

30 May 2016

Director Operations
Anti-Dumping Commission
Level 35, 55 Collins Street
Melbourne Vic 3000

BY EMAIL **operations3@adcommission.gov.au**

cc. Gavin Crooks
BY EMAIL **gavin.crooks@adcommission.gov.au**

PUBLIC FILE

Dear Director,

Hollow Structural Sections – Like Goods

1. Introduction

Austube Mills Pty Ltd (“Austube Mills”), the applicant company in Investigation No. 320, seeks to make the Commission aware that certain models meeting the goods description are entering the Australian market under tariffs codes not initially identified in the application.

It has become apparent during the investigation that there is an increasing trend for HSS supplied into the Australian Market to be either dual specified to, or misrepresented as complying with, certain standards so that it can be imported using different tariffs codes and thereby avoid dumping duties.

This issue is highlighted by Fire Quip (an interested party in Investigation No. 320) submission dated the 12th of January 2016:¹

It is our strong belief that in recent years we have seen an emerging trend of pipe coming into Australia from China and Korea that is being misrepresented on import in order to avoid anti-dumping measures imposed in 2012. Specifically we believe that some pipe is being classified for oil and gas applications (API pipe) and then being sold here, in Australia, for fire services applications.

The HS codes to which Austube Mills refers relate to the following tariff subheadings for “Line Pipe of a kind used for oil or gas pipelines”:

- 7306.19.00 – Other

Welded, of iron or non-alloy steel

- *statistical code 44 – Not exceeding 88.9mm external diameter*
- *statistical code 45 – Exceeding 88.9mm but not exceeding 165.1mm external diameter*
- *statistical code 47 – Other.*

- 7306.29.00 – Other.

¹ EPR Folio No 320/006 (15-01-2016)

2. Like Goods

Austube Mills submits that the sizes of Line Pipe and Casing Pipe meeting the goods description are correctly classified within the goods description for HSS as specified in the s.269TG (1) and (2) notices and are therefore like goods.

For reference the goods the subject of this application (the goods) are:

“Certain electric resistance welded pipe and tube made of steel, comprising circular and non-circular hollow sections in galvanised and non-galvanised finishes, whether or not including alloys. The goods are normally referred to as either CHS (circular hollow sections) or RHS (rectangular or square hollow sections). The goods are collectively referred to as HSS (hollow structural sections). Finish types for the goods include pre-galvanised, hot-dipped galvanised (HDG), and non-galvanised HSS.

Sizes of the goods are, for circular products, those exceeding 21 mm up to and including 165.1 mm in outside diameter and, for oval, square and rectangular products those with a perimeter up to and including 950.0 mm. CHS with other than plain ends (such as threaded, swaged and shouldered) are also included within the goods coverage.”

The applicant provided further details as follows:

*The goods covered by this application include **all electric resistance welded pipe and tube made of steel meeting the above description of the goods (and exclusions), regardless of whether or not the pipe or tube meets a specific structural standard or is used in structural applications.** [emphasis added]*

Goods excluded from this application include:

- *conveyor tube made for high speed idler rolls on conveyor systems, with inner and outer fin protrusions removed by scarfing (not exceeding 0.1mm on outer surface and 0.25mm on inner surface), and out of round standards (i.e. ovality) which do not exceed 0.6mm in order to maintain vibration free rotation and minimum wind noise during operation);*
- *precision RHS with a nominal thickness of less than 1.6 mm (i.e. not used in structural applications); and,*
- *stainless steel CHS and RHS sections.*

It is noteworthy that Austube Mills was specific in listing exclusions and that line pipe was not excluded. To further support Austube Mill's claim that certain sizes of electrically resistance welded line pipe are like goods, Austube Mills highlights that they meet the fundamental tests of being a like good.

Physical likeness

- they have the same physical characteristics including the fact that they are steel, are circular in shape, have the same or similar; diameters, thickness, strengths and other mechanical properties, and are often specified to multiple standards including the Australian standard AS/NZS1163 and AS1074, and have the same or similar chemistry.

Commercial Likeness

- they have a commercial likeness as they compete directly in the Australian HSS market and are often sold through the same or similar distribution channels.

Functional Likeness

- they have the same or similar functional likeness in many instances as Line Pipe and in particular API 5L can be used in most applications that HSS is used in including as structural posts, fence and signage posts, screw pile manufacture, fire piping systems and other fluid and air conveying applications.

Production Likeness

- They have similar production processes. Both production processes use steel coil as the feed material that is then cold formed and electrically resistance welded (ERW).

3. Position in other jurisdictions

This issue is not unique to exports of HSS to Australia the subject of anti-dumping (and countervailing) measures. Similar trends have emerged in the USA where anti-dumping and countervailing measures also apply. To address this issue the US industry have broadened the goods description of Circular Welded Carbon-Quality Steel Pipe. This is demonstrated in anti-dumping case A-520-805 which has a goods description and applicable tariff subheadings for Circular Welded Carbon-Quality Steel Pipe as follows:

*Covered products are generally made to standard O.D. and wall thickness combinations. Pipe multi-stenciled to a standard and/or structural specification and to other specifications, **such as American Petroleum Institute (API) API-5L, is also covered by the scope of these investigations when it meets the physical description set forth above [emphasis added]**. Covered products may also possess one or more of the following characteristics: is 32 feet in length or less; is less than 2.0 inches (50mm) in nominal O.D.; has a galvanized and/or painted (e.g., polyester coated) surface finish; or has a threaded and/or coupled end finish.²*

*The products subject to these investigations are currently classifiable in Harmonized Tariff Schedule of the United States (HTSUS) statistical reporting numbers **7306.19.1010, 7306.19.1050, 7306.19.5110, 7306.19.5150 [emphasis added]**, 7306.30.1000, 7306.30.5015, 7306.30.5020, 7306.30.5025, 7306.30.5032, 7306.50.5030, 7306.30.5040, 7306.30.5055, 7306.30.5085, 7306.30.5090, 7306.50.1000, 7306.50.5050, and 7306.50.5070.³*

4. Avoidance of measures

A review of recent ABS import statistics indicates that currently there are minimal imports of goods, under the Line Pipe subheadings specified above, from the UAE and India. However Austube Mills believes that should measures be applied in *Investigation No.320*, and the Line Pipe codes are not included in the duty notice, there is a significant risk that importers from the UAE and India may seek to alter the tariff classification of goods in order to evade the measures imposed on circular HSS. This change in trade pattern has been observed following measures being imposed on China and Korea.

² UNITED STATES INTERNATIONAL TRADE COMMISSION Investigation Nos. 701-TA-549 and 731-TA-1299-1303 (Preliminary) "Circular Welded Carbon-Quality Steel Pipe from Oman, Pakistan, the Philippines, the United Arab Emirates, and Vietnam" P 6

³ UNITED STATES INTERNATIONAL TRADE COMMISSION Investigation Nos. 701-TA-549 and 731-TA-1299-1303 (Preliminary) "Circular Welded Carbon-Quality Steel Pipe from Oman, Pakistan, the Philippines, the United Arab Emirates, and Vietnam" P 8

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5. Other models

If there are models of line pipe that the Australian Industry is unable to produce, Austube Mills is prepared to work with legitimate importers of line pipe to draft appropriate TCOs to ensure these goods are not impeded by anti-dumping measures.

6. Recommendation

Austube Mills requests that the Anti-Dumping Commission amend the schedule of tariff subheadings for Investigation No. 320 to include subheadings 7306.19.00/44, 7306.19.00/45, 7306.19.00/47 and 7306.29.00/49.

If you have any questions concerning this submission, please do not hesitate to contact me on (07) 3909 6130.

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
Trade Measures Manager