stock Exchange. Minimum 15 minute delay.
Profile News Key Developments Charts People Financials Key Metrics Events All Listings
Statements All values displayed in Millions, CNY. Fiscal year ends in December.
Income Statement Balance Sheet Cash Flow
Annual Quarterly
30-Sep-19 30-Jun-19 31-Mar-19 31-Dec-18 30-Sep-18 Trend
Revenue 20,554.79 19,309.25 17,717.44 18,835.23 23,053.54
Total Revenue 20,554.79 19,309.25 17,717.44 18,835.23 23,053.54
Cost of Revenue, Total 19,019.96 17,071.68 16,881.94 16,513.66 19,689.48
Gross Profit 1,534.83 2,237.57 835.50 2,321.58 3,364.06

[Nine screenshots of proprietary import information. Source is TradeMap, International Trade Centre, https://marketanalysis.intracen.org.]