

5 June 2015

Mr Geoffrey Gleeson  
Director Operations 1  
Anti-Dumping Commission  
C/o Industry House  
10 Binara Street  
CANBERRA ACT 2601

Attention: Chris Harrison

### Public File Copy

Dear Mr Gleeson

#### **Review of Measures Investigation No. 267 - Hollow Structural Sections exported from The People's Republic of China by Tianjin Youfa Steel Pipe Group Co. Ltd**

##### Background

The Anti-Dumping Commission ("the Commission") published a file note on 4 June notifying that an extension in time to respond to the Statement of Essential Facts ("SEF") No. 267 had been granted to 9 June 2015.

##### Tianjin Youfa Exporter Questionnaire Response

The Tianjin Youfa Steel Pipe Group Co. Ltd ("Tianjin Youfa") Exporter Questionnaire Response ("EQR") was placed on the public file on 26 May 2015. The SEF No. 267 was published on 5 May 2015.

Austube Mills Pty Ltd ("ATM") has examined the Tianjin Youfa Group's EQR and notes that Tianjin Youfa purchases hot rolled strip from local supply. The Commission's methodology in determining Tianjin Youfa's normal value on the basis of a constructed cost methodology is considered correct and reasonable.

##### HRC Benchmark

ATM has previously raised its concerns about the use of an East Asia import price for hot rolled coil to adjust the original HRC price from Investigation No. 177 (as determined from verified HRC purchases in Korea, Malaysia and Taiwan in July 2010 to June 2011) to be included in Tianjin Youfa's constructed costs.

ATM has examined domestic HRC pricing information available from [Organisation] for Korea and Taiwan and established that the change in HRC prices from the original investigation period in Investigation No. 177 (i.e. July 2010 to June 2011) to the investigation period in this review inquiry (i.e. July 2013 to June 2014) has been:

- Korea – xx per cent; and
- Taiwan xx per cent.

Please refer to Confidential Attachment 1 for a listing of [Organisation] domestic prices for Korea and Taiwan. ATM does not have access to published HRC prices in Malaysia.

The East Asia import price benchmark declined by approximately 18 (not 26) per cent between the two nominated investigation periods. Based upon an average between the Korean and Taiwanese

HRC domestic selling prices in July 2013 to June 2014 and the original investigation period, the change over the period is a lower xx per cent.

The domestic HRC prices in Korea and Taiwan are considered to better reflect actual domestic price movements for HRC than the export-driven benchmark for spot-sales HRC reflected in the East Asia import price. The latter benchmark is considered to reflect a higher level of volatility – as reflected in the 18 per cent differential when contrasted with the average for domestic Korea and Taiwan HRC prices.

#### Recommendation

ATM recommends that the most appropriate index for reflecting changes in HRC prices determined for the HRC benchmark in Investigation No. 177 for Chinese constructed costs should be the same domestic HRC prices in Korea, Malaysia and Taiwan. ATM has access to domestic HRC prices in Korea and Taiwan from [*Organisation*] (Malaysia domestic prices not published) and it is recommended that these published domestic prices for Korea and Taiwan be used to adjustment the original HRC benchmark determined in Investigation No. 177.

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



Brett Willcox  
Manager – Strategy and Business Planning