



Australian Government
Anti-Dumping Commission

Application for a
review of
anti-dumping measures

APPLICATION UNDER SECTION 269ZA OF THE *CUSTOMS ACT 1901*
FOR A REVIEW OF ANTI-DUMPING MEASURES

In accordance with section 269ZA of the *Customs Act 1901*, I request that the Anti-Dumping Commissioner initiate a review of anti-dumping measures in respect of the goods the subject of this application to:

1. **revise the level of the measures** because one or more of the variable factors relevant to the taking of measures have changed (a variable factors review)

In this case the factors that I consider have changed are:

- normal value
- export price
- non injurious price
- subsidy

The variable factors review is in relation to:

- a particular exporter – Dalian Steelforce Hi-Tech Co., Ltd
- exporters generally

or

2. **revoke the measures** because the anti-dumping measures are no longer warranted (a revocation review)

In this case the measure I consider should be revoked is:

- the dumping duty notice
- the countervailing duty notice
- the undertaking

The revocation review is in relation to:

- a particular exporter (*if so provide name and country details*)
- exporters generally

NOTE

Where seeking variable factors review as well as a revocation review, indicate this in *both* 1 and 2 above.

DECLARATION

I believe that the information contained in this application:

- provides reasonable grounds for review of the anti-dumping measure; and
- is complete and correct to the best of my knowledge and belief.

Signature:



Name:

Mr Rod Corkill

Position:

Chief Executive Officer

Company:

Steelforce Australia Pty Ltd and Steelforce Trading Pty Ltd

ABN:

49 093 284 078

Date:

10 March 2015

PUBLIC VERSION

Signature requirements

Where the application is made:

By a company - the application must be signed by a director, servant or agent acting with the authority of the body corporate.

By a joint venture - a director, servant, agent of each joint venturer must sign the application. Where a joint venturer is not a company, the principal of that joint venturer must sign the application form.

On behalf of a trust - a trustee of the trust must sign the application.

By a sole trader - the sole trader must sign the application.

In any other case - contact the Commission's client support section for advice.

Assistance with the application

The Anti-Dumping Commission has published guidelines to assist applicants with the completion of this application. Please refer to the '*Instructions and Guidelines for applicants: Application for review or revocation of measures*' on the Commission's website.

The Commission's client support section can provide information about dumping and countervailing procedures and the information required by the application form. Contact the team on:

Phone: 1300 884 159 or +61 2 6275 6066 (outside Australia)

Fax: 1300 882 506 or +61 2 6275 6888 (outside Australia)

Email: clientsupport@adcommission.gov.au

Other information is available from the Commission's website at www.adcommission.gov.au.

Small and medium enterprises (i.e., those with up to 200 employees) may obtain assistance, at no charge, from the International Trade Remedies Adviser, employed by Australian Industry Group and funded by the Australian government. To access this service, visit www.aigroup.com.au/traderemedies or telephone (03) 9867 0267.

Required information

1. Provide details of the name, street and postal address, of the applicant seeking the continuation.
2. Provide details of the name of a contact person, including their position, telephone number and facsimile number, and e-mail address.
3. Name other parties supporting this application.
4. Describe your interest as an affected party (eg are you concerned with the exportation of the goods, the importation of the goods, or part of the Australian industry, or acting on behalf of the Government of an exporting country).
5. Provide details of the current anti-dumping measure(s) the subject of this review application, including:
 - tariff classification
 - the countries or companies

PUBLIC VERSION

- specified date of publication of the measure

6. Provide the names, addresses, telephone numbers and facsimile numbers of other parties likely to have an interest in this matter e.g. Australian manufacturers, importers, exporters and/or users.

Applications for review of variable factors

If you are applying for a variable factors review (in box 1 above) provide a detailed statement setting out your reasons. Include information about:

- the factor(s) you wish to have reviewed;
- the amount by which that factor is likely to have changed since anti-dumping measures were last imposed, and evidence in support; and
- in your opinion the causes of the change and whether these causes are likely to persist.

Application for a revocation review

If you are applying for a revocation review (in box 2 above), provide a detailed statement setting out your reasons.

Include evidence in support of your view that there are reasonable grounds for asserting that the measures are no longer warranted. Refer to the "Guidelines for Preparing an Application for Review of Measures" as part of preparing your response. If you consider anti-dumping measures are no longer warranted because of:

- *no dumping or no subsidisation*: provide evidence that there is no dumping, or no subsidy, and why dumping or subsidisation is unlikely to recur if measures were revoked.
- *no injury*: provide evidence that there is no current injury, and there is unlikely to be a recurrence of injury if the measures were to be revoked.

Lodgement of the application

This application, together with the supporting evidence, should be lodged with:

The National Manager - Operations
Anti-Dumping Commission
Customs House
1010 Latrobe St
Docklands VIC 3008

or

Sent by facsimile to **1300 882 506**

or **+61 2 6275 6888 (outside Australia)**

Public Record

During an investigation all interested parties are given the opportunity to defend their interests, by making a submission. The Commission maintains a public record of these submissions. The public record is available on the Commission's website at www.adcommission.gov.au.

At the time of making the application both a confidential version (for official use only) and non-confidential version (public record) of the application must be submitted. Please ensure each page of the application is clearly marked "FOR OFFICIAL USE ONLY" or "PUBLIC RECORD". The non-confidential application should enable a reasonable understanding of the substance of the information submitted in confidence, clearly showing the reasons for seeking the review, or, if those reasons cannot be summarised, a statement of reasons why summarisation is not possible. If you cannot provide a non-confidential version, contact the Commission's client support section for advice.

STEELFORCE AUSTRALIA PTY / STEELFORCE TRADING PTY LTD – APPLICATION FOR REVIEW OF MEASURES

Required information

Applicant:

Steelforce Australia Pty Ltd (“Steelforce Australia”) and Steelforce Trading Pty Ltd
 (“Steelforce Trading”)
W7, 5-7 Osprey Drive,
Port of Brisbane, QLD 4178
PO Box 8267 Wynnum North Qld 4178

Contact person:

Mr Paul Frazer
Chief Financial Officer
Tel: 1300 661 635
Fax: 1300 961 535
Email: paulf@Steelforce.com.au

Other parties supporting this application:

N/A

Applicant’s interest:

Steelforce Trading is the importer of certain hollow structural sections exported from the Peoples Republic of China (China) by Dalian Steelforce Hi-Tech Co., Ltd.

Details of current anti-dumping measures:

The goods subject to interim dumping and interim countervailing duties are:

certain electric resistance welded pipe and tube made of carbon steel, comprising circular and non-circular hollow sections in galvanised and non-galvanised finishes. The goods are normally referred to as either CHS (circular hollow sections) or RHS (rectangular or square hollow sections). The goods are collectively referred to as HSS (hollow structural sections). Finish types for the goods include in-line galvanised (ILG), pre-galvanised, hot-dipped galvanised (HDG) and non-galvanised HSS.

Sizes of the goods are, for circular products, those exceeding 21mm up to and including 165.1mm in outside diameter and, for oval, square and rectangular products those with a perimeter up to and including 1277.3mm.

Categories of HSS excluded from the goods are conveyor tube; precision RHS with a nominal thickness of less than 1.6mm and air heater tubes to Australian Standard (AS) 2556.

The original application included the following information to clarify the nature of the

goods.

Finishing

All HSS regardless of finish is included in the application. Non-galvanised HSS is typically of painted, black, lacquered or oiled finished coatings.

CHS with other than plain ends (such as threaded, swaged and shouldered) are also included in the application.

Standards

HSS is generally produced to either the British Standard BS 1387 or the Australian Standard AS 1163 or international equivalent standards (including ASTM/JIS and KS).

HSS can also be categorised according to minimum yield strength. The most common classifications are 250 and 350 mega Pascals (MPa).

HSS may also be referred to as extra-light, light, medium or extra heavy according to its wall thickness.

Excluded goods

The following categories are excluded from the goods subject of the application:

- conveyor tube (made for high speed idler rolls on conveyor systems, with inner and outer fin protrusions removed by scarfing (not exceeding 0.1 mm on outer surface and 0.25 mm on inner surface), and out of round standards (i.e. ovality) which do not exceed 0.6 mm in order to maintain vibration free rotation and minimum wind noise during operation);
- precision RHS with a nominal thickness of less than 1.6mm (is not used in structural applications); and
- air heater tubes to AS.2556.

Tariff classifications

Goods subject to measures are classified to the following tariff sub-headings and associated statistical codes:

<u>Tariff subheading</u>	<u>Statistical codes</u>
7306.30.00	31, 32, 33, 34, 35, 36, 37
7306.61.00	21, 22, 25
7306.69.00	10

Country subject to the notice:

The People's Republic of China

Date of publication of the notice:

On 3 July 2012, the then Minister for Home Affairs published a dumping duty notice and countervailing duty notice for HSS exported to Australia from China.

GROUNDINGS FOR REVIEW

Steelforce is requesting a review of the following variable factors:

- ascertained normal value
- ascertained export price, and
- the amount of the countervailable subsidy received in respect of the goods.

ASCERTAINED NORMAL VALUE

Basis for current ascertained normal values

During the original HSS investigation (ITR 177), the nominated investigation period was 1 July 2008 to 30 June 2009. As a result of its investigation, the Anti-Dumping Commission (Commission) made the following findings in establishing normal values for Dalian Steelforce:

- there was a situation in the Chinese HSS market during the investigation period such that sales in that market are not suitable for use in determining normal value under s.269TAC(1);
- as a consequence, the normal values in respect of HSS exported to Australia from China should be constructed under s.269TAC(2)(c) of the Act;
- the Government of China (GOC) has significantly influenced the Chinese iron and steel industry, and this influence is likely to have materially distorted competitive conditions and affected supply in that industry;

As a result of those findings, the Commission considered that the conditions of Regulation 180(2) had not been fulfilled, as the records of Chinese exporters did not reasonably reflect competitive market costs associated with the production or manufacture of like goods. Accordingly, it sought to replace the costs of HRC for Dalian Steelforce, as recorded, with a competitive market cost for these inputs, when constructing normal values.

The Commission ultimately determined a black HRC benchmark to be the weighted average of verified domestic black HRC costs incurred by verified selected cooperating HSS exporters cooperating with the investigation into HSS from Korea, Malaysia and Taiwan, at comparable terms of trade and conditions of purchase to those observed in China. This has been referred to as a 'basket' benchmark approach.

The following relevant adjustments were made to this benchmark:

- the increased purchase price of pre-galvanised HRC over black HRC, with reference to the quarterly average purchase price difference between the SBB China domestic Shanghai HRC price and the China domestic Shanghai pre-galvanised HRC price, and
- differences in delivery terms observed in China (ex-works, delivered).

Grounds for review of ascertained normal values

In the previously completed duty assessment covering the importation period 3 July 2012 to 2 January 2013, the Commission used published SBB steel pricing data to index the movement in HRC prices for the purposes of establishing actual contemporary normal values. The Commission considered that East Asia Import prices (denominated

in US dollars and CFR delivery terms) were reasonable for this purpose.

Steelforce has followed this same methodology and used the same data source and series to estimate the normal value for HSS exports over the 12 month period ending December 2014. The only minor difference being that Steelforce has used the East Asia import prices denominated in Chinese Renminbi for the purposes of indexing. East Asia HRC Import prices published by SBB and HRC benchmark calculations are contained in **Confidential Attachment 1**.

Based on this approach, Steelforce has calculated a weighted average normal value for HSS exported to Australia during 2014 of A\$ [REDACTED] per tonne. Please note that whilst the current dumping duty notice references separate and differentiated measures according to finish (pre-galvanised, painted and other), Steelforce has calculated a single product weighted average normal value in line with the Commission's current policy and practice.

Steelforce therefore considers that the information submitted provides reasonable grounds for asserting that the normal value has changed.

ASCERTAINED EXPORT PRICE

Basis for current ascertained export prices

In the original investigation (REP 177), the Commission found that export sales by Dalian Steelforce were at arms-length and export prices were accordingly determined under s.269TAB(1)(c), using invoiced prices less any post-exportation expenses.

Following the original investigation, the ascertained export prices currently applicable to Dalian Steelforce are:

- Painted HSS = A\$ [REDACTED] /tonne, and
- Pre-galvanised HSS = A\$ [REDACTED] /tonne

Grounds for review of ascertained export prices

At **Confidential Attachment 2** to this application, please find a complete transactional listing of HSS exports by Dalian Steelforce during 2014. The information shows that FOB export prices ranged from A\$ [REDACTED] per tonne to A\$ [REDACTED] per tonne during 2014.

Using the declared FOB invoice prices paid by Steelforce Trading to Dalian Steelforce, a single weighted average export price of A\$ [REDACTED] per tonne has been calculated for 2014. Supporting documentation for selected export transactions are contained in **Confidential Attachment 3**.

Steelforce therefore considers that the information submitted provides reasonable grounds for asserting that the export price has changed.

Basis for current amount of countervailable subsidy

In its original investigation (REP 177), the Commission found that Dalian Steelforce received countervailable subsidies under Program 20 – 'Hot rolled steel provided by

government at less than fair market value'. In determining whether the provision of hot rolled steel constituted a financial contribution, the Commission found that Chinese state-invested enterprises that produce HRC are public bodies. The Commission also found that where the provision of HRC by these steel producing enterprises was less than adequate remuneration, a benefit was conferred to the producer of HSS.

As outlined earlier in this application, in determining an appropriate benchmark that reflects prevailing market conditions for like goods in China, the Commission relied on a weighted average of verified HRC prices from cooperating exporters and producers of HSS in Korea, Malaysia and Taiwan.

Subsequent adjustments were made to these prices to calculate a benchmark for pre-galvanised HRC, using SBB Shanghai data to estimate the purchase price differential for galvanising.

The subsidy margin determined for Dalian Steelforce during the original investigation period was [REDACTED] %.

Grounds for review of the amount of countervailable subsidy.

Steelforce continues to contend that a countervailable subsidy in the form of HRS purchased at less than adequate remuneration does not exist and as such, Dalian Steelforce does not receive benefits under this program.

Notwithstanding the above, Steelforce has included a full transactional listing of its HRC purchases during 2014 (**Confidential Attachment 4**), with sufficient detail to properly calculate a benefit amount. Using the prevailing monthly benchmark HRC prices, Steelforce has calculated the amount of benefit received across the 2014 review period by comparing to actual delivered HRC purchases by Dalian Steelforce.

The calculations show that the amount of subsidisation over the review period is estimated to be approximately [REDACTED] %.

Accordingly, Steelforce considers that a [REDACTED] % benefit was received by Dalian Steelforce in the form of hot rolled steel being provided at less than adequate remuneration. Steelforce therefore considers that the information submitted provides reasonable grounds for asserting that the amount of countervailable subsidy received in respect of the goods has changed.