

12 May 2015

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Mr Bora Akdenis
Manager
Anti-Dumping Commission
55 Collins Street
MELBOURNE VICTORIA 3000

Public File Version

Dear Mr Akdenis

Hollow Structural Sections exported from Thailand – Submission by Pacific Pipe Co. Ltd of 22 April 2015

Introduction

I refer to the submission on behalf of Pacific Pipe Co., Ltd (“Pacific”) dated 22 April 2015 concerning grades of hot rolled coil (“HRC”) used in the manufacture of SHS and RHS pipe. Austube Mills Pty Ltd (“ATM”) takes this opportunity to address certain claims made on behalf of Pacific.

The assertions made on behalf of Pacific suggesting that no upward adjustment is required to Pacific’s normal value for higher tensile strength associated with grades 350 and 350LO are incorrect and misleading. Pacific’s claims are inconsistent with the information sourced from the [Name] on HSS sold in Thailand and, with suppliers to the Thai market from Japan and Korea that apply grade extra’s for supply into the Thai market (for higher tensile and yield strength feed coil) – refer Confidential Grade Extras Tables.

In Investigation No. 177 Pacific argued that certain “Commercial” Grade pipe were not alike to exported goods to Australia due to the lower quality of the excluded pipe. ATM requests that the Anti-Dumping Commission (“the Commission”) obtain from Pacific product specification sheets for the sales of commercial grade pipe to enable it to assess whether the goods are “alike” or otherwise.

Domestic sales of all standards/grades produced from *generally* same HRC as exports

It is claimed that in respect of Pacific’s domestic sales of HSS “*all standards/grades of like goods sold in the domestic market, ie pipe for general structural purposes, are produced from **generally** the same HRC used to produce the AS1163-C350/C350LO pipe exported to Australia*” (emphasis added).

ATM disputes this claim.

The [Name & Report] notes that Thailand domestic HSS manufacturers supply the domestic market with HSS product compliant with either TIS 107, JIS 3444 or JIS 3466. These three Standards are closely aligned and are noteworthy for their looser specifications and tolerances. This submission focuses on TIS-107.

The Pacific submission further notes:

“It is the tensile strength required by finished products which determines the HRC grade required for their production. The minimum tensile strength of AS1163-C350/C350LO is 430MPa and the minimum tensile strengths of the like goods sold in the domestic market during the IP are as follows..”

This statement is incorrect as demonstrated by the following analysis.

AS/NZS 1163 has three HSS strength grades, namely:

- Grade C250 with the option of impact tested Grade C250L0
- Grade C350 with the option of impact tested Grade C350L0
- Grade C450 with the option of impact tested Grade C450L0

The most common grade for HSS in Australia is Grade C350 which may or may not have the impact tested option of “L0” (i.e. C350L0). Apart from the impact test requirement, both the non-impact tested and the impact tested grades have the same requirements (or limits) for their respective strength grade.

TIS 107 has the following HSS strength grades:

- For RHS & SHS:
 - HS 41
 - HS 50
- For CHS:
 - HS 41
 - HS 50
 - HS 51

There are no impact tested grade options for TS 107.

In order to compare the provisions of TIS 107 and AS/NZS 1163-C350/C350L0, the following physical attributes will be reflected on:

- Tensile Strength
- Yield Strength
- Impact Properties

Tensile Strength

The Tensile Strength is obtained from an appropriately prescribed Tensile Test as required by the relevant Standard. Table 1 (below) provides comparative information on the HSS Tensile Strength for RHS & SHS (Table 1(A)) and CHS (Table 1(B)). Within these tables, when comparing the relevant TIS HSS Grade to AS/NZS 1163-C350/C350L0, the relevant TIS Grade is shown in black font and the other (non-relevant) grades are noted in grey font as they don't comply with required attribute.

From Tables 1(A) and 1(B), the Pacific representations are correct in noting that based on Tensile Strength, TIS 107 Grade HS 50 Grade for RHS/SHS and Grades HS 50 and HS 51 for CHS could be substitutable for AS/NZS 1163-C350/C350L0.

However, Pacific is incorrect in stating the Tensile Strength “*determines the HRC grade for their production*” as there are other important parameters which constitute the HSS Grade.

Yield Strength

The Yield Strength is obtained from an appropriately prescribed Tensile Test as required by the relevant Standard. Table 2 provides comparative information on the HSS Yield Strength for RHS & SHS (Table 2(A)) and CHS (Table 2(B)). Within these tables, when comparing the relevant TIS HSS Grade to AS/NZS 1163-C350/C350L0, the relevant TIS Grade is shown in black font and the other (non-relevant) grades are noted in grey font as they don't comply with required attribute.

It is noted in Table 2(B) for CHS that TIS 107 Grade HS 51 could be substitutable for the Yield Strength requirements of AS/NZS 1163-C350/C350L0. However, the same could not be said for TIS 107 RHS & SHS as the highest grade is HS 50 with a minimum value of 314 MPa. As noted in the [Name], only xx% of Thai production manufactures to the AS/NZ 1163 specification whereas they predominantly produce to TIS (xx%) and the similar JIS (xx%) – a total of xx% of HSS production capability. So this poses the question, why would a manufacturer use a higher Yield Strength HRC when the bulk of production (for domestic supply) requires lower Yield Strength product? For such a large volume of production, it would be more cost-effective to utilise the lower Yield Strength HRC.

Additionally, it should be stated that the Yield Strength is very important for structural steel engineering design and is used prolifically in this area – more so than Tensile Strength. End users would be alarmed if the Yield Strengths were not met as it predominantly used in structural (and mechanical) engineering calculations.

Another important aspect is the shift away from Tensile Strength to Yield Strength when used in grade designations. The more sophisticated steel product (not just HSS) Standards reflect the Yield Strength in Grade designation. This includes HSS product Standards from Europe, North America, Australia/NZ etc which reinforces the significant importance of attaining and complying with the Yield Strength requirements of a particular HSS product Standard.

Impact Test Requirements

The Impact Test requirements are obtained from a separate test to ensure that the cold-formed HSS do not exhibit brittle behaviour when subject to dynamic loads and low temperatures. This is an important material parameter and [Name] specifically states that Pacific Pipe supply AS/NZS 1163-C350L0 – the “L0” indicates compliance with Impact Test requirements.

The Impact Test rating is obtained from an appropriately prescribed Impact Test as required by the relevant Standard. Table 1 (below) provides comparative information on the HSS Tensile Strength for RHS & SHS (Table 3(A)) and CHS (Table 3(B)). It is noted that even though AS/NZS 1163 does describe this grade requirement, there is no such requirement in TIS 107 (or even the JIS the Thai HSS manufacturers produce to).

There is a premium for Impact Rated HSS grades as it requires cleaner, higher quality HRC to possess this attribute. Import offers into Australia traditionally note grade “extras” if there is a “L0” requirement.

Consequently, as noted in Yield Strength above, there is no requirement for a Thai manufacturer to source higher quality HRC which will only be potentially used in a market taking ~2% of the required product whereas over 90% of their market does not require this parameter at all.

Commercial grades

It is understood that Pacific sells commercial standard pipe (or “company” standard pipe) via its related entity Tamose Trading. It is claimed that this pipe is of a lower standard than TS107 and is in significant volumes.

ATM encourages the Commission to request a random selection of product test certificates for the commercial grade pipe. This will enable the Commission to accurately assess whether the previously excluded commercial grades are “alike” to the exported goods. If in the opinion of the Commission the goods are alike, the test certificates will assist the Commission in its assessment of product specification adjustments (e.g. grade strength, yield strength). Additionally, an adjustment for tolerance differentials is required.

Conclusion

The claims made on behalf of Pacific that it sources higher grade C350 and C350L0 HRC with higher tensile strength and yield strength “generally” for domestic supply are not supported by the facts and the evidence supplied by ATM in its application and in this submission.

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Domestic pipe produced and sold in Thailand that is in accordance with TS107 is produced to a lower standard than HSS exported to Australia that meets the requirements of AS/NZ 1163. For these reasons, Pacific's claims that its normal values should not bear an upward adjustment for the use of higher grade HRC used in the production of the C350 and C350LO exported goods, which is not evidenced in all goods sold domestically, must be rejected.

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

A handwritten signature in black ink, appearing to read "B Willcox", with a long, sweeping horizontal stroke extending to the right.

Brett Willcox
Manager – Strategy and Business Planning

HSS: COMPARISON OF AS/NZS 1163:2009 with TIS 107

TABLE 1: TENSILE STRENGTH

(A) RHS & SHS

HSS Product Standard	Tensile Strength (MPa) for Grade (Min)				
	TIS 107	AS/NZS 1163	TIS 107	AS/NZS 1163	AS/NZS 1163
	HS 41	C250	HS 50	C350	C450
AS/NZS 1163		320		430	500
TIS 107	402		490		

TABLE 2: YIELD STRENGTH

(A) RHS & SHS

HSS Product Standard	Yield Strength (MPa) for Grade (Min)				
	TIS 107	AS/NZS 1163	TIS 107	AS/NZS 1163	AS/NZS 1163
	HS 41	C250	HS 50	C350	C450
AS/NZS 1163		250		350	450
TIS 107	235		314		

TABLE 3: CHARPY V-NOTCH IMPACT TEST REQUIREMENTS

(A) RHS & SHS

HSS Product Standard	Minimum Absorbed Energy (Joules) for Grade (Min)				
	TIS 107	AS/NZS 1163	TIS 107	AS/NZS 1163	AS/NZS 1163
	HS 41	C250	HS 50	C350	C450
AS/NZS 1163 ^A	13-27 Joules				
TIS 107	No requirement				

Notes:

^A Depending on test piece size and number of tests.

(B) CHS

HSS Product Standard	Tensile Strength (MPa) for Grade (Min)					
	TIS 107	AS/NZS 1163	TIS 107	AS/NZS 1163	TIS 107	AS/NZS 1163
	HS 41	C250	HS 50	C350	HS 51	C450
AS/NZS 1163		320		430		500
TIS 107	402		490		500	

(B) CHS

HSS Product Standard	Yield Strength (MPa) for Grade (Min)					
	TIS 107	AS/NZS 1163	TIS 107	AS/NZS 1163	TIS 107	AS/NZS 1163
	HS 41	C250	HS 50	C350	HS 51	C450
AS/NZS 1163		250		350		450
TIS 107	235		314		353	

(B) CHS

HSS Product Standard	Minimum Absorbed Energy (Joules) for Grade (Min)					
	TIS 107	AS/NZS 1163	TIS 107	AS/NZS 1163	TIS 107	AS/NZS 1163
	HS 41	C250	HS 50	C350	HS 51	C450
AS/NZS 1163 ^A	13-27 Joules					
TIS 107	No requirement					