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9 April 2018

Director Operations 4
Anti-Dumping Commission
GPO Box 2013
Canberra ACT 2600

Review of Hollow Structural Sections exported from Taiwan

Dear Commissioner,

This submission is made on behalf of Ta Fong Steel Co., Ltd to the current review of HSS exported from Taiwan.

Ta Fong asks that the Commission reconsider its position on the determination of the appropriate date of sale for the comparing of export prices with normal values. As explained in its questionnaire response, the material terms of sale are confirmed upon the parties signing the relevant sales contract. The goods are then produced to order, arranged for shipment and the invoice is then issued.

Applying this interpretation to Ta Fong's circumstances, it is clear that the contracting parties do not hold expectations of altering the terms of the sales contracts after signing. In fact, the point of having the parties to sign the sales contracts is to confirm that the parties agree to the terms as outlined in the contract. Therefore, the Commission should amend its conclusion and find that the date of sale occurs at the time of the sales contracts being agreed and signed.

Relying on the US practice for guidance, it is noted that the US investigating authority accepts 'lag time' as a factor warranting departure from the use of invoice date as the date of sale in a number of cases¹. In these particular circumstances, Ta Fong's lag time between production and sale was significant and further support for the view that the date of sale does not ensure proper comparison with the domestic sales which exhibit a very short lead time.

Such comparison does not properly account for the movement in Ta Fong's raw material costs between the contract month and invoice month. As such, if the Commission maintains its reliance on invoice date for the date of sale of the exported goods, Ta Fong requests a timing adjustment required under subsection 269TAC(8) for 'sales occurring at different times'. Such an adjustment would take account of the movement or lag in raw material costs prior to the date of shipment.

¹ Pipe from Korea; Extruded Rubber Thread from Malaysia.

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This form of timing adjustment is accepted practice in the US dumping system where they also commonly rely on the date of invoice as the date of sale. It is recognised that where a temporal issue arises due to a prolonged lag between manufacturing and sale, prior period costs will be carried forward for the lagging period. This form of adjustment would adequately address the distortion in the preliminary dumping margin caused by the Commission's reliance on the invoice date, which occurs many months after prices are agreed and production takes place.
Yours sincerely
Hsu, Keng-Hao
Vice President