



Australian Government
Anti-Dumping Commission

Application for the publication of
dumping and/or
countervailing duty notices
Hollow Structural Sections
exported from
Thailand
June 2014

ANTI-DUMPING COMMISSION
Form B108
August 2013

APPLICATION UNDER SECTION 269TB OF THE *CUSTOMS ACT 1901* FOR THE PUBLICATION OF DUMPING AND/OR COUNTERVAILING DUTY NOTICES

DECLARATION

I request, in accordance with Section 269TB of the Customs Act 1901, that the Minister publishes in respect of goods the subject of this application:

- a dumping duty notice, or
- a countervailing duty notice, or
- a dumping and a countervailing duty notice

This application is made on behalf of the Australian industry producing like goods to the imported goods the subject of this application. The application is supported by Australian producers whose collective output comprises:

- 25% or more of the total Australian production of the like goods; and
- more than 50% of the total production of like goods by those Australian producers that have expressed either support for, or opposition to, this application.

I believe that the information contained in this application:

- provides reasonable grounds for the publication of the notice(s) requested; and
- is complete and correct.

Signature:



Name: Matt Condon
Position: Manager, Trade Development
Company: OneSteel Manufacturing Pty Ltd
ABN: 42 004 651 325
Date: 5 June 2014

IMPORTANT INFORMATION

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 following guidelines for additional information on completing this application:

- *Instructions and Guidelines for applicants: Application for the publication of dumping and or countervailing duty notices*
- *Instructions and Guidelines for applicants: Examination of a formally lodged application*

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

Fax: 1300 882 506

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.

Important information

To initiate an investigation into dumping and/or subsidisation, the Commission must comply with Australia's international obligations and statutory standards. This form provides an applicant industry with a framework to present its case and will be used by the Commission to establish whether there are reasonable grounds to initiate an investigation. To assist consideration of the application it is therefore important that:

- all relevant questions (particularly in Parts A and B) are answered; and
- information that is reasonably available be supplied.

The Commission does not require conclusive evidence to initiate an investigation, but any claims made should be reasonably based. An application will be improved by including supporting evidence and where the sources of evidence are identified. Simple assertion is inadequate to substantiate an application.

To facilitate compilation and analysis, the application form is structured in 3 parts:

1. **Part A** seeks information about the Australian industry. This data is used to assess claims of material injury due to dumping/subsidisation. Where an Australian industry comprises more than one company, each should separately prepare a response to Part A to protect commercial confidentiality.
2. **Part B** relates to evidence of dumping.
3. **Part C** is for supplementary information that may not be appropriate to all applications. However some questions in Part C may be essential for an application, for example, if action is sought against subsidisation.

All questions in Parts A and B must be answered, even if the answer is 'Not applicable' or 'None'. Where appropriate, applicants should provide a short explanation about why the requested data is not applicable. This will avoid the need for follow up questions by the Commission.

The application form requests data over several periods ($P^1, P^2 \dots P^n$) to evaluate industry trends and to correlate injury with dumped imports. The labels $P^1 \dots P^n$ are used for convenience in this application form. Lodged applications should identify the period relevant to the data. This form does not specify a minimum period for data provision. However, sufficient data must be provided to substantiate the claims made. If yearly data is provided, this would typically comprise a period of at least four years (for example the current financial year in addition to three prior years). Where information is supplied for a shorter period, applicants may consider the use of quarterly data. Data must also be sufficiently recent to demonstrate that the claims made are current.

When an investigation is initiated, the Commission will verify the claims made in the application. A verification visit to the Australian industry usually takes several days.

Applicant companies should be prepared to substantiate all Australian industry financial and commercial information submitted in the application. Any worksheets used in preparing the application should therefore be retained to facilitate verification.

During the verification visit, the Commission will examine company records and obtain copies of documents relating to the manufacture and sale of the goods.

| | |
|-------------------------------------|--|
| Appendices | Some questions require attachments to be provided. The attachment numbering sequence should refer to the question answered. For example, question A2.2 requests a copy of an organisation chart. To facilitate reference, the chart should be labelled <u>Attachment A2.2</u> . If a second organisation chart is provided in response to the same question, it should be labelled <u>Attachment A2.2.2</u> (the first would be labelled <u>Attachment A2.2.1</u>). |
| Provision of data | Industry financial data must, wherever possible, be submitted in an electronic format. <ul style="list-style-type: none">• The data should be submitted on a media format compatible with Microsoft Windows.• Microsoft Excel, or an Excel compatible format, is required.• If the data cannot be presented electronically please contact the Commission's client support section for advice. |
| Lodgement of the application | This application, together with the supporting evidence, should be lodged with: <p style="margin-left: 40px;">The National Manager - Operations Anti-Dumping Commission Customs House 1010 Latrobe St Docklands VIC 3008</p> <p style="margin-left: 40px;">or</p> <p style="margin-left: 40px;">Sent by facsimile to 1300 882 506</p> |
| 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 <u>must</u> 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 conduct of a dumping and/or subsidy investigation, 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. |

PART A

INJURY

TO AN AUSTRALIAN INDUSTRY

IMPORTANT

All questions in Part A should be answered even if the answer is 'Not applicable' or 'None'. If an Australian industry comprises more than one company/entity, each should separately complete Part A.

For advice about completing this part please contact the Commission's client support section on:

Phone: 1300 884 159
Fax: 1300 882 506
Email: clientsupport@adcommission.gov.au

A-1 Identity and communication.

Please nominate a person in your company for contact about the application:

Contact Name: Mr Matt Condon
 Company and position: Manager Trade Development, OneSteel Manufacturing Pty Ltd
 Address: Level 6, 205 Pacific Highway, St Leonards, NSW 2065
 Telephone: (02) 8424 9880
 Facsimile: (02) 8424 9885
 E-mail address: matt.condon@OneSteel.com
 ABN: 42 004 651 325

Alternative contact

Name: Mr Arun Syam
 Position in the company: Tubular Development Manager
 Address: Level 6, 205 Pacific Highway, St Leonards, NSW 2065
 Telephone: (02) 8425 9834
 Facsimile: (02) 8424 9885
 E-mail address: arun.syam@austubemills.com

If you have appointed a representative to assist with your application, provide the following details and complete Appendix A8 (Representation).

Name: Mr John O'Connor
 Representative's business name: John O'Connor & Associates Pty Ltd
 Address: P.O. Box 329, Coorparoo Qld 4151
 Telephone: (07) 3342 1921
 Facsimile: (07) 3342 1931
 E-mail address: jmoconnor@optusnet.com.au
 ABN: 39 098 650 241

A-2 Company information.

- 1. State the legal name of your business and its type (eg. company, partnership, sole trader, joint venture). Please provide details of any other business names you use to manufacture/produce/sell the goods that are the subject of your application.**

This application is made in respect of Hollow Structural Sections ("HSS") also known as pipe and tube exported from Thailand. The name of the applicant company requesting the imposition of anti-dumping measures is:

Austube Mills Pty Ltd (ABN 21 123 666 679)

Austube Mills Pty Ltd (Hereafter referred to as ("ATM")) is a wholly owned subsidiary of Arrium Limited (formerly OneSteel Limited).

- 2. Provide your company's internal organisation chart. Describe the functions performed by each group within the organisation.**

An internal organisation chart for ATM is enclosed at Confidential Attachment A-2.2.

- 3. List the major shareholders of your company. Provide the shareholding percentages for joint owners and/or major shareholders.**

Arrium Limited is a publicly listed company.

Major shareholders within the Arrium Limited Group of companies are disclosed in the company's annual report.

4. If your company is a subsidiary of another company list the major shareholders of that company.

As indicated, ATM is a wholly-owned subsidiary of Arrium Limited, which is a publicly listed company on the Australian Stock Exchange.

5. If your parent company is a subsidiary of another company, list the major shareholders of that company.

Arrium Limited is not a subsidiary of any other company.

6. Provide an outline diagram showing major associated or affiliated companies and your company's place within that structure (include the ABNs of each company).

A diagram identifying associated companies to ATM is included at Confidential Attachment A-2.6.

7. Are any management fees/corporate allocations charged to your company by your parent or related company?

Corporate allocations are made to ATM by Arrium Limited in the form of corporate charges (for shared services, etc). The allocations have been included in ATM Confidential Appendix A6.1 and Appendix A6.2 data.

8. Identify and provide details of any relationship you have with an exporter to Australia or Australian importer of the goods.

ATM is not related to any Thai exporter of the goods the subject of this application.

9. Provide a copy of all annual reports applicable to the data supplied in Appendix A3 (Sales Turnover). Any relevant brochures or pamphlets on your business activities should also be supplied.

Arrium Limited's annual report for 2013 is included at Non-Confidential Attachment A-2.9. Copies of earlier annual reports are available from the company's website at www.austubemills.com.

10. Provide details of any relevant industry association.

Arrium is a member of the Australian Industry Group ("AiGroup"), the Australian Steel Institute, the Bureau of Steel Manufacturers of Australia ("BOSMA") and the South East Asian Iron & Steel Institute ("SEAISI").

A-3 The imported and locally produced goods.

1. Fully describe the imported product(s) the subject of your application:

- Include physical, technical or other properties.
- Where the application covers a range of products, list this information for each make and model in the range.
- Supply technical documentation where appropriate.

The goods the subject of this application (the goods) are:

Certain electric resistance welded pipe and tube made of steel, comprising circular and non-circular hollow sections in galvanised and non-galvanised finishes, whether or not including alloys. 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 pre-galvanised, hot-dipped galvanised (HDG), and non-galvanised HSS.

Sizes of the goods are, for circular products, those exceeding 21 mm up to and including 165.1 mm in outside diameter and, for oval, square and rectangular products those with a perimeter up to and including 950.0 mm. CHS with other than plain ends (such as threaded, swaged and shouldered) are also included within the goods coverage.

The following categories of HSS are excluded from the application:

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

The goods covered by this application include all electric resistance welded pipe and tube made of steel meeting the above description of the goods (and exclusions), regardless of whether or not the pipe or tube meets a specific structural standard or is used in structural applications.

2. What is the tariff classification and statistical code of the imported goods.

The goods are classified under the following tariff classifications and statistical codes:

- 7306.30.00 (statistical codes 31, 32, 33, 34, 35, 36 and 37);
- 7306.50.00 (statistical code 45);
- 7306.61.00 (statistical codes 21, 22, 25 and 90); and
- 7306.69.00 (statistical code 10).

The goods exported to Australia from Thailand are duty free. Please refer to Non-Confidential Attachment A-3.1 for the Customs Tariff extract.

3. Fully describe your product(s) that are 'like' to the imported product:

- Include physical, technical or other properties.
- Where the application covers a range of products, list this information for each make and model in the range.
- Supply technical documentation where appropriate.
- Indicate which of your product types or models are comparable to each of the imported product types or models. If appropriate, the comparison can be done in a table.

HSS is manufactured in Australia by Austube Mills Pty Ltd ("ATM"), Orrcon Operations Pty Ltd ("Orrcon"), and Independent Tube Mills Pty Ltd ("ITM"). The local companies manufacture equivalent

goods to the imported HSS.

ATM manufactures HSS in painted and black finishes. ATM also manufactures and supplies locally manufactured HDG HSS - black HSS that is out-sourced for galvanizing by independent galvanizers. Orrcon manufactures HSS with painted, black, pregalvanised and electrogalvanised finishes. Orrcon does not manufacture HSS in hot-dipped galvanised finish.

It is understood that Independent Tube Mills manufactures black, painted and pre galvanised HSS.

ATM manufactures its range of HSS at its manufacturing sites at Acacia Ridge, Queensland, at Newcastle, NSW and Somerton in Victoria.

Customs and Border Protection has previously determined (in Trade Measures Reports No. 116, 144, 144A, 153, 177 and 177A) that the Australian industry manufactures 'like goods' to the imported goods the subject of this application. The Australian industry continues to manufacture 'like goods' to imported HSS from Thailand.

Copies of ATM product guides and brochures are included at Non-Confidential Attachment A-3.3.1.

4. Describe the ways in which the essential characteristics of the imported goods are alike to the goods produced by the Australian industry.

In Trade Measures Report No. 177 Customs and Border Protection considered whether the imported goods possessed the essential characteristics of goods manufactured by the Australian industry.

Customs and Border Protection determined that the Australian industry produces like goods to the imported HSS on the following grounds:

i. Physical likeness:

Australian industry manufactures a wide variety of HSS, available in multiple shapes or profiles and in various finishes.

ii. Commercial likeness:

Australian industry HSS competes directly with imported goods in the Australian market

iii Functional likeness

Both imported and Australian produced HSS have comparable or identical end-uses.

iv Production likeness

The Australian industry HSS is manufactured in a similar manner to the imported goods.

On the basis of the foregoing it can be concluded that the Australian industry's HSS, while not identical, have characteristics closely resembling the imported goods.

As at the date of this application, ATM considers that locally produced HSS continues to have characteristics that closely resemble the imported goods.

5. What is the Australian and New Zealand Standard Industrial Classification Code (ANZSIC) applicable to your product.

The ANZSIC code applicable to HSS is category 2713 for steel pipe and tube manufacturing.

6. Provide a summary and a diagram of your production process.

The HSS manufacturing process may be summarized as follows:

- Raw material feed hot rolled coil (HRC) (including pre-galvanized HRC) is purchased from suppliers;
- The HRC is loaded into a slitter and uncoiled then slit to various widths, edges trimmed, then re-rolled into smaller slit coils ready for use in the pipe and tube mills;
- The coil is then loaded into an accumulator where it is unrolled and fed into a mill for formation into pipe and tube (as the loaded coil ends, the following coil is butt welded to the preceding coil, and the accumulator allows a continuous flow of coil into the production process);
- The slit coil is then formed through a series of rolls into a circular pipe. The pipe is welded along the seam, using an electric resistance welding process, into a continuous hollow round tubular shape.
- The round tubular HSS is then further formed through rolls into square, rectangular and other shapes/cross sections as required (or left circular);
- The product is surface finished by applying various protective coatings such as paint, varnish, oil or welded from a pre galvanized feed strip.
- The HSS is date and time stamped, cut to length, bundled and placed in racks ready for storage or despatch to customers;
- The ends of the bundled HSS are painted with a colour coded to identify its gauge (wall thickness).

For HDG HSS, ATM manufactures black HSS which is subsequently galvanised by a third party prior to being sold by ATM.

Please refer to ATM Confidential Attachment A-3.6 for a HSS production process schematic.

7. If your product is manufactured from both Australian and imported inputs:

- describe the use of the imported inputs; and
- identify that at least one substantial process of manufacture occurs in Australia (for example by reference to the value added, complexity of process, or investment in capital).

purchases the majority of its raw material hot rolled coil from [REDACTED]

[REDACTED] ATM has also purchased [REDACTED] HRC, however, it predominantly sources HRC [REDACTED]

8. If your product is a processed agricultural good, you may need to complete Part C.3 (close processed agricultural goods).

HSS is not a close processed agricultural product.

9. Supply a list of the names and contact details of all other Australian producers of the product.

As indicated above, Orrcon Limited and Independent Tube Mills Pty are also local manufacturers of HSS. Contact details are as follows:

1. Orrcon Limited
121 Evans Road
Salisbury Queensland 4107

Tel: (07) 3274 0668
2. Independent Tube Mills Pty Ltd
2-4 Independent Way
Ravenhall Victoria 3023

Tel: (03) 8361 8366

A-4 The Australian market.

1. Describe the end uses of both your product and the imported goods.

The Australian market for HSS is supplied from local production (i.e. ATM, Orrcon and Independent Tube Mills) and imports (including from Thailand, China, Korea, Malaysia, Taiwan). In Trade Measures Report No. 177, Customs and Border Protection estimated the size of the Australian market for HSS at approximately 500,000 tonnes. The goods are generally sold to distributors and end-users.

Locally produced and imported HSS is used in a variety of applications across a range of sectors of the Australian economy including (but not exclusive to):

- automotive;
- engineering construction;
- manufacturing;
- mining, oil and gas;
- residential and non-residential construction;
- temporary fencing;
- transport;
- furniture and play equipment; and
- rural applications.

End-use applications for which HSS may be used include (but not exclusive to):

- scaffolding and fencing (fixed and temporary);
- trailer frames (boat and box);
- mining equipment;
- sign posts;
- playground equipment and shade provision in parks and public spaces;
- architectural finishes in large open span structures (airports, shopping centres, etc);
- major structural engineering applications;
- gates – domestic, industrial, commercial and rural;
- vehicle chassis (bus, truck, etc);
- light manufactured goods;
- gantries that support railway electrification cables;
- domestic, rural, commercial and industrial structures;
- sporting stadiums;
- light fabrication and maintenance work;
- truss systems for roofing within variable structure types;
- agricultural equipment such as spray systems, hay feeders, cattle crushers, cattle yards, etc.

2. Generally describe the Australian market for the Australian and imported product and the conditions of competition within the overall market. Your description could include information about:

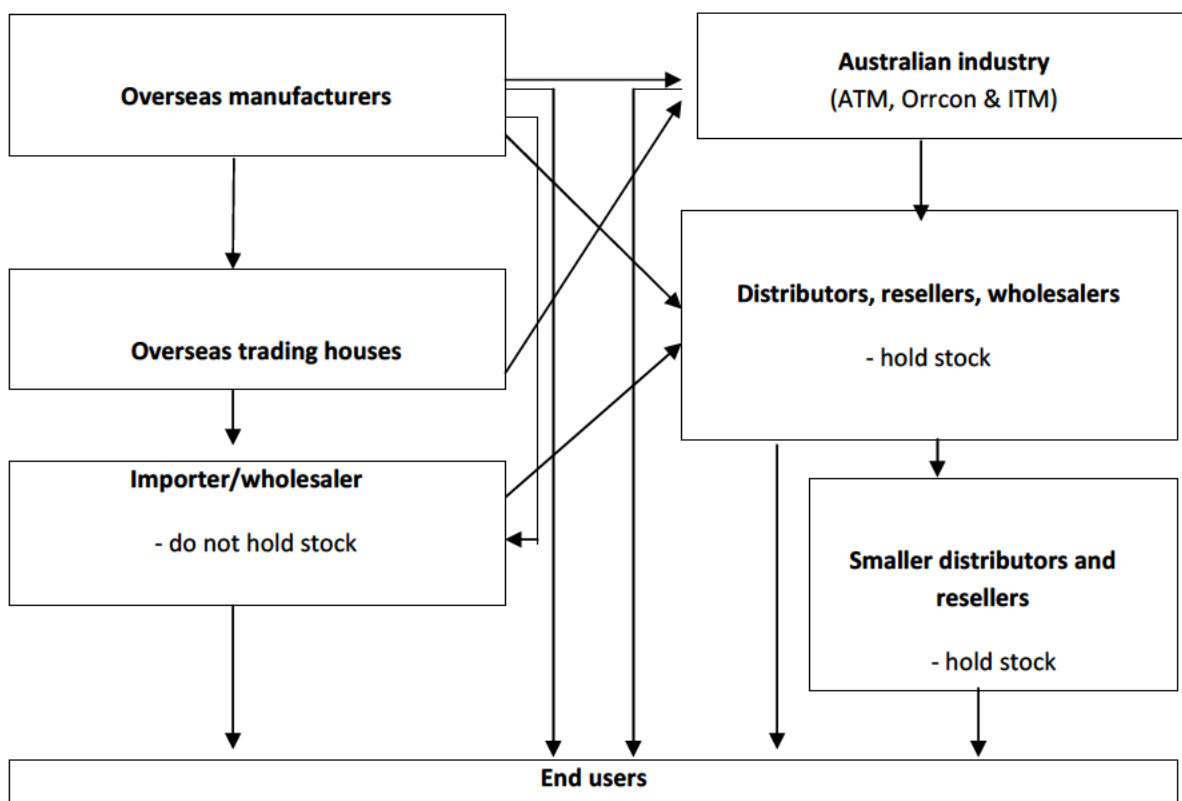
- **sources of product demand;**
- **marketing and distribution arrangements;**
- **typical customers/users/consumers of the product;**
- **the presence of market segmentation, such as geographic or product segmentation;**
- **causes of demand variability, such as seasonal fluctuations, factors contributing to overall market growth or decline, government regulation, and developments in technology affecting either demand or production;**
- **the way in which the imported and Australian product compete; and**
- **any other factors influencing the market.**

Sources of product demand

Demand for HSS is from a range of sectors of the Australian economy (see Section A-4.1 above).

Marketing and distribution

The Australian HSS market comprises local manufacturers, overseas suppliers, importers, wholesalers, distributors, resellers, and end-users. The following Table depicts the supply arrangements on the Australian market:



The above diagram is that which is included in Trade Measures Report No. 116 at P. 16.

Typical customers/users/consumers/of pipe & tube

Typical end-users of HSS are reflected in the various end-use segments identified in Section A-4.1 above.

The presence of market segmentation, such as geographic or product segmentation

The goods under consideration are supplied to a range of market sectors as identified in Section A-4.1 above.

In terms of geographic segmentation the applicants sell and distribute across Australia. Similarly, imported HSS is sold and distributed across Australia.

The Australian market for HSS is diverse (as indicated by the broad range of market sectors to which the goods are supplied). Expansion of the total market over recent years, along with an increase in the number of market participants indicates that product availability and pricing in the HSS market is generally transparent, irrespective of market segment.

Causes of demand variability

Recent growth in the mining industry has been a catalyst for increased demand of HSS in Australia in recent years. Similarly, growth in the pool and temporary fencing market were also identified as reasons for an increase in the overall size of the Australian market.

Alongside the identified reasons attributed to growth in the Australian market, there are factors which may be regarded as 'seasonal' which impact the market. These include:

- The construction cycle. There is widespread opinion in the industry that the months of December and January each year effectively aggregate to one normal month of sales given that the traditional construction industry holiday period falls at this time;
- A take up of sales to the rural sector in May and June each year. This is believed to be driven by the desire of the farming community to resolve any outstanding "repairs and maintenance" issues prior to the end of the financial year.

The way in which the imported and Australian product compete

HSS is used in various end-use applications. Typical applications include vehicles, bridges, OEM equipment manufacture, buildings (residential, commercial, industrial), public works, etc. Alternate applications may include handyman work, some repair work where owner takes risk of structural integrity of the repair, some fencing, etc.

In terms of competition between imported and domestic product, it is the responsibility of the manufacturer to assure the purchaser (i.e. distributor, reseller, end-user) that the product meets the standard that was specified at time of order. Domestic manufacturers therefore supply product to the relevant Australian standard and where required, have quality assurance systems in place to warrant that the product can be traced to appropriately specified, and assured, feedstock.

Some sources of imported HSS products cannot demonstrate the same level of traceability to appropriate standards of feedstock and counter this with lower sell prices to distributors and resellers. Distributors and resellers in turn use the purchase price of this imported HSS product to motivate the domestic producers to sell at a lower cost. In addition, some of these imported products are sold into the end-use market place and the domestic manufacturers are forced to either reduce selling price to maintain market volumes via other distribution channels or forego the volume as the target selling price marginalises the overall business attractiveness.

Any other factors influencing the market

Australian producers of HSS products have genuinely been acknowledged as highly innovative and highly competitive. This is evidenced by the introduction of an in-line painted product and the introduction of dual-graded pipe and tube which allows distributors to stock *one* product which meets the requirements of 350 and 450 grade steel. Genuine competitive forces amongst the domestic manufacturers has prompted a continuous cycle of innovation and cost-competitiveness to maintain and/or grow market share.

The growth in imported market share has predominantly been driven by price – a price that the Australian industry considers in the majority of instances to be below that of the price sold in the country of origin and/or below the cost of raw materials plus value-add margin in the country of origin.

The manufacture of HSS products is a comparatively simple process in terms of economics:

- All manufacturers (domestic and international) must use appropriate feedstock (hot rolled coil) which is effectively a world traded commodity (i.e. prices are set internationally);
- The feedstock must be slit into appropriate widths to align with the target finished product;
- If the target finished product is to be "pre-gal" then the coil must be galvanised prior to manufacture into HSS. The "widths" of coil (referred to as "mults" – multiples of the wider master coil) are then cold-formed into the finished product and then painted or lightly oiled, left bare, or off-line galvanised.

On the basis of this cost structure and sell price (as validated elsewhere in this submission) the applicant contends that the imported product forces Australian industry to either:

- Compete directly at a price point for many HSS products in many markets that results in significant reduction of margins to (a) unacceptable ROI levels, or (b) sell prices less than fully-absorbed cost-to-make-and-sell. Either outcome will eventually and inevitably require cessation of supply to the target market if sound commercial principles are applied; or
- Choose not to pursue the low margin HSS business and forego volume as a consequence. The resultant lower volume across Australian manufacturers' fixed cost base results in an increase in the unit costs of remaining production— thereby impacting ongoing viability of the business.

3. Identify if there are any commercially significant market substitutes for the Australian and imported product.

There are very few products available that can be described as “fit-for-purpose” substitutes for HSS products. HSS tends to compete with other general metallic and timber construction materials, however, any substitution appears to be marginal.

4. Complete appendix A1 (Australian production). This data is used to support your declaration at the beginning of this application.

ATM has completed Confidential Appendix A1 for the goods the subject of this application.

5. Complete appendix A2 (Australian market).

ATM has completed Confidential Appendix A2 – Australian market for HSS.

ATM has estimated sales volumes for Orrcon based upon comments contained in Trade Measures Report No. 177 that indicated ATM and Orrcon's share of locally produced sales exceeded 98 per cent. Independent Tube Mills are understood to account for the balance.

All import data calculations are based upon [REDACTED] export statistics, to which ATM is a subscriber. All ABS import data for HSS by country is the subject of suppression orders.

6. Use the data from appendix A2 (Australian market) to complete this table:

*Indexed table of sales quantities**

| Period | (a) Your Sales | (b) Other Aust ⁿ Sales | (c) Total Aust ⁿ Sales (a+b) | (d) Dumped Imports | (e) Other Imports | (f) Total Imports (d+e) | (g) Total Market (c+f) |
|---------|----------------------|--|---|--------------------------|-------------------------|----------------------------------|---------------------------------|
| 2010/11 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| 2011/12 | 92.82 | 100 | 94.75 | 39.44 | 91.64 | 80.79 | 88.79 |
| 2012/13 | 85.85 | 103.88 | 90.71 | 86.24 | 100.37 | 97.43 | 93.58 |
| 2013/14 | 81.95 | 90.92 | 84.36 | 64.45 | 95.93 | 89.39 | 86.51 |

Notes:

1. Years are 1 April to 31 March.
2. 2013/14 year includes 12 months data for most exporting countries. Taiwan's March 2014 exports to Australia, for example, are not included as not available at time of lodgement. All export data sourced from [REDACTED] and [REDACTED] website.
3. “Other Australian Sales” includes estimated sales for Orrcon and Independent Tube Mills.
4. Dumped imports includes Thailand HSS exports (sourced from [REDACTED] – [REDACTED]).
5. Other imports also includes countries to which anti-dumping measures apply – i.e. China, Korea, Malaysia and Taiwan, along with other originating exporting countries.
6. ATM's sales of imports removed from “other imports” and shown separately.
7. Import data is primarily sourced from [REDACTED] export statistics as ABS import data by country is suppressed.

In the 2013/14 year, the Australian industry's sales of HSS have been impacted by the dumping of HSS exported from Thailand. In 2012/13 there was an increase of HSS exports from Thailand to Australia that resulted in lost sales volumes to the Australian industry (of which ATM is the largest local producer). Whilst the volume of dumped exports has declined in 2013/14, the impact of the Thai exports is pervasive – impacting selling prices across the Australian industry through price suppression, impacting profit and profitability.

It is noted that imports from Korea and other source countries increased during 2012/3 – not by the same surge applicable to exports from Thailand. It is understood by ATM that the Korean imports are at a higher A\$FOB values than Thai exports to Australia are understood to include products that are outside the range of the goods description. Imports from other source countries are not as individually significant in terms of volumes as those from Thailand (and Korea, for example, which are the subject of measures).

A-5 Applicant's sales.

1. Complete appendix A3 (sales turnover).

ATM has completed Confidential Appendix A3 for all sales of HSS. Please refer to Confidential Appendix A3.

2. Use the data from appendix A3 (sales turnover) to complete these tables.

*Indexed table of Applicant's sales quantities**

| Quantity | 2010/11 | 2011/12 | 2012/13 | 2013/14 |
|---------------------|---------|---------|---------|---------|
| All products | | | | |
| Australian market | 100 | 92.98 | 85.88 | 76.11 |
| Export market | 100 | 96.41 | 80.39 | 111.10 |
| Total | 100 | 93.21 | 85.52 | 78.49 |
| Like goods | | | | |
| Australian market | 100 | 95.43 | 83.86 | 74.16 |
| Export market | 100 | 97.59 | 76.47 | 106.62 |
| Total | 100 | 95.58 | 83.36 | 76.36 |

Notes:

1. Years ending March.
2. 2013/14 year is from 1 April 2013 to 31 March 2014.

ATM has experienced a reduction in sales volumes of HSS during 2013/14, with successive declines in sales of local production evident from 2010/11. It is noted that ATM has increased its exports of HSS in 2013/14 in order to maintain production rates at reasonable levels during the period.

*Indexed table of Applicant's sales values**

| Values | 2010/11 | 2011/12 | 2012/13 | 2013/14 |
|---------------------|---------|---------|---------|---------|
| All products | | | | |
| Australian market | 100 | 90.63 | 80.79 | 71.03 |
| Export market | 100 | 97.84 | 76.61 | 101.01 |
| Total | 100 | 91.11 | 80.51 | 73.01 |
| Like goods | | | | |
| Australian market | 100 | 95.01 | 80.74 | 69.68 |
| Export market | 100 | 96.90 | 74.59 | 100.32 |
| Total | 100 | 95.14 | 80.31 | 71.79 |

Notes:

1. Years ending March
2. 2013/14 year is from 1 April 2013 to 31 March 2014.

Consistent with a decline in sales volumes, ATM's revenues for domestic sales of HSS has also declined in 2013/14.

3. **Complete appendix A5 (sales of other production) if you have made any:**
 - **internal transfers; or**
 - **domestic sales of like goods that you have not produced, for example if you have imported the product or on-sold purchases from another Australian manufacturer.**

Confidential Appendix A5 has been completed by ATM highlighting sales to related parties and sales of imported volumes.

4. **Complete appendix A4 (domestic sales).**

ATM has completed Confidential Appendix A4 for the twelve months to 31 March 2014. Please refer to confidential sales data provided on USB memory stick for ATM.

5. **If any of the customers listed at appendix A4 (domestic sales) are associated with your business, provide details of the association. Describe the price effect of the association.**

ATM makes sales of HSS through its related distribution businesses – OneSteel Metalcentre and Midalia Steel. These sales are readily identifiable in Confidential Appendix A4.

6. **Attach a copy of distributor or agency agreements/contracts.**

ATM has distributor agreements with [REDACTED] A copy of the [REDACTED] distributor agreement is enclosed at Confidential Attachment A-5.6.

7. **Provide copies of any price lists.**

ATM has included current price lists for distributors dated October and November 2013. These are included at Confidential Attachment A-5.7.

8. **If any price reductions (for example commissions, discounts, rebates, allowances and credit notes) have been made on your Australian sales of like goods provide a description and explain the terms and conditions that must be met by the customer to qualify.**
 - **Where the reduction is not identified on the sales invoice, explain how you calculated the amounts shown in appendix A4 (domestic sales).**
 - **If you have issued credit notes (directly or indirectly) provide details if the credited amount has not been reported appendix A4 (domestic sales) as a discount or rebate.**

Rebates and discounts are included in sales included in Confidential Appendix A4 for ATM.

9. **Select two domestic sales in each quarter of the data supplied in appendix A4 (domestic sales). Provide a complete set of commercial documentation for these sales. Include, for example, purchase order, order acceptance, commercial invoice, discounts or rebates applicable, credit/debit notes, long or short term contract of sale, inland freight contract, and bank documentation showing proof of payment.**

ATM has included two complete sets of commercial documentation for two customers in each of the four quarters to 31 December 2013. Please refer to Confidential Attachment A-5.9 for ATM commercial documentation.

A-6 General accounting/administration information.**1. Specify your accounting period.**

ATM's financial year is 1 July to 30 June.

2. Provide details of the address(es) where your financial records are held.

The financial records for ATM are located at the premises nominated at Section A-1 above.

3. To the extent relevant to the application, please provide the following financial documents for the two most recently completed financial years plus any subsequent statements:

- **chart of accounts;**
- **audited consolidated and unconsolidated financial statements (including all footnotes and the auditor's opinion);**
- **internal financial statements, income statements (profit and loss reports), or management accounts, that are prepared and maintained in the normal course of business for the goods.**

These documents should relate to:

1. **the division or section/s of your business responsible for the production and sale of the goods covered by the application, and**
2. **the company overall.**

The Chart of Accounts for ATM have been included electronically with this application.

The Annual Report for Arrium's 2013 year is included at Non-Confidential Attachment A-2.9.

Internal management reports for ATM have been included at Confidential Attachment A-6.3.

4. If your accounts are not audited, provide the unaudited financial statements for the two most recently completed financial years, together with your taxation returns. Any subsequent monthly, quarterly or half yearly statements should also be provided.

The accounts of Arrium Limited (the parent company of ATM) are audited annually. This question is therefore not applicable.

5. If your accounting practices, or aspects of your practices, differ from Australian generally accepted accounting principles, provide details.

The accounting practices of ATM are maintained in accordance with Australia's generally accepted accounting practices.

6. Describe your accounting methodology, where applicable, for:

- **The recognition/timing of income, and the impact of discounts, rebates, sales returns warranty claims and intercompany transfers;**

Income from the sale of goods is recognized when the consolidated entity has passed control of the goods to the buyer.

- **provisions for bad or doubtful debts;**

Trade debtors are reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised when some doubt as to collection exists.

- **the accounting treatment of general expenses and/or interest and the extent to which these are allocated to the cost of goods;**

Cost is comprised of materials, labour and an appropriate proportion of fixed and variable overheads, on an absorption cost basis.

- **costing methods (eg by tonnes, units, revenue, activity, direct costs etc) and allocation of costs shared with other goods or processes;**

Costing methodology is by production/sales tonnes.

- **the method of valuation for inventories of raw material, work-in-process, and finished goods (eg FIFO, weighted average cost);**

Raw materials, stores, work in progress and manufactured stocks are valued at the lower of cost and net realisable value. The methods used to assign costs to inventories are actual invoiced cost or standard costs.

- **valuation methods for scrap, by-products, or joint products;**

Lower of cost and net realisable value.

- **valuation methods for damaged or sub-standard goods generated at the various stages of production;**

Lower of cost and net realisable value.

- **valuation and revaluation of fixed assets;**

Subsequent to initial recognition, assets are valued at fair value. Revaluations are made with sufficient regularity to ensure carrying amounts do not differ dramatically from fair value.

- **average useful life for each class of production equipment, the depreciation method and depreciation rate used for each;**

Buildings 10-40 years
Plant and equipment 3-20 years
Equipment under finance lease 3-5 years

- **treatment of foreign exchange gains and losses arising from transactions and from the translation of balance sheet items; and**

Foreign exchange gains and losses are brought to account using the rate of exchange applicable at the date of the transaction.

- **restructuring costs, costs of plant closure, expenses for idle equipment and/or plant shut-downs.**

Provisions for restructuring represents best estimate of the costs directly and necessarily incurred for the restructuring and not associated with ongoing activities.

7. **If the accounting methods used by your company have changed over the period covered by your application please provide an explanation of the changes, the date of change, and the reasons.**

Accounting methods have not altered over the periods for which financial data has been prepared for this application, unless required to by the relevant accounting standard.

A-7 Cost information

1. **Complete appendices A6.1 and A6.2 (cost to make and sell) for domestic and export sales.**

ATM has completed Confidential Attachment A-6.1 and A-6.2 for domestic and export sales,

respectively.

All ATM indices data for Section A-8 below has been sourced from Confidential Appendix A6.1 and A6.2 schedules.

A-8 Injury

1. Estimate the date when the material injury from dumped imports commenced.

The dumped exports commenced to injure the Australian industry in 2012 following the imposition of anti-dumping measures on exports from China, Korea, Malaysia and Taiwan. In that investigation (Trade Measures Report No. 177 refers) exports from Thailand were found not to have been made at dumped prices.

ATM observed an increase in exports from Thailand following the imposition of measures on exports from China, Korea, Malaysia and Taiwan. Thai HSS exports to Australia have continued since that time and are regularly the lowest-priced exports available on the Australian market.

In support of the view that Thai HSS exports are at dumped prices, ATM highlights the Canadian finding published in December 2012 in respect of certain carbon welded pipe exported to Canada by Pacific Pipe Public Company, Ltd and Saha Thai Steel Pipe Company of Thailand. The Thai exports were confirmed at dumped prices (5.4 per cent and 3.8 per cent, respectively).

ATM submits that it has experienced material injury from dumped and injurious exports of HSS from Thailand from the date of imposition of measures by the Minister in inquiry No. 177 (i.e. from June 2012).

2. Using the data from appendix A6 (cost to make and sell), complete the following tables for each model and grade of your production.

Index of production variations (metric tonnes)

| Period | 2010/11 | 2011/12 | 2012/13 | 2013/14 |
|-------------|---------|---------|---------|---------|
| Index - HSS | 100 | 92.56 | 88.88 | 81.54 |

Note:

1. Production reflects ATM's production of HSS.
2. Years are 1 April to 31 March.

ATM's production of HSS in 2013/14 has declined to be at levels of approximately 18 per cent below 2010/11 production volumes. In 2011/12, ATM's production volumes declined as dumped imports from China, Korea, Malaysia and Taiwan increased market share on the Australian market.

ATM has increased its exports in 2013/14, thereby disguising the impact of the dumped Thai HSS exports on production levels.

Index of cost variations (A\$ per metric tonnes)

| Period | 2010/11 | 2011/12 | 2012/13 | 2013/14 |
|-------------|---------|---------|---------|---------|
| Index - HSS | 100 | 99.72 | 94.39 | 93.27 |

Note:

1. Cost variations based on unit CTM&S for each grade and total.
2. Years are 1 April to 31 March.

ATM's has sought to reduce its costs of production across the injury period depicted in the above Table in order to compete with imports of HSS. As ATM has reduced its cost-to-make-and-sell ("CTM&S") HSS in Australia, it has also encountered reduced selling prices – a consequence of competing against dumped Thai exports as it seeks to hold sales volume and market share.

Index of price variations (model, type, grade of goods)

| Period | 2010/11 | 2011/12 | 2012/13 | 2013/14 |
|-------------|---------|---------|---------|---------|
| Index - HSS | 100 | 99.56 | 96.28 | 93.96 |

Note:

1. Selling price variations based on unit selling prices by grade and total HSS.
2. Years are 1 April to 31 March.

The above price variation indices confirm that ATM has experienced price depression in 2013/14.

Index of profit variations (model, type, grade of goods)

| Period | 2010/11 | 2011/12 | 2012/13 | 2013/14 |
|-------------|---------|---------|---------|---------|
| Index - HSS | 100 | 98.46 | 127.78 | 114.83 |

Note:

1. Profit variations based upon unit CTM&S for all HSS;
2. Years are 1 April to 31 March..

ATM's profit improved marginally in 2012/13 (although, at loss levels) due to cost reduction programs undertaken by the company. In 2013/14, ATM has experienced a decline in profit as it has reduced selling prices to compete with imports from Thailand at dumped prices. ATM's selling prices in 2013/14 have fallen at a much faster rate than the CTM&S HSS.

Index of Profitability variations (model, type, grade of goods)

| Period | 2010/11 | 2011/12 | 2012/13 | 2013/14 |
|-------------|---------|---------|---------|---------|
| Index - HSS | 100 | 98.01 | 124.99 | 109.35 |

Note:

1. Profitability based upon unit profit over unit revenue.
2. Years are 1 April to 31 March.

ATM's profitability has deteriorated in 2013/14, consistent with its slide in profit and declining selling prices.

3. **Complete appendix A7 (other economic factors).**

ATM has identified certain economic factors as indicators that injury has been experienced in 2013 (please refer to Confidential Appendix A7 for data). Please note that the Appendix A7 data for HSS has been completed on a Financial Year basis for 2010 to 2012, with a calendar year prepared for 2013.

(i) Capital investment

| Period | 2010 | 2011 | 2012 | 2013 |
|---------------|------|-------|------|-------|
| Index - Total | 100 | 169.5 | 43.6 | 39.94 |

ATM's capital expenditure for HSS has been reduced further in 2013/14.

(ii) Research & development expenditure

| Period | 2010 | 2011 | 2012 | 2013 |
|---------------|------|-------|-------|------|
| Index - Total | 100 | 65.97 | 126.1 | n/a |

ATM has curbed its R&D expenditure in 2012/13 in an effort to reduce total costs associated with the production of HSS.

(iii) *Return on Investment*

| Period | 2010 | 2011 | 2012 | 2013 |
|---------------|------|--------|-------|--------|
| Index - Total | 100 | -38.22 | 55.68 | -48.84 |

ATM's ROI improved in 2012 as the company reduced its costs to compete with imports. However, in 2013 ATM's ROI again declined reflecting the erosion of its margin and falling domestic selling prices.

(iv) *Capacity Utilisation*

| Period | 2010 | 2011 | 2012 | 2013 |
|---------------|------|-------|------|------|
| Index - Total | 100 | 92.44 | 87.6 | 78.5 |

Consistent with a decline in sales volumes, ATM's production and capacity utilisation rates have also declined in 2013.

(v) *Employment levels*

| Period | 2010 | 2011 | 2012 | 2013 |
|---------------|------|--------|--------|------|
| Index - Total | 100 | 110.53 | 100.75 | 69.4 |

To achieve certain reductions in costs, ATM has reduced its workforce in the production and sale of HSS by 30 per cent in 2013.

A-9 Link between injury and dumped imports.

To establish grounds to initiate an investigation there must be evidence of a relationship between the injury and the alleged dumping. This section provides for an applicant to analyse the data provided in the application to establish this link. It is not necessary that injury be shown for each economic indicator.

1. Identify from the data at appendix A2 (Australian market) the influence of the volume of dumped imports on your quarterly sales volume and market share.

Following the imposition of measures on exports of HSS from China, Korea, Malaysia and Taiwan in June 2012, there existed an expectation that sales and selling prices by the Australian industry would recover from the suppressed levels confirmed in Trade Measures Report No. 177.

In 2012/13 (immediately following the imposition of measures) the Australian industry's sales volumes declined in terms of volume and market share. Meanwhile, imports of HSS from Thailand increased to levels above those of 2010/11 to approximately 42,000 tonnes. The rapid increase in Thai export volumes to Australia from 2011/12 to 2012/13 demonstrates that Thai exporters are well placed to increase export sales to Australia at short notice.

It is considered that the imposition of measures against all exporters other than the Thai exporters as per Investigation No. 177 provided the Thai exporters with an opportunity to displace suppliers the subject of measures. Additionally, the Thai exporters were motivated to increase exports to Australia due to the commencement of an anti-dumping investigation into circular welded carbon pipe exports from Thailand by Canadian authorities commencing in mid 2012 (resulting in anti-dumping measures in December 2012).

The absence of anti-dumping measures on Thai HSS exports (in conjunction with competitively priced Thai A\$FOB/MT export prices to Australia during 2012/13 and 2013/14) have enabled the Thai exporters

to recapture sales volumes in Australia and hold a sufficiently significant share of the Australian HSS market to influence selling prices.

The increase in Thai export volumes to Australia has been to the detriment of the Australian industry's sales, which have diminished to be at the lowest level of recent years (please refer to Confidential Appendix A2).

2. Use the data at appendix A2 (Australian market) to show the influence of the price of dumped imports on your quarterly prices, profits and profitability provided at appendix A6.1 (costs to make and sell). If appropriate, refer to any price undercutting and price depression evident in the market.

ATM anticipated that the imposition of anti-dumping measures in June 2012 would result in the removal of dumped (and subsidised) prices from the Australian market. As evidenced by the profit and profitability indices at Section 8.2 above, there has been a partial recovery in profit and profitability, albeit a majority of the recovery can be attributed to ATM's own initiatives to reduce fixed costs (see below).

Following the imposition of measures in June 2012 on HSS exported from China, Korea, Malaysia and Taiwan, there was an observable shift to sourcing from exporters with no or minimal margins of dumping. Thai exporters, therefore, were a major beneficiary of the shift in sourcing as no measures were applied to Thai HSS exports¹.

ATM has included documentation relating to price offers for Thai HSS supplied by Pacific Pipe, Saha Pipe and Samchai at Confidential Attachment A-9.2. For example, [REDACTED] (importer) offers Pacific Pipe CHS and RHS for supply in Australia. A comparison of price offers for black and painted pipe offered by [REDACTED] for sale with ATM quarterly prices (i.e. black and painted at Confidential Appendix A6.1) confirms the existence of price undercutting from the Thai product offers, often at levels circa [REDACTED] per cent (and greater).

As a further example, [REDACTED] (importer) offered black pipe from Saha Thai at \$ [REDACTED] per metric tonne for pipe 3.0mm and above in January 2014. ATM's price at this time for black pipe averaged \$ [REDACTED] per metric tonne. Price undercutting of approximately [REDACTED] per cent again is evident.

In February 2013 [REDACTED] offered Samchai Steel black and painted pipe with a base price of \$ [REDACTED] into store. ATM's black pipe price for the Apr-Jun 2013 quarter was approximately \$ [REDACTED] per metric tonne. The Samchai offer (with 120 days credit) undercut ATM's price by approximately [REDACTED] per cent.

ATM has collated the market quotations for the supply of Thai HSS (predominantly black and painted pipe) at Confidential Attachment A-9.2. The price undercutting levels have been determined from the summary at Confidential Attachment A-9.2 with ATM's quarterly selling price for black pipe (see ATM Confidential Appendix A6.1).

The price undercutting experienced by ATM has been a major factor in ATM reducing its prices to match competitive offers to retain sales volumes. As is evidenced from ATM's sales volumes at Confidential Appendix A2, ATM has not been able to successfully hold sales at previous levels, as dumped Thai imports undercut the Australian industry's selling prices (and therefore capture increased sales volumes at the expense of the Australian industry).

The impact of the price undercutting on the Australian industry's sales volumes, market share, profit and profitability is pervasive. With reduced sales volumes, the industry's unit conversion costs would usually increase, however, ATM has countered this by reducing costs (including, unfortunately, employment levels).

ATM's profit in 2013/14 is impacted by the dumped Thai imports. The impact is substantial – both in volume and price terms impacting profit – and is at an unsustainable level.

¹ It is noted that the increase in Korean HSS exports to Australia has been at a much higher A\$FOB value compared to Thai exports to Australia.

3. Compare the data at appendix A2 (Australian market) to identify the influence of dumped imports on your quarterly costs to make and sell at appendix A6.1 (for example refer to changes in unit fixed costs or the ability to raise prices in response to material cost increases).

Trade Measures Report No. 177 determined that the Australian industry had experienced material injury through price depression, price suppression, reduced profits and profitability. Following the investigation period of that inquiry (July 2010 to June 2011), the Australian industry's costs declined, as did selling prices. Further cost decreases have been evident in 2012/13 and 2013/14, however, ATM submits that the cost decreases are driven by the company's own initiatives, including:

- mothballing of a M3 3 inch tube mill at Acacia Ridge;
- closure of hot dipped galvanizing plant at Acacia Ridge and switching to outsourcing for galvanizing requirements;
- the shutdown of a strip galvanizing line at Acacia Ridge;
- the removal of a swaged red pipe processing line at Acacia Ridge;
- the exit of a large threading operation at Acacia Ridge;
- reduced shifts and manning at Acacia Ridge (a total of 110 employees redundant since July 2010/11);
- closure of DuraGal baths at Somerton and Newcastle;
- closure of three warehouses.

The above initiatives have contributed to a reduction in ATM's variable and fixed costs, along with reductions in certain selling and general administration expenses. The cost-reduction exercise has enabled ATM to improve profit from the lows of 2010/11 and 2011/12, despite reducing competitive price offers from dumped HSS imported from Thailand. However the continuing practice of closing assets in response to the impacts of dumped HSS products is evidence of material injury and ultimately not sustainable.

The net benefit of the initiatives has not been realised as ATM responds to competitive offers from importers of Thai HSS (that consistently undercut ATM's selling prices – as evidenced at Section A-9.2 above).

4. The quantity and prices of dumped imported goods may affect various economic factors relevant to an Australian industry. These include, amongst other things, the return on investment in an industry, cash flow, the number of persons employed and their wages, the ability to raise capital, and the level of investment in the industry. Describe, as appropriate, the effect of dumped imports on these factors and where applicable use references to the data you have provided at appendix A7 (other economic factors). If factors other than those listed at appendix A7 (other economic factors) are relevant, include discussion of those in response to this question.

ATM has completed Confidential Appendix A7 highlighting injury across a range of "other" economic indicators. This data has been prepared on a ATM financial year basis, with the full 2013 calendar year also included.

In 2012/13 and 2013/14, ATM is able to demonstrate that it has experienced injury in "other" economic indicators, including:

- write-down of goodwill associated with the HSS business;
- reduced capital investment;
- reduced Research & Development expenditure;
- reduced Return on Investment;
- reduction in capacity utilisation for like goods;
- an approximate [REDACTED] per cent reduction in employment levels in HSS production and sales; and
- reduced attractiveness to re-invest.

Observable injury in each of the identified "other" economic indicators is a consequence of the trading environment, including the impacts of dumping. However, it should be noted that the Australian industry producing HSS is responsive to competitive offers for imported HSS and, in order to maintain sales volumes, must match the offers of imported HSS. Thai exports of HSS have increased substantially in 2012/13 and 2013/14 and represent a major source of competition for the Australian HSS industry – both

in terms of the price at which Thai HSS is offered, and the availability of supply from Thai producers.

ATM considers that the impact of HSS import prices from Thailand is material to the Australian industry's profit and profitability. In the absence of Thai imports, the Australian HSS industry would not be required to price at levels that are injurious and erode the industry's ability to re-invest. It is submitted that the Thai HSS export prices are injurious to the Australian industry and that the level of injury (both on a volume and value basis) is material to the Australian industry.

5. Describe how the injury factors caused by dumping and suffered by the Australian industry are considered to be 'material'.

The injury caused by HSS exported to Australia at dumped prices is considered "material" and can be linked to the upsurge in volumes, level of pricing, and import penetration from Thai HSS exported to Australia.

In 2011/12, Thai export volumes to Australia held approximately 4 per cent of the Australian HSS market (or approximately 8 per cent of the total import volume of HSS into Australia). In the 2012/13 year (Thai imports have escalated to account for approximately █ per cent of the Australian market and approximately 18 per cent of total HSS imports into Australia).

The penetration of Thai HSS imports into the Australian market in 2012/13 has been alarming and, whilst not continuing at the same levels in 2013/14, remains well above the levels of 2011/12.

ATM has assessed the Thai exports as having a weighted average dumping margin of approximately 10.38 per cent in 2013/14 and has further demonstrated that offers for Thai HSS are priced below the Australian industry's selling prices and the prices of other imports (refer to Confidential Attachment A-9.2 for price offers).

The level of dumping has enabled importers to sell Thai HSS at prices that undercut the Australian industry's selling prices by up to █ per cent, resulting in reduced selling prices for the Australian industry as producers match import offers to maintain sales volumes. The impact of the dumping is reduced revenues to the Australian industry, accompanied by reduced sales volumes (as evidenced by the increase in Thai exports to Australia during 2012/13).

The lost contribution on equivalent sales volumes to the Thai exports is considered to be "material" both in value and volume when contrasted with ATM's sales volume in the same period.

6. Discuss factors other than dumped imports that may have caused injury to the industry. This may be relevant to the application in that an industry weakened by other events may be more susceptible to injury from dumping.

ATM recognises that the Australian economy has slowed in 2012/13. However, it would also be expected that imports of HSS would be similarly impacted by an economic slowdown. Thai exports to Australia, however, were not retarded in 2012/13. In contrast, Thai exports to Australia have increased by more than 100 per cent in 2012/13 (over 2011/12) and have continued to secure a large foothold in the Australian HSS market in 2013/14.

The imposition of anti-dumping measures in June 2012 was expected to deliver a recovery from the price depression and price suppression experienced in 2010/11. The increase in Thai exports to Australia following the imposition of the measures (on exports from China, Korea, Malaysia and Taiwan) has curbed the anticipated recovery. The Australian industry continues to experience material injury from dumping (that commenced in 2010/11) albeit from Thailand following the imposition of measures in June 2012.

7. This question is not mandatory, but may support your application. Where trends are evident in your estimate of the volume and prices of dumped imports, forecast their impact on your industry's economic condition. Use the data at appendix A2 (Australian market), appendix A6 (cost to make and sell), and appendix A7 (other economic factors) to support your analysis.

Following the imposition of interim dumping duties in June 2012, the Australian HSS industry retained an

expectation that injury from dumping (and subsidization) would diminish. This expectation was short-lived. Immediately following the imposition of measures, an upsurge in Thai HSS exports to Australia occurred. In 2011/12, approximately 19,278 tonnes of HSS were exported from Thailand to Australia. In 2012/13 (ending March), the volume of HSS exported to Australia from Thailand escalated to 42,419 tonnes – an increase of 120 per cent.

ATM is aware that with effect from December 2012 Thai exporters of certain welded steel pipe exported to Canada are confronted with anti-dumping duties following an investigation by the Canadian Border Services Agency ("CBSA"). Thai exporters have ceased exports of pipe and tube to Canada and have sought to increase exports through alternate supply channels. In the absence of anti-dumping measures on Thai HSS, Australia is a likely export destination for increased export sales for Thai producers.

This application for anti-dumping measures asserts that the HSS exported to Australia from Thailand has been at dumped prices. ATM has based its prima facie normal value assessment on market survey prices for CHS and RHS pipe sold domestically in Thailand at the distributor/wholesaler level. When contrasted with Thai export prices to Australia (over the period February 2013 to January 2014) a weighted average dumping margin of approximately 10.26 per cent has been identified.

This application further demonstrates that the dumping of Thai HSS in Australia in 2013/14 has caused material injury to the Australian industry. The volume of exports from Thailand accounts for approximately [REDACTED] per cent of the total Australian market (however, was higher in 2012/13 at [REDACTED] per cent) - a level of penetration that has doubled in the period following 2011/12 and represents a real and imminent threat of ongoing material injury to the Australian industry producing like goods.

It is ATM's view that the anti-dumping measures that were applied in June 2012 have been diminished as dumped exports from Thailand continue to undercut the Australian industry's selling prices and the Australian industry is again subjected to the injurious effects of the dumping. Recent initiatives to reduce costs of the Australian industry will not deliver the intended benefits as the Australian industry reduces prices to match dumped competitive offers.

ATM requests Customs and Border Protection to commence a formal investigation into the dumping of HSS exported from Thailand. It is further requested that a preliminary affirmative determination be published at the earliest opportunity following Day 60 of a formal investigation, in order to minimize the injurious effects of dumping on the Australian industry producing like goods.

PART B

DUMPING

IMPORTANT

All questions in Part B should be answered even if the answer is 'Not applicable' or 'None' (unless the application is for countervailing duty only: refer Part C). If an Australian industry comprises more than one company/entity, Part B need only be completed once.

For advice about completing this part please contact the Customs Dumping Liaison Unit on:



(02) 6275-6066 Fax (02) 6275-6990

B-1 Source of exports.**1. Identify the country(ies) of export of the dumped goods.**

The goods the subject of this application are exported from Thailand.

2. Identify whether each country is also the country of origin of the imported goods. If not, provide details.

It is ATM's understanding that the country of export is also the country of origin of the goods.

3. If the source of the exports is a non market economy, or an 'economy in transition' refer to Part C.4 and Part C.5 of the application.

Thailand is not considered a 'non-market economy' country or an 'economy in transition' country under Australia's Anti-Dumping and Countervailing provisions.

4. Where possible, provide the names, addresses and contact details of:

- **producers of the goods exported to Australia;**

The producers of the goods exported to Australia include:

Pacific Pipe Public Company limited
298, 298/2 Soi Krupcharoen
Suksawat Road
Samutprakarn 10290 Thailand
Tel: 0011 66 2 679 9000

Saha Steel Pipe Co., Ltd
78 Moo 3 Poochao Road
Bangyapraek, Phrapradaeng
Sumuthprakarn Thailand 10130
Tel: 0011 66 2 385 9023

Samchai Steel Industries Co., Ltd
75/14, 75/17 Moo5
Soi WatSopanaram, Ekkachai R.,
Muang, Samutsakorn
Thailand 74000
Tel: 66 2 384 0099/66 34 833 891
Fax: 66 2 384 2385/66 34 833 895

- **exporters to Australia; and**

ATM understands the producers are also the exporters of the goods under consideration to Australia.

- **importers in Australia.**

The following companies are understood to be importers of HSS from Thailand:

- CMC (Australia) Pty Ltd
Level 6, 697 Burke road
Camberwell Victoria 3124
Tel: (03) 9805 0400
Fax: (03) 9805 0455

- Croft Steel Pty Ltd
Unit 1/26 Newheath Drive
Arundel Qld 4214
Tel: (07) 5500 0260
- ThyssenKrupp Mannex Pty Ltd
Level 1, 267 Pacific Highway
North Sydney NSW 2060
Tel: (02) 9955 0978
Fax: (02) 9925 0084
- Stemcor Australia Pty Ltd
Level 13/15 Blue Street
North Sydney NSW 2059
Tel: (02) 9458 8528
Fax: (02) 9925 0844

5. If the import volume from each nominated country at Appendix A.2 (Australian Market) does not exceed 3% of all imports of the product into Australia refer to Part C.6 of the application.

Australian Bureau of Statistics (“ABS”) import data for HSS is the subject of country suppression orders and cannot be used to identify HSS imports from Thailand.

ATM has obtained export data from [REDACTED] – a reputable agency involved in the publication of various trade statistics - to enable it to identify export volumes to Australia from Thailand during the period April 2010 to January 2014 (later data not available at time of application lodgement). ATM has also used data from the [REDACTED] to identify the quantity splits between CHS and RHS sections.

ATM has also relied on ISSB data for identifying export volumes to Australia for all other countries.

The following indicates export volumes (metric tonnes) to Australia for HSS over the period 2010/11 to 2013/14:

| Source Country | 2010/11 | 2011/12 | 2012/13 | 2013/14 | % of total imports 2013 |
|-----------------|---------------|---------------|---------------|---------------|-------------------------|
| Thailand | 48875 | 19278 | 42149 | 31500 | 13.7% |
| China | 104121 | 99114 | 87162 | 66981 | 29.2% |
| Korea | 13899 | 12876 | 39596 | 42765 | 18.6% |
| Malaysia | 8602 | 11343 | 5616 | 7831 | 3.4% |
| Taiwan | 28920 | 19134 | 22883 | 28004 | 12.2% |
| Other | 50221 | 40820 | 52616 | 52503 | 22.9% |
| Total | 254638 | 202565 | 250022 | 229584 | 100% |

Notes:

1. Year of 2013/14 is for 12 months to 31 March 2014.
2. Data sourced from [REDACTED] and reflected in Confidential Appendix A2.
3. OneSteel ATM's [REDACTED] excluded from above volumes.

The above Table demonstrates that imports from Thailand accounted for approximately 13.7 per cent of total exports of HSS to Australia during the period 1 April 2013 to 31 March 2014.

Thai export volumes to Australia account for more than 3 per cent of the total export volumes over the twelve months to 31 March 2014.

6. In the case of an application for countervailing measures against exports from a developing

country, if the import volume from each nominated country at Appendix A.2 (Australian Market) does not exceed 4% of all imports of the product into Australia refer to Part C.6 of the application.

This application does not involve a request for the imposition of countervailing measures.

B-2 Export price

1. Indicate the FOB export price(s) of the imported goods. Where there are different grades, levels of trade, models or types involved, an export price should be supplied for each.

Import data for the goods the subject of this application that are classified to 7306.30.00, 7306.50.00 7306.61.00 and 7306.69.00 (and the respective statistical codes identified at Section A-3.2 above are the subject of confidentiality restrictions imposed by the Australian Bureau of Statistics ("ABS") at the request of importers. As a consequence only total import values by month are recorded by ABS. Information pertaining to source country, volumes, values, state of importation is therefore not available from published ABS data.

ATM has purchased trade statistics data from [REDACTED] a reputable organization associated with the publication of trade statistics data. [REDACTED] data information identifies export volumes and values to Australia on a monthly basis for Thailand. ATM has also accessed the [REDACTED] [REDACTED] to identify monthly export volumes of CHS and RHS products to Australia.

The [REDACTED] information differs from published ABS data in that it reflects **exports** (as distinct from imports, as usually published by ABS) by exporting country. There likely exists, therefore, timing differences to ABS data which details imports in a specified period (generally on a monthly basis). ATM has treated an export for one month (i.e. December) as an arrival (or import) in the following (i.e. January) for the purposes of the preparation of Confidential Appendix A2 – Australian market.

For the purposes of identifying monthly export prices for HSS from Thailand, ATM has obtained export data for circular hollow sections ("CHS") and rectangular hollow sections ("RHS"), by month, from the [REDACTED]. This data aligns with the data obtained from [REDACTED] however, can be separated into CHS and RHS categories.

The HSS export data available from the [REDACTED] includes CHS and RHS product lines of all sizes. In comparing domestic price information with available Thai export data, ATM is restricted from comparing a domestic price with the equivalent export price for the same sized CHS pipe.

ATM has relied upon export prices for CHS and RHS pipe from the [REDACTED] for the purposes of identifying export prices to Australia for Thai HSS.

2. Specify the terms and conditions of the sale, where known.

Export data for Thailand as published on the [REDACTED] reflects FOB export prices for CHS and RHS grades of pipe.

A copy of [REDACTED] export data (which agrees with [REDACTED] data) has been provided in soft copy form with this application (refer Confidential Attachment B-2.1)

3. If you consider published export prices are inadequate, or do not appropriately reflect actual prices, please calculate a deductive export price for the goods. Appendix B1 (Deductive Export Price) can be used to assist your estimation.

As indicated at Section B-2.1 above, ATM considers that the [REDACTED] export data for CHS and RHS exports to Australia as reliable for the purposes of establishing dumping margins.

4. It is important that the application be supported by evidence to show how export price(s) have been calculated or estimated. The evidence should identify the source(s) of data.

Please refer to Confidential Attachment B-2.1 for export data relied upon for this application.

B-3 Selling price (normal value) in the exporter's domestic market.

1. **State the selling price for each grade, model or type of like goods sold by the exporter, or other sellers, on the domestic market of the country of export.**

ATM has commissioned a consulting firm to conduct a market survey of HSS prices in Thailand during 2012 and 2013. The market research report (included at Confidential Attachment B-3.1.1) details Thai domestic selling price ranges for distributors and end-use customers.

The market research report shows that domestically produced pipe and tube is sold into the Thai market as either a "Commercial" or "Standard" grade. "Commercial" grades which comprise [REDACTED]² of the market are essentially 'house' brands that have different thicknesses to the standard grades as well as broader quality specifications (eg grade and mass tolerances), that are determined by each manufacturer. Pacific Pipe has previously stated to Customs that it sells its commercial grade under the "Tamose" brand rather than the Pacific Pipe brand because it is a lesser quality than standard grade³.

"Standard" grades comprise [REDACTED] of the market and are predominately manufactured to either the Thai International Standard ("TIS") standard or the Japanese International Standard ("JIS") standards. TIS standard material is predominantly sold into the construction market, the largest market segment for pipe and tube. The Thai standard most similar to the Australian standard AS/NZS1163 is TIS 107. JIS standard material is predominantly sold into the automotive market, the smallest market segment.⁴

The majority of the standard grade is produced by the three major pipe and tube producers; Pacific Pipe, Saha Thai and Sam Chai. These manufacturers also sell significant quantities of "Commercial" grades, Pacific Pipe [REDACTED]⁵ and Sam Chai [REDACTED]⁶.

It should be noted that the TIS standard for structural pipe and tube, TIS 107, permits product to be manufactured with a weight tolerance of +/-10%. This wide range allows pipe and tube manufacturers to order lighter feed coil and still comply with the TIS standard. It is a common practice of manufacturers globally to aim to produce to the bottom end of a tolerance specification in order to maximize yield. The wider the tolerance permissible in the standard, the greater the difference between a theoretical versus an actual weight. The quote below from a pipe manufacturer on Page 24 of the market research report highlights this:

"we aim to maintain no lower than -8% tolerance so we mainly purchase coil to produce at the thickness of -5% to -8% tolerance"

The significance of this is that HSS that have a normal value calculated on a theoretical weight will have a notionally lower price per tonne than goods that have a normal value calculated on an actual weight. This incorrectly lowers the potential dumping margin.

For exports to Australia, the three HSS producers have to sell within the tolerances allowed by AS/NZ 1163 and AS/NZ 1074 that permit only a +/-4 per cent tolerance. As stated the Thai Standard TIS 107 permits a +/- 10 per cent mass tolerance.

For fair comparison purposes it is important to understand that one tonne of locally produced Thai HSS produced to TIS 107 with a tolerance of minus 10 per cent permitted, only needs to contain 0.90 tonne of steel by weight. For one tonne of HSS manufactured to AS/NZ 1163 with an allowable tolerance of minus 4 per cent, the minimum weight allowable is 0.96 tonne of steel. It is therefore necessary to uplift the Thai domestic selling price for the 0.90 tonne HSS by 6.6 per cent to align it with the same weight for HSS manufactured to AS/NZ 1163 of 0.96 tonne.

For clarity, ATM is not claiming that all Thai domestic TIS 107 CHS and RHS will have an actual weight 10% below the theoretical weight. Rather that it is reasonable to expect that if a Thai producer purchases coil -8% below an allowable tolerance of -10%, then it is reasonable to expect that they would purchase coil -2% below an allowable tolerance of -4%. This however still maintains a difference of 6%

² [REDACTED] Report p6

³ Pacific Pipe Visit Report p6 – Jan 2012

⁴ [REDACTED] report p 10

⁵ [REDACTED] Report p14

⁶ [REDACTED] Report p15

requiring an upward adjustment of 6.6%.

Samchai's submission to SEF 177 dated the 13 May 2012 highlights the impact of calculating normal values based on actual weights rather than theoretical weights. Samchai appeared to realize the significance only after the SEF was published in which Customs and Border Protection calculated a dumping margin of 13.1% for Samchai. Saha and Pacific Pipe on the other hand, were found to have negative dumping margins even though they competed in the same domestic and export markets as Samchai.

"Samchai, along with Saha and Pacific Pipe and others, manufacture the GUR and sells its products both on the domestic market of Thailand and to export. On the domestic market Samchai competes with Saha and Pacific as it sells to the identical domestic customer level. Samchai buys its HRC and other requirements in the same manner and at similar or identical prices to Saha and Pacific Pipe.

"it [Samchai] failed to recognise the importance of the ratio of actual weight to theoretical weight... The ratios of difference are considerable."⁷

ATM submits that dumping margins for HSS exported from Thailand must be based upon actual weight comparisons rather than theoretical weights to avoid under-estimating the extent of the actual dumping.

The difference when comparing product sold domestically as a "Commercial" grade in Thailand versus product exported to Australia as AS/NZS 1163 can be even greater. Samchai and Saha's commercial grades have weight tolerances of +/-12.5%.⁸

As the goods exported to Australia that are the subject of this application are sold to Australian importers/distributors, ATM has used Thai domestic prices to distributors as the basis for calculating relevant dumping margins. The Thai domestic prices to distributors that are referenced as "Commercial" grades are significantly lower in quality⁹ and cost compared to product manufactured to the Thai and other international standards such as AS/NZS1163. Further evidence of this is demonstrated on Page 25 of the market research report where a comparison of project sales for Samchai 2.0mm CHS and RHS, (a common Commercial grade size), versus a project sales price for 2.3mm CHS and RHS, (a TIS 107 size) shows a price difference of 11-14% per tonne between the two thicknesses.

In further support of the grade differentials for domestic sales of pipe, the market survey indicates on P.13 that the Pacific Pipe brand is for standard certified pipe product (e.g. to TIS and JIS) whereas the Tamose brand is for company standard, or commercial grade product, indicating pipe of a lesser quality¹⁰ to standardized pipe.

ATM has identified two pipe sizes that are common sizes for HSS in Thailand and representative of a reasonable volume of the Thai domestic market as sold into the large construction market in Thailand. These pipe sizes are black circular pipe of a 1 ½ inch diameter x 2.0 mm, and black RHS 2 inch x 2 inch x 2.0 mm, both in 6 metre lengths. Black was chosen as a finish as this represents approximately 70% of the Thai domestic market with galvanised and painted being 23% and 7% respectively. 2.0mm was chosen as market feedback from Thai distributors indicated that it is a common thickness supplied to in Thailand. In the [REDACTED] report Commercial 2.0mm products are described as being "compatible" rather than "complying" with TIS 107, as they have similar specifications but not dimensions¹¹.

The market survey includes a range of prices for the nominated circular and rectangular pipe to a number of distributors in Thailand during 2012 and 2013. It is noted that price offers for "project" sales are valid for up to six months¹², evidencing relative price stability on the Thai domestic market. The domestic prices for the circular black pipe and rectangular black pipe sold to distributors is summarized in the following table. It should be noted that Thai domestic selling prices do not demonstrate significant volatility and have maintained a level of relative stability over the survey period.

⁷ Samchai submission to SEF 177 13th May 2012.

⁸ [REDACTED] Report p 30

⁹ [REDACTED] Report P.6.

¹⁰ Further confirmed at P. 18 of [REDACTED] Report.

¹¹ Pacific Pipe Visit report p6

¹² Refer [REDACTED] Report, P.25.

Table B-3.1 – Average Thai black pipe domestic HSS selling prices to distributors, in 6 metre lengths

| Period | Circular 1 ½ inch by 2mm Thai Baht per 6 metre length | Square 2 inch x 2 inch by 2mm Thai Baht per 6 metre length |
|----------------|--|---|
| January 2013 | ██████ | ██████ |
| May 2013 | ██████ | ██████ |
| July 2013 | ██████ | ██████ |
| September 2013 | ██████ | ██████ |

Source: Thai Market Survey, P.22 to 25 – Refer Confidential Attachment B-3.1. Prices are average of quoted prices.

Additional 2014 Thai Domestic Pricing

ATM has also obtained quotations to ██████████ in May 2014. The average selling prices ex ██████████ to the distributor for CHS on a Baht/metric tonne basis was ██████████. For RHS, the average domestic selling price was Baht/metric tonne ██████████. Price quotations are included at Confidential Attachment B-3.1.2.

The ██████████ quotations are consistent with the most recent pricing in the ██████████ market survey and support the comments in the ██████████ survey that pricing in Thailand is relatively stable. ATM has included the ██████████ quotations for the first quarter of 2014 to assess dumping margins for HSS exported from Thailand (please note that the normal value adjustments are included in Tables B-6.1 and B-6.2 below).

2. Specify the terms and conditions of the sale, where known.

ATM understands that the domestic selling prices for black pipe are to the distributor's premises and that credit terms range from 30 to 90 days depending on the customer.¹³

3. Provide supporting documentary evidence.

Please refer to Confidential Attachment B-3.1.

4. List the names and contact details of other known sellers of like goods in the domestic market of the exporting country.

ATM has identified the three main producers of HSS in Thailand at Section B-1.4 above.

B-4 Estimate of normal value using another method.

1. Indicate the normal value of the like goods in the country of export using another method (if applicable, use appendix B2 Constructed Normal Value).

As ATM has obtained market selling price information for HSS sold in Thailand at the distributor level (for black circular and square/rectangular) pipe, this question does not apply.

2. Provide supporting documentary evidence.

This question is not applicable.

B-5 Adjustments.

1. Provide details of any known differences between the export price and the normal value. Include supporting information, including the basis of estimates.

ATM understands the domestic selling prices for HSS sold in Thailand from the domestic manufacturer to the distributor includes domestic freight. Similarly, the export price for HSS sold for export to Australia includes domestic inland freight from the manufacturer to the point of export.

ATM does not have access to actual freight components for the inland freight expenses for domestic and export freight on HSS sales. It is considered likely that adjustments for the inland freight components will almost cancel each other out. No adjustment for internal freight has been made to the *prima facie* normal values.

The average domestic prices to distributors for CHS and RHS pipe of the nominated sizes require adjustments to take account of differences between domestic and export sales for containerization (export), painting (not included in quotes for domestic prices), grade differences (for hot rolled coil grade differential for quoted pipe sizes), and for tolerances (an allowance of 6.6 per cent has been made to account for the wider Thai tolerances).

The tolerance adjustment relates to the difference in tolerances between domestically sold product (to Thai Standard TIS107) and the exported goods (to Australian Standard AS/NZS 1163). For domestically sold HSS (in accordance with Thai Standard TIS107), a weight tolerance of +/- 10 per cent is permitted, whereas for export (in accordance with AS/NZS 1163 and 1074) a weight tolerance of only +/- 4 per cent is permitted. A difference of 6 per cent between tolerances is evident, requiring an upward adjustment to the Thai domestic prices to account for domestic pipe that is "rolled light" when compared with the goods exported to Australia. The difference in tolerances between Thai "Commercial" grades and AS/NZS 1163 is expected to be greater depending on the mill supplying the goods. The nominated standard in Thailand (i.e. TS 107) is the relevant standard to which HSS is produced and sold in Thailand, whereas AS/NZ 1163 and AS 1074 are the relevant standards to which Thai exported RHS and CHS pipe to Australia is manufactured.

A containerization adjustment has been included in the Thai normal values to account for the estimated percentage of goods that are shipped via containers versus break bulk. It is common that the majority of galvanised products are loaded into containers prior to shipping to prevent moisture damage to the galvanised coating known as "white rust". The Australian galvanised market is estimated to be approximately [REDACTED] so it is reasonable to expect that [REDACTED] of imports if not more would be shipped in containers. In addition it is also common that shipments to smaller volume states such as WA, SA, NT and FNQ ports are frequently sent via containers as their volumes are below what is required to be sent via break bulk. For the purposes of adjustments ATM has reasonably used [REDACTED] of the published price extra for containerization that importers charge their Australian customers.¹⁴ This "cost" is not included in the Thai domestic prices and as such, the Thai domestic prices have been uplifted by this amount (i.e. baht/kg of [REDACTED] or A\$ [REDACTED] tonne) for the purposes of normal values.

A grade adjustment has been included in the Thai normal values to account for the fact that Commercial grades sold in Thailand are of a lower quality than those exported to Australia. The quantity of the grade adjustment is [REDACTED] bah/t or \$ [REDACTED]/tonne. This represents approximately [REDACTED] of the grade tolerance between 250MPa and 350LO MPa evident in import offers to Australia.

Differences in quality between "commercial" and "standard" grades are demonstrated on page 25 of the [REDACTED] report. A project sales price for a 2"x2"x2.3mm (a TIS 107 standard size) is approximately [REDACTED] higher per tonne than a project sales price for a 2"x2'x2.0mm (a commercial size).

2. State the amount of adjustment required for each and apply the adjustments to the domestic prices to calculate normal values. Include supporting information, including the basis of estimates.

The 6.6 per cent adjustment for tolerance differences between domestic and export sales is included in

¹⁴ Refer "CHS & RHS Calculator" worksheets at Confidential Attachment B-6, for containerization charge calculated at A\$ [REDACTED] per tonne.
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the "Dumping Margin" worksheet included at confidential Attachment B-6. The amount for port loading and containerization are both estimated at approximately 484.5 baht per metric tonne. The grade specification difference of [REDACTED] baht per metric tonne is based upon [REDACTED] of the grade differential offered to the Australian market

B-6 Dumping margin.

1. **Subtract the export price from the normal value for each grade, model or type of the goods (after adjusting for any differences affecting price comparability).**

The following Table highlights the calculated dumping margins for HSS exported from Thailand to Australia during the period April 2013 to March 2014.

Table B-6.1 – Dumping Margins for CHS exported from Thailand to Australia

| Month | Domestic Selling Price Normal Value Thai Baht/MT | Monthly Thai HSS Deductive Export Price Thai Baht/MT | Dumping Margin Thai Baht/MT | Dumping Margin as % of Export Price |
|----------|--|--|-----------------------------|-------------------------------------|
| Apr 2013 | 30,017 | 25,798 | 4,219 | 16.36 |
| May 2013 | 28,409 | 24,817 | 3,592 | 14.47 |
| Jun 2013 | 28,409 | 24,821 | 3,588 | 14.45 |
| Jul 2013 | 30,500 | 25,102 | 5,398 | 21.51 |
| Aug 2013 | 30,500 | 23,926 | 6,574 | 27.47 |
| Sep 2013 | 28,208 | 24,692 | 3,516 | 14.24 |
| Oct 2013 | 28,208 | 24,500 | 3,708 | 15.13 |
| Nov 2013 | 28,208 | 24,894 | 3,314 | 13.31 |
| Dec 2013 | 28,208 | 26,984 | 1,224 | 4.54 |
| Jan 2014 | 28,249 | 26,245 | 2,004 | 7.64 |
| Feb 2014 | 28,249 | 27,492 | 757 | 2.75 |
| Mar 2014 | 28,249 | 27,487 | 762 | 2.77 |
| | | | | |

Notes:

1. Domestic selling price is an average selling price to distributor uplifted for 6.6 per cent difference in tolerance for goods sold domestically versus for export to Australia, plus a further adjustment to allow for loading of goods at FOB point (and included in export price), containerization, painting and grade adjustments.

The weighted-average dumping margin for CHS pipe (based upon 1 ½ inch pipe with a 2.0mm thickness) exported to Australia from Thailand during the period April 2013 to March 2014 was 1,747 Baht per metric tonne, or 6.75 per cent of the weighted-average export price for the period.

Table B-6.2 – Dumping Margins for RHS exported from Thailand to Australia

| Month | Domestic Selling Price Normal Value Thai Baht/MT | Monthly Thai HSS Deductive Export Price Thai Baht/MT | Dumping Margin Thai Baht/MT | Dumping Margin as % of Export Price |
|----------|--|--|-----------------------------|-------------------------------------|
| Apr 2013 | 27,262 | 25,302 | 1,960 | 7.75 |
| May 2013 | 26,201 | 25,698 | 503 | 1.96 |
| Jun 2013 | 26,201 | 24,618 | 1,583 | 6.43 |
| Jul 2013 | 28,770 | 26,696 | 2,074 | 7.77 |
| Aug 2013 | 28,770 | 25,408 | 3,362 | 13.23 |
| Sep 2013 | 27,866 | 24,754 | 3,112 | 12.57 |
| Oct 2013 | 27,866 | 24,186 | 3,680 | 15.21 |
| Nov 2013 | 27,866 | 23,944 | 3,922 | 16.38 |
| Dec 2013 | 27,866 | - | - | - |
| Jan 2014 | 28,497 | 24,217 | 4,280 | 17.67 |
| Feb 2014 | 28,497 | 25,368 | 3,130 | 12.34 |
| Mar 2014 | 28,497 | 25,689 | 2,808 | 10.93 |

Notes:

1. Domestic selling price is average selling price to distributor uplifted for 6.6 per cent difference in tolerance for goods sold domestically versus for export to Australia, plus a further adjustment to allow for loading of goods at FOB point (and included in export price), containerization, painting and grade adjustments.

The weighted-average dumping margin for RHS pipe (based upon 2 inch x 2 inch x 2.0 mm thickness) exported to Australia from Thailand during the period April 2013 to March 2014 was 2,990 Baht per metric tonne, or 12.01 per cent of the weighted-average export price for the period.

Detailed calculations of the Thai HSS dumping margins are included at Confidential Attachment B-6.

2. Show dumping margins as a percentage of the export price.

ATM has calculated a weighted average dumping margin for HSS (including CHS and RHS) exported to Australia from Thailand over the period April 2013 to March 2014. The weighted average dumping margin is 2,588 Baht per metric tonne or 10.26 per cent of the weighted average export price. Please refer to Confidential Attachment B-6 for details of the Weighted Average dumping margin calculations.

PART C

SUPPLEMENTARY SECTION

IMPORTANT

Replies to questions in Part C are not mandatory in all instances, but may be essential for certain applications.

You should contact the Customs Dumping Liaison Unit before answering any question in this part:



(02) 6275-6066

Fax

(02) 6275-6990

C-1 Subsidy

1. **Identify the subsidy paid in the country of export or origin. Provide supporting evidence including details of:**
 - (i) the nature and title of the subsidy;
 - (ii) the government agency responsible for administering the subsidy;
 - (iii) the recipients of the subsidy; and
 - (iv) the amount of the subsidy.

This application does not involve an application for countervailing measures. This question does not apply.

C-2. Threat of material injury

Address this section if the application relies solely on threat of material injury (ie where material injury to an Australian industry is not yet evident).

1. **Identify the change in circumstances that has created a situation where threat of material injury to an Australian industry from dumping/subsidisation is foreseeable and imminent, for example by having regard to:**
 1. the rate of increase of dumped/subsidised imports;
 2. changes to the available capacity of the exporter(s);
 3. the prices of imports that will have a significant depressing or suppressing effect on domestic prices and lead to further imports;
 4. inventories of the product to be investigated; or
 5. any other relevant factor(s).

Following the imposition of measures on imports of HSS from China, Korea, Malaysia and Taiwan in June 2012, Thai exports of HSS to Australia increased to displace the dumped HSS from the four sources to which the measures applied. From this time, Thai HSS exports to Australia were priced in the market below exports from all other source countries, contributing to increasing volumes in 2012/13.

The increase in Thai exports to Australia coincides with the imposition of anti-dumping measures on Thai exports of certain welded carbon steel pipe exports to Canada. ATM submits that the imposition of measures in Canada has caused an immediate reduction in Thai exports of welded steel pipe to Canada. As an alternative, Thai exporters have sought to increase export volumes of HSS to Australia, particularly as anti-dumping measures were applied to HSS exporters in China, Korea, Malaysia and Taiwan in June 2012.

ATM is seeking anti-dumping measures on Thai exports of HSS to Australia to prevent further material injury to the Australian industry manufacturing like goods. In the absence of anti-dumping measures further material injury caused by the dumped Thai HSS exports is imminent and foreseeable.

2. **If appropriate, include an analysis of trends (or a projection of trends) and market conditions illustrating that the threat is both foreseeable and imminent.**

Thai HSS exports to Australia hold a sufficient volume of total exports (i.e. approximately 15 per cent) in 2013/14 to influence the purchasing decisions of HSS buyers on the Australian market. With Thai price offers in the market below all other sources of supply it is considered likely that Thai export volumes to Australia will increase and that further material injury from dumped Thai exports of HSS is foreseeable and imminent.

C-3. Close processed agricultural goods

Where it is established that the like (processed) goods are closely related to the locally produced (unprocessed) raw agricultural goods, then – for the purposes of injury assessment – the producers of the raw agricultural goods may form part of the Australian industry. This section is to be completed only where processed agricultural goods are the subject of the application. **Applicants are advised to contact the Dumping Liaison Unit before completing this section ☎ (02) 6275-6066 Fax (02) 6275-6990.**

1. Fully describe the locally produced raw agricultural goods.

HSS is not a processed agricultural good.

2. Provide details showing that the raw agricultural goods are devoted substantially or completely to the processed agricultural goods.

This question is not applicable to HSS.

3. Provide details showing that the processed agricultural goods are derived substantially or completely from the raw agricultural goods.

This question is not applicable to HSS.

4. Provide information to establish either:

- a close relationship between the price of the raw agricultural goods and the processed agricultural goods; or
- that the cost of the raw agricultural goods is a significant part of the production cost of the processed agricultural goods.

This question is not applicable to HSS.

C-4. Exports from a non-market economy

1. Provide evidence the country of export is a non-market economy. A non-market economy exists where the government has a monopoly, or a substantial monopoly, of trade in the country of export and determines (or substantially influences) the domestic price of like goods in that country.

Thailand is not considered a 'non-market economy' country under Australia's Anti-Dumping provisions.

2. Nominate a comparable market economy to establish selling prices.

This question is not applicable.

3. Explain the basis for selection of the comparable market economy country.

This question is not applicable.

4. Indicate the selling price (or the cost to make and sell) for each grade, model or type of the goods sold in the comparable market economy country. Provide supporting evidence.

This question is not applicable.

C-5 Exports from an 'economy in transition'

1. Provide information establishing that the country of export is an 'economy in transition'.

Thailand is not considered an 'economy in transition' under Australia's Anti-Dumping provisions.

2. A price control situation exists where the price of the goods is controlled or substantially controlled by a government in the country of export. Provide evidence that a price control situation exists in the country of export in respect of like goods.

This question is not applicable.

3. Provide information (reasonably available to you) that raw material inputs used in manufacturing/producing the exported goods are supplied by an enterprise wholly owned by a government, at any level, of the country of export.

This question is not applicable.

4. Estimate a 'normal value' for the goods in the country of export for comparison with export price. Provide evidence to support your estimate.

This question is not applicable.

C-6 Aggregation of Volumes of dumped goods

Only answer this question if required by question B.1.5 of the application and action is sought against countries that individually account for less than 3% of total imports from all countries (or 4% in the case of subsidised goods from developing countries). To be included in an investigation, they must collectively account for more than 7% of the total (or 9% in the case of subsidised goods from developing countries).

| | Quantity | % | Value | % |
|----------------------------|----------|------|-------|------|
| All imports into Australia | | 100% | | 100% |
| | | | | |
| Total | | | | |

Imports of HSS from Thailand account for more than 3 per cent of total imports into Australia during the 2013/14 year. This question is therefore not applicable to HSS exports from Thailand.

APPENDICES

| | |
|---------------|---|
| Appendix A1 | Australian Production |
| Appendix A2 | Australian Market |
| Appendix A3 | Sales Turnover |
| Appendix A4 | Domestic Sales |
| Appendix A5 | Sales of Other Production (<i>Not Applicable</i>) |
| Appendix A6.1 | Cost to Make and Sell (& profit) Domestic Sales |
| Appendix A6.2 | Cost to Make and Sell (& profit) Export Sales |
| Appendix A7 | Other Injury Factors |
| Appendix A8 | Authority to Deal With Representative |