

December 19, 2017

Scott Gladman  
 Anti Dumping Commission  
 Assistant Director - Investigations Team 4  
 Canberra ACT 2601

By email: [Scott.w.Gladman@industry.gov.au](mailto:Scott.w.Gladman@industry.gov.au)

**Subject: Certain Hollow Structural Sections Exported from China, Korea, Malaysia and Taiwan (Case 419)  
 -- Huludao's Comments on the Dumping Margin Calculation**

Dear Mr. Scott Gladman,

On December 15, 2017, we received the Commission's dumping margin calculation concerning Huludao City Steel Pipe Industrial Co., Ltd (Huludao). Please find our comments, on behalf of Huludao, on the margin calculation below for the Commission's further consideration.

1. Same as previous investigation and re-investigations, Huludao's domestic sales were made from inventory but export sales were made to order. Therefore, as we indicated in the response to question E-2.10 of the RFI, inventory carrying cost should be adjusted. The Commission did so in the investigation and previous re-investigations. We attached, as Attachment 1, the verification report of the recently finished continuation review 379 for your reference (see paragraph 6.1.2). However, we noticed that the Commission did not make any inventory carrying cost adjustment in the margin calculation in this re-investigation. According to the table below, we submit that the Commission shall made a downward adjustment of [REDACTED]% on the constructed normal value, as did before.

**Inventory Carrying Cost Ratio Adjustment Calculation**

**A Average Inventory Days**

	GUC	Beg. Balance	End Balance	Total Domestic COGS	Average Inventory Days
		a	b	c	d=(a+b)/2/360
1	Welded Pipe	[REDACTED]	[REDACTED]		
2	Galvanized Pipe	[REDACTED]	[REDACTED]		
	GUC	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

**B Interest Rate**

1	Short-term Interest Rates	4.35%
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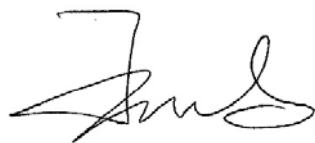
**C Inventory Carrying Cost Ratio**

1	Inventory Carrying Cost Ratio (C=A/360*B)	█%
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2. We noticed that the Commission added, to the constructed CTMS, export adjustments, which include handling charges and non-refundable VAT. However, the reported handling charges are port charges accounted in the SG&A expenses (Huludao did not exclude port charges from the SG&A expenses calculation). Therefore, to made this adjustment, the Commission have double counted the amount of handling charges. We submit that the Commission shall not include the handling charges in the export adjustments.
3. The export prices were based on theoretical weight but normal values were based on actual weight, as constructed from CTMS. the Commission did not make the adjustment for actual weight vs. theoretical weight, as did in the investigation and previous re-investigations. Therefore, we submit that the Commission shall make a downward adjustment of █% to the constructed normal value. (calculated according to Huludao's Australian Sales spreadsheet in Exhibit B-2).
4. In addition, we noticed that the HRC benchmark prices are substantially different from the recently finished continuation review 379. We request the Commission to release the calculation of the benchmark prices.

Should you have any questions, please contact us.

Yours sincerely,



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