

10 November 2014

Mr Dale Seymour
Commissioner
Anti-Dumping Commission
C/o Australian Customs and Border Protection Service
Customs House
1010 La Trobe Street
DOCKLANDS VICTORIA 3008

For Public File

Dear Mr Seymour

**Re ADN No's. 2014/93 and 2014/94 - Review of HSS Anti-Dumping Measures
exported from China by Tainjin Youfa Steel Pipe Group Co., Ltd and from Korea by
Kukje Steel Co., Ltd**

Background

AusTube Mills Pty Ltd ("ATM") is a wholly-owned subsidiary of Arrium Limited. The ATM business falls within Arrium's OneSteel Manufacturing Pty Ltd ("OneSteel") operations. ATM was an applicant company in the investigation that resulted in the imposition of anti-dumping measures on 3 July 2012, following the Minister for Home Affairs decision to accepted recommendations contained in International Trade Remedies Report No. 177 ("Report No. 177").

Report No. 177 recommended the imposition of measures on certain hollow structural sections ("HSS") exported from the People's Republic of China, Korea, Malaysia and Taiwan.

Current review inquiries

The Anti-Dumping Commission ("the Commission") has received applications for review of measures as they relate to two exporters of HSS to Australia. The applications were as follows:

- (i) An application by Tainjin Youfa Steel Pipe Group Co., Ltd ("Tianjin Youfa") for HSS exported by Youfa from China; and
- (ii) An application by Stemcor Australia Pty Ltd ("Stemcor") for HSS exported by Kukje Steel Co., Ltd of Korea.

The investigation period in both review inquiries is 1 July 2013 to 30 June 2014.

ADN No. 2014/93

ADN No. 2014/93 relates to the application by Tianjin Youfa. Consideration Report No. 267 prepared by the Commission recommends that the Commissioner accept the application by Tianjin Youfa that a change in one or more of the variable factors has been evidenced by the applicant company. The recommendation within Consideration Report No. 267 indicates that the review is limited to the variable factors that apply to Tianjin Youfa only.

In Investigation No.177, Tianjin Youfa was considered a non-cooperative exporter, hence separate normal values and export prices were not determined for Tianjin Youfa. Tianjin Youfa's application indicates that it is an exporter of Hot Dipped Galvanised HSS to Australia.

ADN No. 2014/94

ADN No. 2014/94 addresses an application for review of measures applicable to HSS exported to Australia by Kukje from Korea. Consideration Report No. 266 recommends that the Commissioner accept Stemcor's application that one or more of the variable factors has altered. The recommendation within Consideration Report No. 266 is that the review is limited to the variable factors applicable to Kukje.

In Investigation No. 177 Kukje was considered a cooperative exporter.

ATM an interested party

ATM is a stakeholder in ensuring that the anti-dumping measures imposed by the Minister for Home Affairs in July 2012 are effective and do not result in a recurrence of material injury to the Australian industry manufacturing like goods. The Commission is currently conducting an investigation into HSS exported from Thailand (ADN No. 2014/59 of 21 July 2014 refers) demonstrating that the Australian industry continues to manufacture HSS in Australia and requires effective measures to compete on a fair basis.

Revocation of measures

ATM submits to the Commission that it continues to manufacture HSS the subject of the measures and the revocation of measures would lead to, or likely lead to, a recurrence of material injury that the measures are intended to prevent. The anti-dumping measures applicable to Tianjin Youfa and Kukje therefore are required to prevent a recurrence of material injury and should not be revoked.

Consideration Report No. 266 indicates that Stemcor had not supplied evidence in support of its claim that export prices had changed. The application appears to have been assisted by Kukje's information supplied to the Commission evidencing a change in normal values for the goods in Korea.

Consideration Report No. 266 does not evidence any basis for consideration by the Commission that the anti-dumping measures applicable to Kukje should be revoked. ATM supports the retention of the measures applicable to Kukje.

Changes in Variable Factors

Variable factors applicable to Tianjin Youfa

ADN No. 2014/93 confirms that the Commission "*will not examine certain issues that would apply to exporters beyond the exporter the subject of the review. For example, the review will not reassess whether there was a situation in the Chinese domestic market for HSS such that the sales of HSS in that market were unsuitable for normal value (market situation assessment). The Commission will also not reassess whether the costs incurred by Tianjin Youfa for purchases of primary raw material such as hot rolled coil or narrow strip reasonably reflect competitive market costs (in terms of regulation 180(2) of the Customs Regulations 1926).*"

ATM welcomes this clarification by the Commission establishing the ground rules applicable to this review of variable factors applicable to Tianjin Youfa.

Benchmark HRC/narrow strip

In Report No. 177 the then Australian Customs and Border Protection Service (“ACBPS”) determined constructed normal values for Chinese HSS exporters that included a benchmark price for HRC or narrow strip. The benchmark price was based upon domestic HRC selling prices in the competitive markets of Korea, Malaysia and Taiwan over the then investigation period.

ATM encourages the Commission in the current review inquiry involving Tianjin Youfa to also use competitive domestic market HRC selling prices. In the absence of sufficient available information to the Commission in the conduct of this review, ATM can assist the Commission with domestic selling price information for HRC over the 1 July 2013 to 30 June 2014 in certain select Asian countries from well-known industry newsletter publications.

Adjustments for mass tolerances

The Commission is aware that the applicable standards in China and Korea for HSS permit tolerance levels that are not as “tight” as the Australian Standards 1163 and 1074. It is understood that Chinese HSS manufacturers produce in accordance with European Standards that permit a mass tolerance range of +10/-6 per cent. The maximum mass tolerance range is 2 per cent below the 4 per cent allowed under the Australian Standard.

It is considered that a minimum 2 per cent uplift adjustment is required to Tianjin Youfa’s normal value, however, this may be higher where it is evidenced by the Commission that Tianjin Youfa manufactures to a lower tolerance.

A tolerance adjustment is also required for HSS sold in Korea (expected to be same as for China) when contrasted with the mass tolerance level allowed for goods exported to Australia.

Adjustments for grade differences

Grade extras typically apply to the different grades of hot rolled coil feed material used to produce HSS. ATM requests that the Commission make adjustments for any differences in cost between the grades of HSS exported to Australia and those sold in the domestic markets of the exporters.

Closing Remarks

ATM looks forward to assisting the Commission with its review investigations into HSS exported to Australia by Tianjin Youfa and Kukje. ATM is an Australian manufacturer of the goods, and is a key stakeholder in the ongoing effectiveness of anti-dumping measures applicable to exports by both entities.

ATM does not consider that grounds exist for the revocation of the anti-dumping (and countervailing measures in respect of Tianjin Youfa) as there would be (or would likely be) a recurrence of the material injury that the measures were intended to prevent.

In respect of an appropriate benchmark for HRC/narrow strip to be included in Tianjin Youfa’s revised normal values, ATM highlights with the Commission that it can assist with

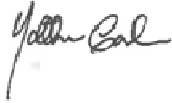
selected domestic price information in respect of HRC in certain Asian countries across the nominated investigation period.

ATM highlights with the Commission a requirement for adjustments to Tianjin Youfa and Kukje's normal values for differences evident in tolerances that exist between the domestic and exported goods.

Finally, ATM does not consider that the form of the anti-dumping measures to be applied should alter from the combination method as assessed and accepted by the then Minister for Home Affairs in Report No. 177 (i.e. measures based upon the combination method).

If you have any questions concerning this submission to the review investigations No. 266 and 267, please do not hesitate to contact OneSteel's representative Mr John O'Connor on (07) 3342 1921 or Mr Matt Condon of OneSteel on (02) 8424 9880.

Yours sincerely



Matt Condon

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OneSteel Manufacturing Pty Ltd