

STAUGHTONS

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Director,
Investigations 4,
Anti-Dumping Commission,
Canberra, ACT 2601

September 13,2017

PUBLIC RECORD VERSION
CASE No 419
'Exporter-Tianjin Youfa Group'

Dear Director,

I refer to the exporter 'Tianjin Youfa's' response to the Questionnaire on Case No 419.

Certain responses in the Questionnaire relating to the Group's purchase and production input of what is treated as being 'narrow steel strip' need to be clarified in that whilst the Group predominantly purchases the 'narrow steel strip', being of a width less than [REDACTED] mm, for the production of their volume model ERW non- structural grade circular pipe of diameters less than 165.1mm,(CHS) the Group also purchases a much lower volume of Hot Rolled Coil, being of a width of [REDACTED] mm or more, for their production of circular pipes of a diameter exceeding 165.1mm,(non GUC) and for their non-circular (RHS) goods complying with the Australian structural specification AS 1163.

As evidenced from the previous continuation Inquiry the Group has [REDACTED] branches that produce the subject goods. Branch Nos [REDACTED] and [REDACTED], the major producers, only use the 'narrow steel strip' in their production of CHS and, as such, they do not purchase or use HRC .

The other HSS production branches, as detailed in the following table, do purchase and use HRC in addition to the 'narrow steel strip', and with regard to the Australian exports only the [REDACTED] and [REDACTED] branches that produce RHS are considered to be relevant.. CHS having a diameter exceeding 165.1mm are not the GUC.

Table No 1:

Branch	Uses HRC FOR	Details on usage	HRC Purchases Tonnes rounded	RMB Value HRC purchases	Narrow Steel Strip Purchases Tonnes	RMB Value Steel Strip purchases	Br #
[REDACTED]	RHS	AS 1163	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	CHS	>165.1mm	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	CHS	>165.1mm	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	CHS	>165.1mm	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	RHS	AS 1163	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Totals							

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Conclusions ex Table No 1:

- The Group's purchases of HRC represents less than 10% of it's total hot rolled steel purchases when the 'narrow steel strip' purchases of all the branches (including Nos [REDACTED] and [REDACTED]) are taken into account.
- The branches producing the RHS are the only relevant consideration in terms of the Australian exports.

Details of the supplier status for the HRC purchases are stated in the following Table No 2:

Table No 2:

Supplier Status	Tonnes Supplied	RMB Purchase Value	RMB WAV Tonne price	% volume
Private Mills	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Deemed SIE Mills	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
TOTALS	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Conclusions ex Table No 2:

- Privately owned steel mill suppliers provided the dominant volume of HRC. @ [REDACTED]%.of HRC purchases.
- The WAV HRC price ex the SIE mill suppliers was higher than the from the private mill suppliers @ RMB [REDACTED] per tonne.

Export sales of HSS by the exporter 'Tianjin Youfa International' to Australia during the I.P., being those listed in the response to B.4 are summarised in Table No 3

HSS Shape/Finish	Tonnes exported	US\$ FOB value	WAV US\$ /t FOB
Circular - CHS AS1074	[REDACTED]	[REDACTED]	[REDACTED]
CHS- hot dipped Galvanised AS1074	[REDACTED]	[REDACTED]	[REDACTED]
Non-circular-RHS AS 1163	[REDACTED]	[REDACTED]	[REDACTED]
RHS Galvanised AS 1163	[REDACTED]	[REDACTED]	[REDACTED]
TOTALS	[REDACTED]	[REDACTED]	[REDACTED]

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Conclusions ex Table No 3:

- Comprising ██████% by export volume during the I.P. were the circular, hot dipped galvanised, non-structural grade 250 equivalent, specified to AS 1074 and which were produced from narrow steel strip.
- Exports of RHS specified to AS 1163 and produced from HRC accounted for less than ██████% of export volume.

Comment, Claims and Requests:

'Youfa Group' only produce galvanised HSS by passing the 'black' CHS or RHS through a molten galvanising bath (of Zinc).

Unlike two of the Australian producers of HSS, namely ATM & ORRCON, The 'Youfa Group' does not produce any pre-galvanised or in-line galvanised HSS.

The two Australian producers are also known to use HRC as distinct from the 'narrow steel strip' used by 'Youfa Group', and for their pre-galvanised HSS, ATM & ORRCON can import galvanised steel in coil at Zero duty and exempt from any interim Dumping Duty.

'Youfa Group' claims that its pre-dominant use of 'narrow steel strip' in lieu of HRC in their production of CHS results in a tangible cost benefit and efficiency that needs to be recognised by the Commission in any construction of the material cost in the 'Youfa Group's production cost of HSS.

'Youfa Group' further claims that the Commission would have both comparative and contemporary material cost data from other country HSS producers which demonstrates that those other country HSS producers use only HRC as their steel input material.

The Commission is requested therefore to ensure due consideration is given to the comparative cost benefit of 'Youfa Group's production cost when applying any benchmark material cost for hot rolled steel input by reason that the cost of 'Youfa Group's 'narrow steel strip' is not considered to be directly equivalent to the cost of HRC in other countries such as Taiwan, Korea.

The Commission's position on the market situation in China is also considered to be more a legacy from previous findings in relation to the China market situation in year 2010/2011, and in this review the Commission is respectfully requested to base its 'market' findings on the current prevailing market conditions in China and the 'Youfa Group's demonstrable purchasing power on sourcing locally produced 'narrow steel strip'.

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The Hot Dipped Galvanised pipe Issue.(HDGP)

Another factor considered to be relevant on the causation of injury and the real world Australian market situation is the relative volumes and specifications of hot dipped galvanised CHS (HDGP).

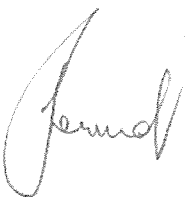
The 'Youfa Group' has taken note of the Commission's position expressed in SEF 320a on 'dumped' imports of hot dipped galvanised CHS (HDGP) from India and the UAE being non-injurious to the whole of the Australian industry comprising the three local producers which obviously include ATM and ORRCON.

Whilst SEF 320a is in relation to an earlier importation period, the reasons explained by the Commission for its position on those 'dumped' imports being non-injurious, are, in our opinion, totally valid for this current subject importation period. Our reading of SEF 320a is that the Commission analysed the causation of injury over the period from July 2011 to June 2015, and in the real world Australian market situation there has, in our opinion and experience, been no change in the local production status of HDGP to AS 1074.

Only ATM of the three local producers claims to be a truly commercial local producer of HDGP, but its production of a structural grade CHS via an independent galvaniser is, as determined by the Commission, to be very low relative to its other production including structural grade painted and pre-galvanised RHS to AS 1163.

We thank the Commission for its consideration and request that any information in support of this submission be directed to the writer,

Regards,



M J Howard

Representative.