

15 May 2015

Ms Joanne Reid  
Director Operations 2  
Anti-Dumping Commission  
C/o Industry House  
10 Binara Street  
CANBERRA ACT 2601

### **Public File**

Dear Ms Reid

### **Review of Measures - Hollow Structural Sections exported from The People's Republic of China by Dalian Steelforce Hi-tech Co., Ltd**

#### Introduction

I refer to the application for review of measures and submission dated 30 April 2015 by Dalian Steelforce Hi-Tech Co., Ltd ("Dalian Steelforce") concerning the review of anti-dumping and countervailing measures applicable to Dalian Steelforce.

Anti-Dumping Notice 2015/45 ("ADN No. 2015/45") notified the commencement of the review inquiry following the application by Steelforce Australia Pty Ltd and Steelforce Trading Pty Ltd dated 10 March 2015.

Austube Mills Pty Ltd ("ATM") is an Australian manufacturer of hollow structural sections ("HSS") that are considered like goods to the goods exported to Australia from The People's Republic of China ("China") by Dalian Steelforce. ATM was the applicant company that sought the imposition of anti-dumping and countervailing measures on exports of HSS from China in 2012. ATM maintains an interest in the effectiveness of the anti-dumping and countervailing measures on Dalian Steelforce (and other Chinese exporters of HSS to Australia).

#### Anti-Circumvention Inquiry

On 11 May ADN No. 2015/58 notified the commencement of an anti-circumvention inquiry in respect of slightly modified exports of HSS exported from China, Korea and Malaysia. It is ATM's understanding that certain Dalian Steelforce's exports of HSS to Australia will be the subject of this recently-commenced anti-circumvention investigation.

ATM submits that any review of measures (dumping and countervailing) applicable to Dalian Steelforce's exports to Australia should take full account of any exports by Dalian Steelforce that may be the subject of the Anti-Circumvention Inquiry No. 291. It will therefore be necessary to delay publication of a Statement of Essential Facts ("SEF") in this investigation (No. 285) until the outcomes of Investigation No. 291 are clear.

#### Review of variable factors

Dalian Steelforce's submission of 30 April 2015 seeks to direct the Anti-Dumping Commission "the Commission" to conduct a review of the market situation finding as determined by the then Minister for Home Affairs following acceptance of the recommendations and findings in Report No. 177<sup>1</sup>.

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<sup>1</sup> And subsequently reaffirmed in Reinvestigation No. 203.

The Commission has advised in ADN No. 2015/45 that it is conducting a review of the applicable variable factors that apply to Dalian Steelforce's exports of HSS to Australia. The Commissioner has indicated that the review will recommend to the Parliamentary Secretary to the Minister that the dumping duty notice:

- (i) remain unaltered; or
- (ii) have effect as if different variable factors have been ascertained.

The application was not made in respect for a review of the particular market situation finding. Additionally, the Commissioner indicated in ADN No. 2015/45 that if there were reasonable grounds demonstrating that the anti-dumping measures applicable to HSS were no longer warranted, an application must be made by 19 May 2015.

A review of the variable factors applicable to HSS exported by Dalian Steelforce is therefore limited to the following:

- (i) a change in the constructed normal value applicable to Dalian Steelforce from the original investigation period of 2010/11 to the investigation period in 2014;
- (ii) a change in Dalian Steelforce's export prices from the original investigation period to 2014; and
- (iii) any change in the non-injurious price from 2010/11 to the investigation period of 2014.

Dalian Steelforce's submission further suggests that the Commission review the original findings concerning subsidies that involved financial contributions from the Government of China ("GOC") to HSS exporters. Dalian Steelforce has not provided supporting evidence that the programs the subject of positive findings in Investigation No. 177 no longer apply or have been withdrawn by the GOC.

ADN No. 2015/45 confirms that the Commission is reviewing the variable factors applicable to the exported goods only. In this instance the Commission will seek to review the quantum of the benefits received by Dalian Steelforce under each of the subsidy programs identified as applying to the exporter in Investigation No. 177.

#### Change in HRC prices

In Report No. 177 the Commission surrogated an average hot rolled coil ("HRC") price from cooperative exporters in Korea, Malaysia and Taiwan into the cost-to-make-and-sell ("CTMS") HSS for each Chinese exporter. For the purposes of the current review investigation, all HRC prices from the cooperative exporters in Korea, Malaysia and Taiwan is not readily available. This information is not available to ATM. As a substitute, ATM has obtained HRC prices sold domestically in Korea and Taiwan from [REDACTED], a reputable steel industry publication that provides, inter alia, prevailing market prices for steel products.

The following Table 1 highlights changes in domestic HRC prices in China, Korea and Taiwan from the original 2010/11 investigation period to the 2014 investigation period.

**Table 1 – Domestic HRC Prices – local currency**

Country	2011/12	2014	Change
China (RMB)	[REDACTED]	[REDACTED]	[REDACTED] per cent
Korea (KRw '000)	[REDACTED]	[REDACTED]	[REDACTED] per cent
Taiwan (NT \$ '000)	[REDACTED]	[REDACTED]	[REDACTED] per cent

**Notes:**

1. [REDACTED] prices are [REDACTED]. Average used.
2. 2011/12 data used from Aug 2010 to June 2011;
3. 2014 is Jan to Dec 2014 inclusive.

Table 1 confirms that domestic HRC prices in China have fallen at a much greater level when the two periods (2010/11 v 2014) are compared. This suggests that the pricing differential between Chinese HRC prices and HRC prices in market economy countries has widened and that the influence of the GOC's policies on steel input prices during a period of steel oversupply has increased.

Related parties

The Chinese exporter Dalian Steelforce Hi Tech Co., Ltd and the Australian importers Steelforce Australia Pty Ltd and Steelforce Trading Pty Ltd are related entities. Dalian Steelforce is also the largest Chinese exporter of HSS to Australia. ATM submits that it is imperative that the Commission conduct a full on-site verification visit with Dalian Steelforce to ensure that all declared export prices are verified and validated for the review investigation.

**Closing Remarks**

Contrary to Dalian Steelforce's assertions, the Commission is under no obligation in this inquiry to review the finding of Investigation No. 177 that impacts suppliers of HRC to Dalian Steelforce and whether these suppliers meet the definition of public bodies and exercised government authority.

Insufficient information has been provided by Dalian Steelforce to indicate that the GOC has ceased to influence HRC prices in China, or that the programs identified in Investigation No. 177 have subsequently been withdrawn by the GOC.

It is noted by ATM that prevailing HRC prices have declined since the 2010/11 investigation period and that [REDACTED] data for Korea and Taiwan indicates that the HRC price reduction is in the order of [REDACTED] to [REDACTED] per cent.

It is critical that the Commission conduct a full, on-site verification at Dalian Steelforce to ensure that declared export prices to related party entities in Australia are verified and validated.

ATM further requests the Commission to postpone the publication of its SEF in the current investigation to allow for the findings in the anti-circumvention investigation No. 291 to be determined. ATM contends that certain Dalian Steelforce exports are subject to investigation No. 291 and a review of measures on the circumvented goods will impact duties liable by the exporter.

Finally, ATM has included its updated Confidential Attachment Appendix A6.1 – CTMS data for HSS for the 2014 year to assist the Commission in its assessment of non-injury prices in 2014.

If you have any questions concerning this letter please do not hesitate to contact ATM's representative Mr John O'Connor on (07) 3342 1921 or Mr Matt Condon on (02) 8424 9880.

Yours sincerely



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