

From: Roger Simpson [<mailto:roger@panpac.biz>]
Sent: Friday, 26 June 2015 11:35 AM
To: Taylor, Kerry (anti-dumping)
Cc: Akdeniz, Bora
Subject: HSS from Thailand - Pacific Pipe

Dear Kerry,

I note from Saha Thai's response of 15 June that on 2 June it was invited by the Commission to provide further evidence to support its claim for a NV adjustment for drawback of import duty paid on HRC imports used in production of its exports of HSS.

Pacific Pipe made the same NV adjustment claim but its claim was rejected outright by the Commission. There was no invitation by the Commission to provide further information/evidence supporting the claim as is the case with Saha Thai.

There was no verification of Pacific Pipe's exporter questionnaire response (EQR) in this investigation but the previous investigation (No. 177) verified details of the import duty drawback paid on HRC imports used in production of HSS exports and evidence of the amount of the drawback paid during this investigation's IP has been provided to the Commission.

Pacific Pipe's fundamental ground for the import duty drawback TAC(8) adjustment claim is the same as that for Saha Thai. That is, the cost of HRC used in the production of HSS for domestic consumption is higher than that used in the production of HSS for export in the amount of the duty payable on imported HRC because –

- a) imported HRC used in the production of HSS is dutiable;
- b) domestically produced HRC used in the production of HSS is purchased by HSS producers at **duty paid** import parity prices; and
- c) a drawback in the amount of import duty paid on imported HRC is received in respect of HSS exports only.

The cost of HRC used in HSS exports being lower than the cost of HRC used in HSS sold in the domestic market because of the import duty drawback results in prices of exports of HSS being lower than prices of HSS sold in the domestic market in the amount of the import duty drawback. This means that domestic and export prices of HSS are modified in different ways by the duty (tax) payable on imports of HRC. It follows that a s269TAC(8) adjustment is to be made to the NV based on domestic HSS sales so that the influence of this payment of tax on imports of HRC on domestic prices of HSS, which does not influence the price of exports of HSS, does not affect its comparison with the EP of HSS.

As confirmed by the verification team in investigation no. 177, a dumping investigation in relation to exports of HSS to the US by Pacific Pipe, the USDOC *made an upward adjustment to the export price for the duty drawback Pacific Pipe received*. This clearly means that the USDOC was satisfied that the import duty drawback received by Pacific Pipe caused its export prices of HSS to be lower than domestic prices of HSS in the amount of the duty drawback.

To not make the claimed import duty drawback adjustment will be inconsistent with s269TAC(8).

Regards,
Roger