

<p>NON-CONFIDENTIAL</p> <p>PRELIMINARY DETERMINATION REPORT</p>

CASE NO: AD 02/15

**THE COUNTERVAILING AND ANTI-DUMPING DUTIES ACT
1993**

AND

**THE COUNTERVAILING AND ANTI-DUMPING REGULATIONS
1994**

**ANTI-DUMPING INVESTIGATION WITH REGARD TO IMPORTS
OF PRE-PAINTED / PAINTED / COLOUR COATED STEEL
COILS FROM THE PEOPLE'S REPUBLIC OF CHINA (PRC)
AND SOCIALIST REPUBLIC OF VIET NAM (VIET NAM)**

28 SEPTEMBER 2015

**TRADE PRACTICES SECTION
MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY
MALAYSIA**

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PRELIMINARY DETERMINATION REPORT

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LIST OF ABBREVIATIONS

AD	:	<i>Anti-Dumping</i>
AHTN	:	<i>ASEAN Harmonised Tariff Nomenclature</i>
Bluescope	:	<i>NS Bluescope Vietnam Limited</i>
CIF	:	<i>Cost, Insurance and Freight</i>
CNF	:	<i>Cost and Freight</i>
CTMS	:	<i>Cost to Make and Sell</i>
DAP	:	<i>Delivered at Place</i>
DDU	:	<i>Delivered Duty Unpaid</i>
DOM-CTMS	:	<i>Domestic Cost to Make and Sell</i>
Domestic Producer	:	<i>CSC Steel Sdn. Bhd. and YKGI Holdings Berhad</i>
DoS	:	<i>Department of Statistics, Malaysia</i>
FIS	:	<i>Free in Store</i>
FOB	:	<i>Free on Board</i>
H.S. Code	:	<i>Harmonised System Code</i>
Maruichi	:	<i>Maruichi Sun Steel Joint Stock Company</i>
MT	:	<i>Metric Tonnes</i>
MY-CTMS	:	<i>Export Sales to Malaysia's Cost to Make and Sell</i>
Nam Kim	:	<i>Nam Kim Steel Joint Stock Company</i>
POI	:	<i>Period of Investigation</i>

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<i>POID</i>	<i>: Period of Injury Determination</i>
<i>PRC</i>	<i>: The People's Republic of China</i>
<i>PUI</i>	<i>: Product Under Investigation</i>
<i>RM</i>	<i>: Ringgit Malaysia</i>
<i>RMB</i>	<i>: Chinese Yuan Renminbi</i>
<i>The Act</i>	<i>: Countervailing and Anti-Dumping Duties Act 1993</i>
<i>The Domestic Industry</i>	<i>: The Malaysian Domestic Industry producing the Like Product</i>
<i>The Government</i>	<i>: Government of Malaysia</i>
<i>The Investigating Authority (IA)</i>	<i>: Trade Practices Section, Ministry of International Trade and Industry (MITI)</i>
<i>The Petitioner</i>	<i>: FIW Steel Sdn. Bhd.</i>
<i>The Regulations</i>	<i>: Countervailing and Anti-Dumping Duties Regulations 1994</i>
<i>USD</i>	<i>: United States Dollar</i>
<i>Year 1</i>	<i>: 1 October 2011 – 30 September 2012</i>
<i>Year 2</i>	<i>: 1 October 2012 – 30 September 2013</i>
<i>POI</i>	<i>: 1 October 2013 – 30 September 2014</i>
<i>Viet Nam</i>	<i>: The Socialist Republic of Viet Nam</i>
<i>VND</i>	<i>: Vietnamese Dong</i>
<i>WTO ADA</i>	<i>: WTO Anti-Dumping Agreement</i>

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LIST OF DEFINITIONS

<i>De minimis</i>	:	<i>margin of dumping is less than two percent</i>
<i>Dumping Margin</i>	:	<i>the amount by which the Normal Value of the product under investigation exceeds the Export Price, expressed as a percentage of the Export Price</i>
<i>Export Price</i>	:	<i>the price actually paid or payable for the product under investigation in the Malaysian market</i>
<i>Like Product</i>	:	<i>a product that is identical or alike in all respects to the product under investigation, or another product that although not alike in all respects has characteristics closely resembling the product under investigation</i>
<i>Negligible Volume</i>	:	<i>the volume of imports of the product under investigation into Malaysia from:</i> <ul style="list-style-type: none"><i>- a particular country accounts for less than three percent of the total imports of the like product</i><i>- countries that individually account for less than three percent of the imports of the like product, collectively account for less than seven percent of the total imports of the like product</i>
<i>Normal Value</i>	:	<i>the price paid in the ordinary course of trade in the domestic market of the exporting country</i>
<i>Product Under Investigation</i>	:	<i>the class or kind of product imported or sold for consumption into Malaysia that is under anti-dumping investigation</i>
<i>Subject Merchandise</i>	:	<i>The class or kind of merchandise imported or sold for importation into Malaysia that is the subject of any anti-dumping action under the Countervailing and Anti-Dumping Duties Act 1993, as determined by the Government to be appropriate for establishing the scope of action.</i>

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EXECUTIVE SUMMARY

This report contains the Investigating Authority's (IA) findings relating to the Preliminary Determination on the alleged dumping of Pre-painted / Painted / Colour Coated Steel Coils from The People's Republic of China (PRC) and Socialist Republic of Viet Nam (Viet Nam).

Pursuant to section 30(3) of the Countervailing and Anti-Dumping Duties Act 1993 (the Act), the IA submits the preliminary findings to the Minister regarding the investigation that:

- dumping margins for the product under investigation (PUI) established with regard to imports originating in or exported from the alleged countries are:

PRC	: 52.10%
Viet Nam	: 5.68% to 16.45%
- domestic industry producing the like product has suffered material injury through the effects of increased imports, loss of market share, reduced sales in volume, price undercutting, price depression, price suppression, reduced in production and capacity utilisation, reduced in profit, reduced in cash flow, reduced in productivity, increase in inventory, negative return on investments and negative return on assets;
- the IA identified other exporters not named in the petition based on the Royal Malaysia Customs Department's Information System;
- other producers/exporters from the PRC and Viet Nam who were not named in the investigation or have not made themselves known to the IA during the period of investigation shall be subject to anti-dumping duty on a residual basis; and
- for producers/exporters who were named in the Petition but refused to fully cooperate or did not cooperate, will be imposed the dumping margin determined by the IA based on facts available according to Section 4 of the Act.

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A. INTRODUCTION

The Petition

On 30 March 2015, FIW Steel Sdn. Bhd. (Petitioner) filed a Petition on behalf of the domestic industry requesting to initiate an anti-dumping investigation on the imports Pre-painted / Painted / Colour Coated Steel Coils from the PRC and Viet Nam. The Petitioner alleged that producers/exporters from these countries are exporting the product under investigation (PUI) into Malaysia at a lower price compared to the selling price in the respective domestic markets. The Petitioner claimed that imports of the PUI originating in or exported from the alleged countries caused material injury to the domestic industry in terms of:

- | | |
|------------------------|---|
| a) Import Volume; | g) Production and Capacity Utilisation; |
| b) Market Share; | h) Profitability; |
| c) Sales; | i) Cash Flow; |
| d) Price Undercutting; | j) Productivity; and |
| e) Price Depression; | k) Inventory. |
| f) Price Suppression; | |

2. The Petitioner is one of the producers of the PUI in Malaysia with a total production of ***MT during the period of investigation (POI).

3. The Domestic Industry consist of five (5) other producers of the PUI, namely:

- (i) CSC Steel Sdn. Bhd.;
- (ii) YKGI Holdings Berhad;
- (iii) NS Bluescope Steel Malaysia;
- (iv) Amcam Colour Coating Industries Sdn. Bhd.; and
- (v) Colourcoil Industries Sdn. Bhd.

Note: Colourcoil Industries Sdn. Bhd. was neutral to the Petition.

4. The PUI falls under the Harmonised System Code (H.S. Code) and ASEAN Harmonised Tariff Nomenclature Code (AHTN Code) are as follows:

Description of the PUI ("subject merchandise")	HS Code	AHTN Code
Painted, varnished or coated with plastic.	7210.70 210, 7210.70 290, 7210.70 900	7210.70.10 00, 7210.70.90 20, 7210.70.90 90
<i>Note:</i> <i>Products under the sub-headings of heading 72.10 are subject to more than one type of coating, plating, or cladding and classified according to the last process. However the chemical surface treatments, such as chromating are not regarded as the last process.</i>	(HS Code effective 31 October 2012)	(AHTN Code effective 31 October 2012)
	7210.70 910, 7210.70 920, 7210.70 100	7210.70.10 00, 7210.70.90 20, 7210.70.90 10
	(HS Code used prior transposition of HS 2007 to HS 2012 effective 31 October 2012)	(AHTN Code used prior transposition of HS 2007 to HS 2012 effective 31 October 2012)

5. These HS Codes are for information / reference and have no binding effect on the classification of the subject (PUI). The POI is from 1 October 2013 to 30 September 2014, while the Period of Injury Determination (POID) is from 1 October 2011 to 30 September 2014.

Initiation of Investigation

6. The Investigating Authority (IA) has evaluated the Petition and is satisfied that the Petition complies with section 20 of the Countervailing and Anti-Dumping Duties Act 1993 (the Act) and regulation 2 of the Countervailing and Anti-Dumping Duties Regulations 1994 (the Regulations) and the matters set out in the Petition constitute reasonable grounds for the initiation of an anti-dumping investigation against imports of the PUI from PRC and Viet Nam.

7. The IA announced the initiation of the investigation with effect from 28 April 2015, by a notice published in His Majesty's Government Gazette No. P.U. (B) 207.

8. The IA officially notified and sent out relevant questionnaires i.e. Importer's Questionnaire and Foreign Producer's/Exporter's Questionnaire, and a copy of the Non-confidential version of the Petition to all interested parties including:

- those named in the Petition as alleged foreign producers/exporters and alleged importers;
- foreign producers/exporters not named in the petition based on the Royal Malaysia Customs Department's Information System;
- the Embassy of the People's Republic of China in Malaysia; and
- the Embassy of the Socialist Republic of Vietnam in Malaysia.

9. The respective Embassies were advised to forward copies of the Foreign Producer's/Exporter's Questionnaire, the Non-confidential version of the Petition and the Notice of Initiation to any producer/exporter not named in the Petition to seek their response for the investigation.

Meeting with Interested Parties

10. At the requests of the interested parties, the IA met with representatives from:
- Nam Kim Steel (Viet Nam);
 - YKGI Holding Berhad; and
 - NS Bluescope Malaysia.

Appointment of Counsel / Consultant

11. The IA was informed of the appointment of counsels/consultants by the following companies:

- | | | |
|------|----------------------------|-----------------------|
| (i) | Hoa Sen Group – Viet Nam - | Bundjamin & Partners |
| (ii) | Nam Kim Steel – Viet Nam - | Jason Teoh & Partners |

Extension of Time

12. Extension of the deadline to submit responses to the Foreign Producers'/Exporters' Questionnaires was granted from 28 May 2015 to 8 June 2015 to interested parties who have written-in for the extension as follows:

- (i) Bluescope Steel (Suzhou) China - PRC
- (ii) Maruichi Sun Steel Joint Stock Company – Viet Nam
- (iii) Ton Don A Corporation – Viet Nam
- (iv) Nam Kim Steel Joint Stock Company – Viet Nam
- (v) NS Bluescope Vietnam Limited – Viet Nam

Importer's Questionnaire

13. The Importer's Questionnaires were sent directly to all known Malaysian importers and relevant industry associations. Only one (1) importer responded to the questionnaire i.e. KHP Roofing (M) Sdn. Bhd. stating that the company does not import the PUI.

Foreign Producer's/Exporter's Questionnaire

14. The IA sent the Foreign Producer's/Exporter's Questionnaires to all known foreign producers/exporters from PRC and Viet Nam. Complete responses received were from interested parties from Viet Nam as follows:

- (i) Nam Kim Steel Joint Stock Company;
- (ii) NS Bluescope Vietnam Limited; and
- (iii) Maruichi Sun Steel Joint Stock Company.

15. However, the IA also received submission from Hoa Sen Group (Viet Nam), but noted that the information provided were insufficient. Thus, the IA could not determine the dumping margin for Hoa Sen Group.

Level of Cooperation

16. The interested parties whom fully cooperated in the investigation are those who had responded to the questionnaires completely or by declaring that they did not export/import the PUI during the POI. They are:

Foreign Producers/Exporters from Viet Nam

- (i) Hoa Sen Group
- (ii) Nam Kim Steel Joint Stock Company;
- (iii) NS Bluescope Vietnam Limited; and
- (iv) Maruichi Sun Steel Joint Stock Company.

17. The listed interested parties who did not cooperate in the investigation either by not responding or not providing substantial information to the questionnaire or by submitting partial information or withholding pertinent/substantial information or did not respond within the stipulated timeframe, in accordance to the Act, are:

Foreign Producers/Exporters from Viet Nam

- (i) Southern Steel Sheet Company Limited;
- (ii) Trung Nguyen Steel Co. Ltd;
- (iii) Tan Phuoc Khanh Trading & Manufacturing Coil Steel;
- (iv) Hoa Sen Group; and
- (v) Song Minh Company.

Foreign Producers/Exporters from PRC

- (i) Shanghai Huaye Iron & Steel Group Co. Ltd.;
- (ii) Shandong Huijin Colour Steel Co. Ltd.;
- (iii) Hebei Yanbo Colour Coated Sheet Co. Ltd.;
- (iv) Qingdao Sino Steel Co. Ltd.; and
- (v) Foshan Jinxi Jinlan Cold Rolled Sheets Co. Ltd.

Local Importers

- (i) Kwang Sheng Steel Industries Sdn. Bhd.;
- (ii) Hai-Point Steel Sdn. Bhd.;
- (iii) Vitrakukuh Sdn. Bhd.;
- (iv) SJ Classic Manufacturing Sdn. Bhd.;
- (v) Murni Plus Industry Sdn. Bhd.;
- (vi) Bess Solution Sdn. Bhd.;
- (vii) BW Yee Seng Hardware Trading Sdn. Bhd.;
- (viii) Profitline Industries Sdn. Bhd.;
- (ix) LF Metal Sdn. Bhd.;
- (x) Tianwen Metal Sdn. Bhd.;
- (xi) K3 Metal Service Centre Sdn. Bhd.;
- (xii) Lee Chuan Guan Hardware Sdn. Bhd.;
- (xiii) Japmas Steel Sdn. Bhd.;
- (xiv) SJ Classic Industries Sdn. Bhd.;
- (xv) Nikkata Metal Roofing Industries Sdn. Bhd.;
- (xvi) LSPCM (Melaka) Sdn. Bhd.;
- (xvii) Star Shine Marketing Sdn. Bhd.; and
- (xviii) Bluescope Steel (Malaysia) Sdn. Bhd.

Verification Visits

18. The IA carried out on-site verification visits to the premises of the Petitioner and local producers supporting / having responded to the Questionnaires as follows:

- | | | |
|-------|----------------------|-----------------------|
| (i) | FIW Steel Sdn. Bhd. | 5 – 8 May 2015 |
| (ii) | CSC Steel Sdn. Bhd. | 29 June – 2 July 2015 |
| (iii) | YKGI Holdings Berhad | 3 – 6 August 2015 |

19. Although NS Bluescope Malaysia responded to the questionnaire, no verification visit was conducted to the company since the response to the questionnaire was incomplete, submitted much later than the extended deadline and the company declared that they have been importing the PUI from Viet Nam during the POI.

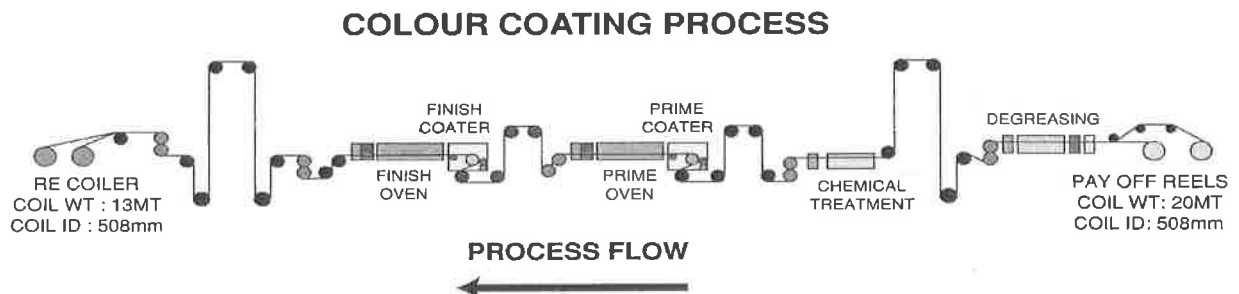
B. SUBJECT MERCHANDISE AND LIKE PRODUCT

Description of the Subject Merchandise

20. The subject merchandise is known as Pre-painted / Painted / Colour Coated Steel Coils. The product is used for roofing, cladding, brackets, wall panels, hoarding, fencing, awning, ceiling, sandwich panels, cold rooms, flashing and general structure.

21. The technical and chemical characteristics of the PUI are as follows:

- the product produced are in coil form painted with coil coating paint with wide range of colour selection. The width of the product/coil produced ranges from 600mm – 1250mm and the substrate/base metal thickness ranges from 0.13mm – 1.50mm; and
- the technology and manufacturing process involves a continuous colour coating line as illustrated below:



Source: Petition

Like Product

22. Based on the submission received from producers/exporters, the PUI exported to Malaysia is identical to the PUI sold in their countries.

23. Based on the information made available, the IA is also satisfied that the PUI produced and sold in the domestic market is identical and alike with respect to the subject merchandise.

24. The IA is satisfied that the subject merchandise is similar and substitutable produced by the Domestic Industry in terms of its basic physical characteristics and usage.

25. Therefore, the IA is satisfied that the PUI produced by the Domestic Industry and the PUI originating in or exported from PRC and Viet Nam are like product within the meaning of section 2(1) of the Act.

C. ISSUES RAISED BY INTERESTED PARTIES AND RESPONSES

26. Nam Kim Steel submitted a request to exclude Prepainted / Painted / Colour Coated Galvanised Aluminium. From the verification, the PUI falls under the HS Code which categorises the PUI based on the finished coating and the thickness,

but not according to the base / substrate material. As such, it is not possible to differentiate the base / substrate of the PUI by the appearance of the finished product. Besides, there is no difference in the usage of PPGL and the PUI, hence the IA is of the view that exclusion for PPGL from the scope of the investigation is not feasible.

The IA's Conclusion to the Issues Raised

27. As a result of the verification visits conducted, the IA concludes that the Petition has sufficient *prima facie* evidence of dumping, injury and causal link and that the IA on having examined the accuracy and adequacy of the Petition is satisfied that there were sufficient evidence to justify for the initiation of the investigation.

D. DETERMINATION OF DUMPING MARGIN

Methodology

28. For the cooperating producers / exporters, dumping margins were established by comparing the weighted average normal values of the subject merchandise sold in the domestic market of the alleged exporting country with the corresponding weighted average export prices to the Malaysian market. The comparisons were made at the same level of trade, at ex-factory level in respect of sales reported by the cooperating producers/exporters.

29. Section 16(1) of the Act states that the normal value shall be the comparable price actually paid or payable in the ordinary course of trade for the like product sold for consumption in the domestic market of the exporting country.

30. Section 16(3) of the Act states that sales may not be treated as in the ordinary course of trade if the like product is being sold as a price below unit production costs (fixed and variable) plus selling, administrative and other general expenses.

31. On circumstances when there is no sales in the domestic market of the exporting country under section 16(1) of the Act, or when such sales do not permit a proper comparison, the normal value is determined either by using the methods provided in section 16(2)(a) of the Act, i.e. by comparing with a comparable price of the like product when exported to an appropriate third country provided that the comparable price is representative; or section 16(2)(b) of the Act, i.e. by constructing normal value by adding cost of production plus a reasonable amount for selling, administrative and other general expenses and for profits.

32. Section 17 of the Act provides the outline to establish an export price. Export price is calculated in accordance with section 17(1) of the Act, which states that export price shall be the price actually paid or payable for the subject merchandise.

33. Section 41 of the Act states that where any interested party refuses access to, or otherwise does not provide necessary information within a reasonable period or significantly impedes an investigation or review including refusal to allow verification of its information, preliminary and final determinations of an investigation or review

under this Act may be made on the basis of the facts available, including the facts contained in the Petition received under section 4(1) or 20(1) of the Act, as the case may be.

34. For the purpose of this investigation, the IA calculated the normal value and the export price in US Dollar (USD) and Vietnamese Dong (VND). The IA adopted the exchange rate based on the actual exchange rate on the date of sales as provided by the exporters. Where the actual exchange rate is not provided or not known, the IA used the exchange rate provided by the Bank Negara Malaysia.

E. DUMPING MARGIN BY COUNTRY

The People's Republic of China (PRC)

35. Questionnaires were distributed to the producers/exporters from PRC who were named in the Petition and believed to be exporting the PUI into Malaysia in order to determine normal value and export price for the subject merchandise.

36. No producer/exporter from the PRC responded to the Questionnaires and submitted the information on their sales of the PUI into the Malaysian market and the domestic market in PRC. Therefore, the producers/ exporters from the PRC were considered to be non-cooperating producers/exporters. The IA based its determination on dumping margin on facts available in accordance with Section 41 of the Act.

Normal Value

37. In the absence of any information on domestic sales, the IA was unable to determine normal value under section 16 of the Act.

38. Pursuant to section 41 of the Act, the IA determined normal value for Non-cooperating Producers/Exporters based on facts available. Accordingly, the IA examined all relevant information including the information submitted by the Petitioner. Therefore, the IA used the Petitioner's information as the basis to calculate the normal value for Non-cooperating Producers/Exporters.

Export Price

39. Since no export price was made available by Non-cooperating Producers/Exporters, the IA was unable to determine export price under section 17 of the Act. Under this circumstance, the IA calculated Non-cooperating Producers/Exporters' export price in accordance with section 41 of the Act based on facts available.

40. Accordingly, the IA examined all relevant information by the Petitioner and used it as a basis to calculate the export price at ex-factory price for Non-cooperating Producers/Exporters.

41. To arrive at ex-factory price from CIF value, the IA deducted charges for inland freight, ocean freight, insurance and port charges. The amount of allowances deducted was based on the information submitted by the Petitioner.

Dumping Margin

42. Based on information available to the IA, the weighted average dumping margin established for Non-cooperating Producers/Exporters from PRC expressed as a percentage of export prices at CIF value is 52.10%. Details of the calculation are shown in Appendix 1.

The Socialist Republic of Viet Nam (Viet Nam)

Maruichi Sun Steel Joint Stock Company (Maruichi)

43. Maruichi is an exporter of PUI into Malaysia. In determining the dumping margin, the IA examined the information provided by Maruichi.

Normal Value

44. Maruichi in its response stated that sales to the domestic market were made to its ***, ***, and ***. Maruichi confirmed that the total sales of PUI in the domestic market during the POI was at ***MT valued at USD***.

45. The IA noted that Maruichi provided information as requested under Table E-4.2 Sales to Domestic Market – Sales Listing (DOM-SALE). However, Maruichi did not provide information on purchase of raw material, cost of production, cost of sales of all products and CTMS as in Table F-3.1: Purchase of Raw Material, Table F-4.1: Cost of Production, Table F-4.3: Average Production Costs and Sales, Table F-4.6: Cost of Sales and Table F-5: Cost to Make and Sell (DOM-CTMS). On 17 June 2015, a deficiency letter was sent requesting Maruichi to submit the abovementioned tables. However, based on the response dated 24 June 2015, Maruichi did not submit the requested tables.

46. In examining the information provided by Maruichi, the IA selected sales to its *** based on the same product codes sold to Malaysian market. Due to non-submission of Table F-5: Cost to Make and Sell (DOM-CTMS) and other cost related tables, the ordinary course of trade test could not be performed. Therefore, based on the provision of section 41 of the Act, the IA calculated the weighted normal value based on all sales transactions provided by Maruichi.

47. Maruichi in the submission claimed that all domestic sales in Viet Nam were made at ex-factory. Maruichi did not request any allowance. The IA therefore, calculated the normal value based on the price actually paid or payable for the like product in Viet Nam pursuant to subsection 16(1) and section 41 of the Act.

Export Price

48. In determining the export price for Maruichi, the IA examined the information provided by Maruichi on the export sales for PUI into Malaysia. Maruichi claimed that during the POI, all export sales into Malaysia were made to its ***, ***, ***, and ***. In its response, Maruichi provided list of sales into Malaysia during the POI by invoices to ***, ***, ***, ***, and ***.

49. The list consists of ***MT valued at USD*** in export sales. The invoices submitted were on CIF basis and Maruichi requested due allowances for *** and ***.

50. The export price determination was based on the export sales listing made available by Maruichi to the IA pursuant to section 17(1) of the Act. To arrive at ex-factory price, the IA deducted all due allowances claimed on export price *** based on best facts available.

Dumping Margin

51. Based on information available to the IA, the weighted average dumping margin established for Maruichi expressed as a percentage of export price at CIF value is 16.45%. Details of the calculation are shown in Appendix 1.

Nam Kim Steel Joint Stock Company (Nam Kim)

52. Nam Kim is an exporter of PUI into Malaysia. In determining the dumping margin, the IA examined the information provided by Nam Kim.

Normal Value

53. Nam Kim in its response stated that sales to the domestic market were made to its ***. Nam Kim confirmed that the total sales of PUI in the domestic market during the POI was at ***MT valued at VND***.

54. The IA noted that Nam Kim provided complete information as requested under Table E-4.2 Sales to Domestic Market – Sales Listing (DOM-SALE). Nam Kim also provided information on purchase of ***, ***, *** and *** as in Table F-3.1: Purchase of Raw Material, Table F-4.1: Cost of Production, Table F-4.3: Average Production Costs and Sales, Table F-4.6: Cost of Sales and F-5: Cost to Make and Sell (DOM-CTMS).

55. In examining the information provided by Nam Kim, the IA selected sales to *** based on the same product codes sold to Malaysian market. The IA also found that certain sales made to its *** customers during the POI were below cost. The volume of sales below cost of the like product represented ***% of the volume sold in the domestic market throughout the POI. Therefore, the IA used only *** in calculating the normal value.

56. Nam Kim in the submission claimed that all domestic sales in Viet Nam were made at ex-factory. Nam Kim requested due allowances for *** and ***.

57. The IA therefore, calculated the normal value based on the price actually paid or payable for the like product in the ordinary course of trade in Viet Nam pursuant to subsection 16(1) of the Act. To arrive at ex-factory price, the IA deducted allowances for *** and ***.

Export Price

58. In determining the export price for Nam Kim, the IA examined the information provided by Nam Kim on the export sales for PUI into Malaysia. Nam Kim claimed that during the POI, all export sales into Malaysia were made to its ***.

59. In its response, Nam Kim provided list of sales into Malaysia during the POI

by invoices to ***, ***, ***, ***, ***, ***, ***, ***, ***, ***, ***, and ***.

60. The list consists of ***MT valued at USD*** in export sales. The invoices submitted were on *** basis and Nam Kim requested due allowances for ***, ***, ***, ***, *** and ***.

61. The export price determination was based on the export sales listing made available by Nam Kim to the IA pursuant to section 17(1) of the Act. In order to arrive at ex-factory price, the IA deducted all due allowances claimed on *** including ***.

Dumping Margin

62. Based on information available to the IA, the weighted average dumping margin established for Nam Kim expressed as a percentage of export price at CIF value is 5.68%. Details of the calculation are shown in Appendix 1.

NS Bluescope Vietnam Limited (Bluescope)

63. Bluescope is an exporter of PUI into Malaysia. In determining the dumping margin, the IA examined the information provided by Bluescope.

Normal Value

64. Bluescope in its response stated that sales to the domestic market were made to its ***. Bluescope confirmed that the total sales of PUI in the domestic market during the POI was at ***MT valued at VND***.

65. The IA noted that Bluescope provided information as requested under Table E-4.2 Sales to Domestic Market – Sales Listing (DOM-SALE). Bluescope also provided information on purchase of raw material, average production cost and sales and CTMS as in Table F-3.1: Purchase of Raw Material, Table F-4.2: Average Production Costs and Sales and F-5: Cost to Make and Sell (DOM-CTMS and MY-CTMS).

66. In examining the information provided by Bluescope, the IA selected sales to its *** i.e. *** based on the same product codes sold to Malaysian market. The IA also found that *** made to its *** during the POI were below cost. Therefore, the IA used all sales transactions in calculating the normal value.

67. Bluescope in the submission claimed that all domestic sales in Viet Nam were made at free in store (FIS). Bluescope requested due allowances for ***, ***, and ***, ***, ***, and ***.

68. The IA therefore, calculated the normal value based on the price actually paid or payable for the like product in the ordinary course of trade in Viet Nam pursuant to subsection 16(1) of the Act. To arrive at ex-factory price, the IA deducted all allowances as requested.

Export Price

69. In determining the export price for Bluescope, the IA examined the information provided by Bluescope on the export sales for PUI into Malaysia. Bluescope

claimed that during the POI, all export sales into Malaysia were made to its ***. In its response, Bluescope provided list of sales into Malaysia during the POI by invoices to NS Bluescope Malaysia Sdn. Bhd.

70. The list consists of ***MT valued at USD*** in export sales. The invoices submitted were on CIF basis and Bluescope requested due allowances for ***, ***, ***, ***, *** and ***.

71. The export price determination was based on the export sales listing made available by Bluescope to the IA pursuant to section 17(1) of the Act. To arrive at ex-factory price, the IA deducted all due allowances claimed on export price *** based on best facts available.

Dumping Margin

72. Based on information available to the IA, the weighted average dumping margin established for Bluescope expressed as a percentage of export price at CIF value is 10.83%. Details of the calculation are shown in Appendix 1.

Hoa Sen Group & Other Non-cooperating Producers/Exporters from Viet Nam

73. Since the IA received incomplete submission from Hoa Sen Group (Viet Nam) making it unable for the IA to determine the dumping margin, this company is deemed as a Non-Cooperating Producer/Exporter from Viet Nam.

74. Other Producers/Exporters that failed to respond to the Foreign Producer's/Exporter's Questionnaire distributed by the IA in the investigation were also considered to be Non-cooperating Producers/Exporters. The IA based the determination of dumping margin on facts available in accordance with section 41 of the Act.

Dumping Margin

75. Based on information available to the IA, the weighted average dumping margin established for Non-cooperating Producers/Exporters expressed as a percentage of export prices at CIF value is 16.45%. Details of the calculation are shown in Appendix 1.

F. MATERIAL INJURY

Domestic Industry

76. Section 2(1) of the Act requires submission to be by or on behalf of the Domestic Industry and it further states that Domestic Industry means:

- (i) the domestic producers as a whole of the like product;
- (ii) the domestic producers whose collective output of the like product constitutes a major proportion of the total domestic production of the like product; or
- (iii) where appropriate, the regional producers of the like product.

77. In evaluating material injury of the Domestic Industry, the IA has considered the volume effect, price effect, profitability effect and other economic and financial

factors.

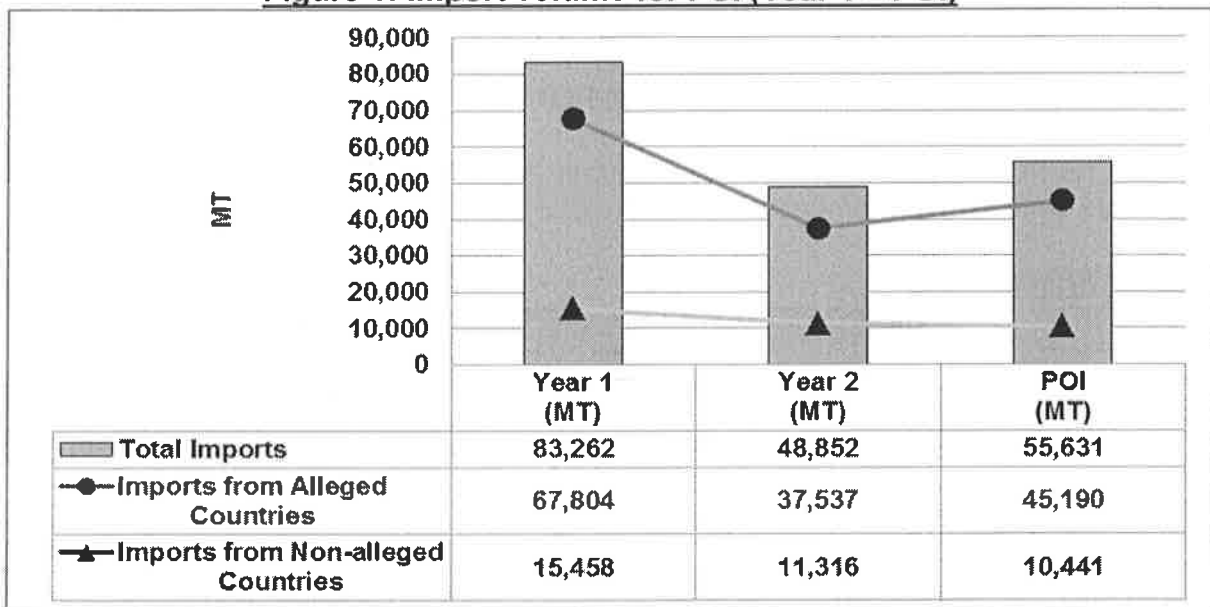
78. The IA made assessment of the injury based on Domestic Industry's financial statements. The POI and POID are as follows:

- POID : October 2011 to September 2012 (Year 1), October 2012 to September 2013 (Year 2) and October 2013 to September 2014 (POI); and
- POI : October 2013 to September 2014.

Volume Effects

Import Volume

Figure 1: Import volume for PUI (Year 1 – POI)



Source: DoS

79. Figure 1 demonstrates the total import trend throughout the POID. It is observed that the import volume from the alleged countries contributed the highest volume from the overall total imports.

80. The total import volume for PUI decreased by 41% from 83,262MT in Year 1 to 48,852MT in Year 2. However, during the POI, the total imports increased by 14% to 55,631MT.

81. The IA observed that the decrease in imports from Year 1 to Year 2 was due to a 45% drop in imports from the alleged countries and 27% from the non-alleged countries. Subsequently, the increase in total imports during the POI was mainly due to the 20% increase in imports from alleged countries.

82. The IA is satisfied that total volume of imports into Malaysia increased in absolute terms during the POI and mainly from the alleged countries.

Table 1: Import Share for PUI (Year 1 – POI)

	Year 1	Year 2	POI
PRC	63%	31%	13%
Viet Nam	19%	46%	68%
Others	19%	23%	19%

Source: DoS

83. Table 1 demonstrates the import share throughout the POID. Imports are mainly from the PRC and Viet Nam with the import share of 13% and 68% respectively during the POI. Imports from PRC gradually decreased by 51% from 63% in Year 1 to 31% in Year 2. The import share of PRC continued to decrease to 13% in the POI.

84. Contrary, Viet Nam marked an import share of 19% in Year 1 and further increased to 46% in Year 2 and 68% in the POI.

85. The IA is satisfied that the total volume and share of imports from the alleged countries were above the negligible volume of 3%.

Market Share

Table 2: Market Share of PUI (Year 1 – POI)

Description	Year 1 (Index)	Year 2 (Index)	POI (Index)
Imports	100	73	83
Domestic Industry	100	118	112
Domestic Consumption	100	82	82

Source: Domestic Industry and DoS

86. Table 2 demonstrates the trend of market share throughout the POID. In determining the market share, comparison was made between domestic sales and total import volume.

87. The trend of domestic consumption fluctuates in tandem to the fluctuating trend of imports. The domestic market share decreased by *** points during the POI and this was substituted by the increase in imports by *** points.

Sales

Table 3: Sales Volume of PUI (Year 1 – POI)

Description	Year 1 (Index)	Year 2 (Index)	POI (Index)
Domestic Sales	100	99	92
Export Sales	100	99	47
Total sales	100	99	89

Source: Domestic Industry

88. Table 3 demonstrates the trend of sales volume throughout the POID. The

total sales volume recorded a consistent decreasing trend during the POID. It decreased by ***% from ***MT in Year 1 to ***MT in Year 2 and continued to decrease by ***% in POI. The IA observed that the decrease was mainly contributed by the continuous decrease in domestic sales.

89. Domestic sales volume fell by ***% from ***MT in Year 1 to ***MT in Year 2. It further declined by ***% in POI. The IA observed that the decrease in domestic sales volume is in tandem with the increasing imports from alleged and non-alleged countries during the POI as in Figure 1.

Sales Turnover

Table 4: Sales Turnover of PUI (Year 1 – POI)

Description	Year 1 (Index)	Year 2 (Index)	POI (Index)
Domestic Sales	100	96	83
Export Sales	100	96	85
Total sales	100	94	45

Source: Domestic Industry

90. Table 4 demonstrates the trend of sales turnover throughout the POID. The downward sales turnover trend is consistent with the downward sales volume trend of the Domestic Industry throughout the POID.

91. Total sales was mainly contributed by domestic sales. The domestic sales turnover fell by ***% from RM*** in Year 1 to RM*** in Year 2 and further declined by ***% in POI to a turnover of RM***.

Average Domestic Selling Price

Table 5: Average Domestic Selling Price of PUI (Year 1 to POI)

Description	Year 1 (Index)	Year 2 (Index)	POI (Index)
Average Domestic Selling Price	100	97	93

Source: Domestic Industry

92. Table 5 demonstrates the average selling price of PUI which recorded a declining trend throughout the POID, consistent with the decreasing trend of sales turnover. The IA observed that the Domestic Industry did not manage to capture the market and increase their sales albeit the reduction in its average domestic selling price.

Price Effects

Price Undercutting

Table 6: Price Undercutting

Description	Year 1 (Index)	Year 2 (Index)	POI (Index)
Domestic Industry's Average Domestic Price	***	***	***
People's Republic of China <i>Undercutting (RM)</i>	***	***	***
Percentage Undercutting (%)	-38%	-38%	-30%
Socialist Republic of Vietnam <i>Undercutting (RM)</i>	***	***	***
Percentage Undercutting (%)	-6%	-11%	-7%

Source: Domestic Industry and DoS

93. Table 6 demonstrates the price undercutting throughout the POID. Comparison was made between the average selling price of the Domestic Industry with the average import price from the PRC and Viet Nam.

94. The Domestic Industry's average selling price of RM*** in Year 1, RM*** in Year 2 and RM*** in POID was undercut by the PRC's average import price ranging from 30% to 38%, while for Viet Nam, the undercutting was between the range of 6% to 11%.

Price Depression

Table 7: Price Depression of PUI (Year 1 – POI)

Description	Year 1 (Index)	Year 2 (Index)	POI (Index)
Domestic Industry's Average Selling Price	100	97	93
PRC's Average Export Price	100	97	105
Vietnam's Average Export Price	100	92	93

Source: Domestic Industry and DoS

95. Table 7 depicts the price depression of the Domestic Industry. The IA observed that, during the POID, the Domestic Industry's price was consistently higher than prices from PRC and Viet Nam.

96. In Year 2, the average prices of imports from alleged countries and the prices of the Domestic Industry were lower than their respective prices in Year 1. The Domestic Industry's average price dropped ***% in tandem with the drop in PRC's and Viet Nam's prices of ***% and ***% respectively. During the POI, PRC and Viet Nam increased their average price by ***% and ***% respectively, while the Domestic Industry's average price decreased by ***%.

97. The Domestic Industry suffered price depression throughout the POID and was forced to lower its selling price to compete with the lower import prices.

However, despite the decreasing selling price, the Domestic Industry could not increase their domestic sales.

Price Suppression

Table 8: Price Suppression of PUI (Year 1 – POI)

Description	Year 1 (Index)	Year 2 (Index)	POI (Index)
Domestic Industry's Average Selling Price	100	97	93
CTMS	100	96	96

Source: Domestic Industry and DoS

98. Table 8 demonstrates the price suppression of PUI throughout the POID. While the domestic selling price recorded a decreasing trend of ***% from RM*** in Year 1 to RM*** in Year 2, it was still above the CTMS of RM*** to RM*** during the same period. However, during the POI, the average Domestic Industry's selling price was RM*** which was lower than the CTMS of RM***.

99. The Domestic Industry had continuously reduced their selling price over the POID which was more than the CTMS during the POI but yet could not capture the market.

100. The IA notes that the Domestic Industry suffered price suppression during the POI.

Profitability Effects

Production and Capacity Utilisation

Table 9: Production and Capacity Utilisation of PUI (Year 1 – POI)

Description	Year 1 (Index)	Year 2 (Index)	POI (Index)
Production capacity	100	104	107
Actual production	100	104	93

Source: Domestic Industry

101. Table 9 demonstrates the production and capacity utilisation of the Domestic Industry. The Domestic Industry's annual capacity increased from ***MT in Year 1 to ***MT in Year 2 and ***MT during the POI.

102. Based on Table 9, the Domestic Industry's production increased by ***% from ***MT in Year 1 to ***MT in Year 2 and decreased by ***% during the POI to ***MT. The decrease in the actual production led to the continuous decrease in capacity utilisation from ***% in Year 1 to ***% during the POI.

103. The IA notes that the Domestic Industry suffered a decline in production during the POI. This deterioration was in tandem with the drop in Domestic Industry's sales volume and the increase in import volume during the POI.

Profitability

Table 10: Profit/Loss of PUI (Year 1 – POI)

Description	Year 1 (Index)	Year 2 (Index)	POI (Index)
Domestic	100	168	(32)
Export	100	52	4
Total Net Profit	100	152	(27)

Source: Domestic Industry

104. Table 10 demonstrates the profitability of the Domestic Industry. The Domestic Industry suffered losses during the POI. The overall net profit increased by ***% from RM*** in Year 1 to RM*** in Year 2. It subsequently recorded a loss when the profit declined by ***% during the POI.

105. It is observed that, the huge decline of the overall profitability was contributed by the huge decrease in domestic profit. The domestic profit fell by ***% during the POI.

106. The Domestic Industry recorded a gross profit throughout the POID with a consistent Cost of Sales albeit the decrease in sales. The Selling, General and Administrative (SG&A) Expenses has also been consistent.

107. The IA observes that the net loss suffered by the Domestic Industry correlates with the decrease in domestic and total sales as well as the increase in imports.

Cash Flow

Table 11: Cash Flow of PUI (Year 1 – POI)

Description	Year 1 (Index)	Year 2 (Index)	POI (Index)
Net cash provided by operating activities	100	(654)	(91)

Source: Domestic Industry

108. Table 11 demonstrates decreased cash flow from the operating activities of the Domestic Industry throughout the POID. The cash flow decreased by ***% from Year 1 to Year 2. During the POI, the cash flow improved by ***%, nevertheless, the Domestic Industry still suffered a negative cash flow of RM*** during the POI.

109. The IA observed that the negative cash flow during POI is contributed by the operating losses and the increase in inventories.

Productivity

Table 12: Productivity of PUI (Year 1 – POI)

Description	Year 1 (Index)	Year 2 (Index)	POI (Index)
Productivity by Actual Production	100	109	108

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Maximum productivity (Capacity)

Description	Year 1 (Index)	Year 2 (Index)	POI (Index)
Production by Installed Capacity	100	109	125

Source: Domestic Industry

110. Table 12 demonstrates the productivity of the Domestic Industry. The productivity is calculated based on machine running hours as compared to the actual production and installed capacity.

111. It is observed that the productivity of the Domestic Industry remained below ***% of the Domestic Industry's maximum productivity level. Based on the installed capacity, the productivity level is calculated at *** (Year 1), *** (Year 2) and *** (POI).

Employment and Wages

Table 13: Employment & Wages of PUI (Year 1 – POI)

Description	Year 1 (Index)	Year 1 (Index)	Year 1 (Index)
Total personnel employed	100	99	94
Labour Cost	100	107	104

Source: Domestic Industry

112. Table 13 demonstrates the employment and average wages of the Domestic Industry throughout the POID. The IA observed that the number of personnel employed for PUI decreased from *** persons in Year 1 to *** persons in Year 2 and continued to decrease to *** during the POI.

113. The IA observed that the total labour cost of the Domestic Industry increased in Year 2 despite the decrease in total personnel employed. However, during the POI, the total labour cost decreased following the decrease in the number of personnel employed.

114. The IA noted that the turnover of personnel for the PUI was natural and the Domestic Industry did not undertake any retrenchment exercise.

Inventory

Table 14: Inventory of PUI (Year 1 – POI)

Description	Year 1 (Index)	Year 2 (Index)	POI (Index)
Inventories	100	117	144

Source: Domestic Industry

115. Table 14 demonstrates the inventory of the Domestic Industry. The IA notes that the inventory increased by ***% from ***MT in Year 1 to ***MT in Year 2 and continued to increase by ***% to ***MT during the POI.

116. The IA notes that the increase in inventories is a result of lower volume of

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sales throughout the POID.

Ability to Raise Capital

117. The Domestic Industry did not provide evidence with respect to its ability to raise capital.

Return on Investment

Table 15: ROI of PUI (Year 1 – POI)

Description	Year 1 (Index)	Year 2 (Index)	POI (Index)
Return on investment	100	137	(25)

Source: Domestic Industry

118. Table 15 demonstrates return on investment of the Domestic Industry. The negative return on investment was recorded during the POI due the net loss suffered by the Domestic Industry.

G. ASSESSMENT ON CAUSAL LINK

119. The IA summarises the injury analysis as follows:

Injury Factors	Outcome of Analysis
(i) Import Volume	Despite the decrease by ***% from Year 1 to Year 2, the import volume from alleged countries increased by ***% during the POI as compared to Year 2.
(ii) Market Share	Domestic Industry's market share decreased by *** points during the POI and was substituted by the increase in imports by *** points.
(iii) Sales	Domestic sales volume and sales turnover recorded a decreasing trend during the POID.
(iv) Price Undercutting	There was consistent price undercutting by PRC and Viet Nam throughout the POID.
(v) Price Depression	The Domestic Industry suffered price depression throughout the POID and was forced to lower its selling price to compete with the lower import prices. However, despite the decreasing selling price, the Domestic Industry could not increase their domestic sales.
(vi) Price Suppression	The Domestic Industry sold below their CTMS and suffered price suppression during the POI.

Injury Factors	Outcome of Analysis
(vii) Production and Capacity Utilisation	The Domestic Industry suffered a decline in production during the POI which was in tandem with the drop of sales volume and the increase in import volume during the POI.
(viii) Profitability	The Domestic Industry recorded a reduction in profitability during the POI which is due to decrease in domestic and total sales as well as the increase in imports.
(ix) Cash Flow	The Domestic Industry recorded a negative cash flow during the POI due to operating losses and increase in inventories.
(x) Productivity	The productivity of the Domestic Industry remained below ***% of the Domestic Industry's maximum productivity level.
(xi) Employment and Wages	The Domestic Industry did not suffer in terms of employment and wages as turnover of personnel was due to natural causes and not due to retrenchment exercises.
(xii) Inventory	The Domestic Industry recorded an increasing inventory which corresponds with the decrease of sales throughout the POI.
(xiii) Ability to Raise Capital	The Domestic Industry did not provide any evidence with respect to its ability to raise capital.
(xiv) Return on Investment	The Domestic Industry recorded a negative ROI due to the nett loss during the POI.
(xv) Return on Asset	The Domestic Industry recorded a negative ROA due to the nett loss during the POI.

120. Based on the assessment, the Domestic Industry has shown evidence on injury caused by the alleged dumping from PRC and Viet Nam on the following:

- | | |
|------------------------|---|
| a) Import Volume; | g) Production and Capacity Utilisation; |
| b) Market Share; | h) Profitability; |
| c) Sales; | i) Cash Flow; |
| d) Price Undercutting; | j) Productivity; |
| e) Price Depression; | k) Inventory; |
| f) Price Suppression; | l) Return on Investment; and |
| | m) Return on Asset. |

H. CONCLUSION ON MATERIAL INJURY

121. The IA concluded that the Domestic Industry suffered material injuries for Prepainted / Painted or Colour Coated Steel Coils in terms of:

- volume effect
 - import volume;
 - market share; and
 - sales volume.
- price effect
 - price undercutting;
 - price depression; and
 - price suppression.
- profitability effect
 - production and capacity utilisation;
 - profitability;
 - cash flow;
 - productivity;
 - inventory;
 - return on investment; and
 - return on asset.

Threat of Material Injury

122. In addition to the IA's conclusion as in paragraph 121 is consistent with Article 3.7 of ADA and section 24 (1) of Act 504, the IA views that a drastic increase in imports from the alleged countries from October 2011 to September 2014 (over the POID) have caused material injury to the Domestic Industry and therefore, the IA observes that the imports from the alleged countries constitute imminent threat of material injury to the Domestic Industry if no corrective action is taken against these imports.

CAUSAL LINK

123. The IA is satisfied that the dumping activities of the PUI into Malaysia by alleged countries had caused material injury to the Domestic Industry.

124. The IA after having examined all available information has found that the dumped imports had caused the Domestic Industry to suffer material injury through the effects of increased imports, loss of market share, reduced sales in volume, price undercutting, price depression, price suppression, reduced in production and capacity utilisation, reduced in profit, reduced in cash flow, reduced in productivity, increase in inventory, negative return on investments and negative return on assets.

PUBLIC INTEREST

125. It is evident through the findings of the investigation that if no appropriate measure is taken against the imports of the PUI from the alleged countries, the

Domestic Industry will continue to suffer further injury based on trend of significant increase in import volume of the PUI.

126. As for the users of PUI, there are other sources of supply from non-alleged countries without having to pay any anti-dumping duties.

127. The intention of anti-dumping action is to allow for remedial action against the unfairly traded dumped imports. The anti-dumping duty seeks to increase the selling price of the PUI from the alleged countries in the Malaysian market to offset the dumping and to allow fair trading of the PUI in the Malaysian market.

CONCLUSION OF THE PRELIMINARY INVESTIGATION

128. Based on the submissions made available to the IA, the prices of Prepainted / Painted or Colour Coated Steel Coils originating in or exported from PRC and Viet Nam during the POI are less than the normal value. The dumping margin established for PRC is 52.1% and for Viet Nam between 5.68% to 16.45%.

129. The IA is satisfied that dumping of the PUI had caused material injury to the Domestic Industry through the effects of increased imports, loss of market share, reduced sales in volume, price undercutting, price depression, price suppression, reduced in production and capacity utilisation, reduced in profit, reduced in cash flow, reduced in productivity, increase in inventory, negative return on investments and negative return on assets.

RECOMMENDATION

130. Pursuant to section 24 of the Act, the IA hereby recommends to the Minister to propose to the Minister of Finance to impose provisional anti-dumping duties on imports of the PUI originating in or exported from PRC and Viet Nam equivalent to the dumping margin calculated. The imposition of the provisional anti-dumping duties is proposed as the domestic industry is currently materially injured by the dumping activities of producers/exporters from PRC and Viet Nam.

131. The proposed rates of provisional anti-dumping duties on imports of Prepainted / Painted or Colour Coated Steel Coils originating in or exported from PRC and Viet Nam are:

PEOPLE'S REPUBLIC OF CHINA

- | | |
|-----------------------------|--------|
| • Other Producers/Exporters | 52.10% |
|-----------------------------|--------|

VIET NAM

- | | |
|--|--------|
| • Maruichi Sun Steel Joint Stock Company | 16.45% |
| • Nam Kim Steel Joint Stock Company | 5.68% |
| • NS Bluescope Vietnam Limited | 10.83% |
| • Other Producers/Exporters | 16.45% |

132. The provisional anti-dumping duties shall be in the form of a bank guarantee. The period of application of this provisional measure shall not exceed one hundred and twenty (120) days from the date of publication of the Notice of the Affirmative Preliminary Determination.

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Appendix 1

**DUMPING MARGIN CALCULATION FOR
PREPAINTED / PAINTED OR COLOUR COATED STEEL COILS
FROM PRC AND VIET NAM**

Country/ Company	WANV at Ex-Factory a	WAEP at Ex-Factory b	WAEP at CIF c	WADM at Ex- Factory d = a – b	WADM at Ex- Factory e = d / b (%)	WADM at CIF f = d / c (%)
PEOPLE'S REPUBLIC OF CHINA Other Producers/Exporters						52.10
VIET NAM Maruichi Sun Steel Joint Stock Company (USD)	-	-	-	-	-	16.45
Nam Kim Steel Joint Stock Company (VND)	-	-	-	-	-	5.68
NS Bluescope Vietnam Limited (VND)	-	-	-	-	-	10.83
Other Producers/Exporters						16.45

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