

02 December 2016

The Director Operations 2
Anti-Dumping Commission
Level 5, Customs House
5 Constitution Avenue
CANBERRA ACT 2601

Email: operations2@adcomission.gov.au

Dear Sir/Madam

PUBLIC FILE

Anti-Dumping Notice No. 2016/114 – initiation of a review of anti-dumping measures relating to Alpine Pipe Manufacturing SDN BHD.

Introduction

This submission refers to the initiation of *Review Investigation No. 381* of Alpine Pipe Manufacturing SDN BHD (**Alpine**) concerning Hollow Structural Sections (**HSS**) exported to Australia from Malaysia by Alpine and the importance of the Commission's fair comparison analysis of the like goods as produced by the exporter.

OneSteel alerts the Commission's Review team that Alpine are a high risk exporter and that they should be subjected to a full and rigorous in-country verification of information.

- In the 2009 recommended investigation into HSS exported from China and Malaysia, the then Customs and Border Protection (**C&BP**) challenged Alpine as to the existence of rebates payable by Megasteel to Alpine's parent company, Hiap Tek, for HRC purchases by Alpine. C&BP determined that Alpine's data provided at the original verification visit (considered in conjunction with responses to question posed by Customs in Feb/Mar 2010) **could not be relied upon**.¹
- In March 2016 the Commission's *Anti-circumvention Investigation No. 291* found that Alpine had been deliberately circumventing duties of HSS by declaring the goods as alloyed HSS. The Commission's EPR shows that neither Alpine nor its importer were willing to submit any information during the investigation nor defend their actions.
- As reported by [REDACTED] [Source] on 1 March 2016 (refer Confidential Attachment 2): in a filing with Malaysia stock exchange, Hiap Teck Venture Berhad – operator of several steel-related companies including Alpine Pipe Manufacturing – said that Customs² had "taken custody of certain documents of two of its subsidiaries and frozen a bank account of one for purposes of audit and investigation." Hiap Teck did not identify the subsidiaries but said it was seeking legal advice. What prompted the raids remains unclear but,

¹ These concerns are outlined in Case 177 EPR Folio 267 (Refer Attachment 1).

² Reference is to Malaysian Customs

according to Malaysia's Edge Financial Daily, the government authorities were "stepping up efforts on curbing illegal imports of steel products, particularly hot rolled coils."

[REDACTED]
[REDACTED] [Market Intel].

The Commission (and its predecessor C&BP) (having previously found Alpine has demonstrated intent to avoid duties and to provide unreliable data) should be alert to other forms of evasion. Austube Mills request a full verification of Alpine, Mitsubishi Australia Ltd (Mitsubishi) and Croft be undertaken to examine the complete import value chain with a view to identify the applicable transactions [REDACTED] [Confidential example of transaction].

Further the Commission must consider whether in light of the Malaysian Customs probe into the subsidiaries of Hiap Teck, including Alpine, whether the HRC and other price data supplied by Alpine can be relied upon.

Exported goods

In *Continuation Inquiry No. 379* Austube Mills found that based on Malaysian RHS exports from July 2015 to June 2016, the normal value was higher than the export price.³ This is of considerable concern. Therefore, Austube Mills urges the Commission to undertake a detailed analysis of the exporter's variable factors.

Like good sold on the Domestic Market

In determining an accurate ascertained normal value and ascertained export price (**AEP**) for Alpine, the Commission must fully establish the range of products manufactured by Alpine (i.e. whether production includes black, painted, pre-galvanised and hot dipped galvanised HSS). This will impact the normal values and export prices to be determined for Alpine.

Austube Mills anticipates that the Commission may not find domestic sales of Australian Standard product upon which to base the normal value determinations. Austube Mills therefore requests that the Commission conduct a transparent model matching process that allows Austube Mills and other Australian producers the opportunity to inform the Commission of any unfair comparison. Austube reminds the Commission that certain adjustments are required for "**mass tolerance difference**" and "**specification difference**" between Malaysian and other International Standards (or no standard product manufactured to internal specifications) and Australian Standard product for export.

The **mass tolerance difference** is the difference between the allowable mass tolerances of the domestically applicable Standard compared with Australian Standard (AS/NZS1163). The Alpine web site⁴ lists the following structural standards. The applicable mass tolerance differences and therefore required adjustment are as follows⁵:

- AS/NZS1163 – No adjustment required

³ EPR Folio No. 379/002

⁴ Website Link: www.alpinepipe.com/catalogues/

⁵ Attachment 3 – provides a summary of the differences between the product standard.

- BSEN 10219 Cold Formed – 2% mass tolerance adjustment required
- JIS G 3444 – 6% mass tolerance adjustment required
- ASTM A – 500 – greater than 6% mass tolerance adjustment required
- JIS G 3466 – 6% mass tolerance adjustment required
- JIS G 3350 & SS 104 – 6% mass tolerance adjustment required

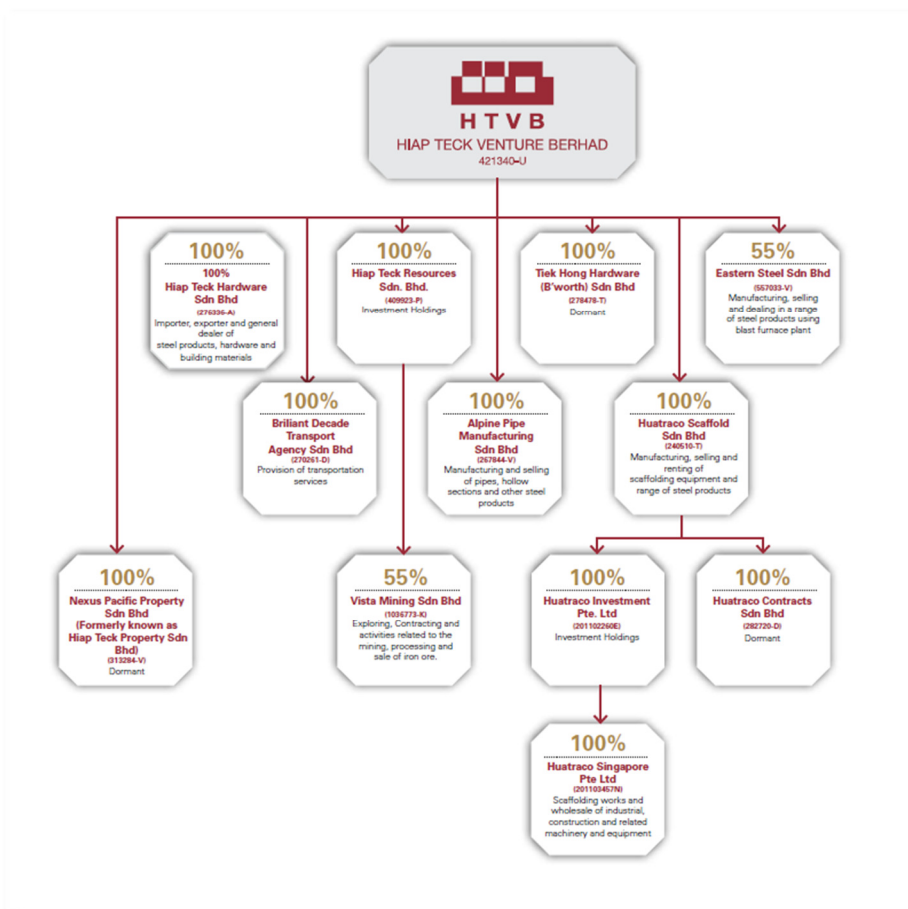
In determining the need for specification adjustments the Commission should determine the **Specification Difference** based on an analysis of the physical differences such as strength of feed material and chemical composition of feed material and that “the amount of the adjustment shall be based upon the market value of the difference”. The different grade designations for common international standards are provided in Attachment 3.

Sales to related parties

As outlined in the Hiap Teck Venture BHD (**HTVB**) 2016 Annual Report (refer Non-Confidential Attachment 4) Alpine has a substantial list of related parties including customers:

- Haip Teck Hardware Sdn Bhd
- Huatraco Scaffold Sdn Bhd

Domestic sales to these customers must be evaluated to determine if they are arm’s length transactions by comparing the sales value to other unrelated parties.



Source: Non-Confidential Attachment 4, p. 2

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Steel Price movements since investigation Period

The cost of HRC paid by Alpine to Megasteel and overseas exporters are central to the dumping finding on HSS exported by Alpine from July 2015 to June 2016. In the *Application for Review* Croft indicates a reduction in HRC price paid to Megasteel from the original investigation period in 1 July 2010 to 30 June 2011. Non-Confidential Attachment 5 shows that dumping duties were imposed on HRC from China, Korea and Indonesia ranging from 2.49% to 25.40% from February 2014 for a period of five years which would have had the influence of raising Malaysian domestic prices.

Austube Mills requests the Commission to further evidence HRC pricing in Malaysia and thus examine the accuracy and reasonableness (in terms of it representing market competitive costs) of the HRC price paid from Alpine to MegaSteel.

If you have any further questions concerning this letter please do not hesitate to contact me on [REDACTED].

Yours sincerely,

[REDACTED]

[REDACTED]