

STAUGHTONS

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PUBLIC RECORD VERSION

20TH April 2018.

The Director Investigations 4,
Anti-Dumping Commission,
GPO 2013
Canberra, ACT 2601
By email: investigations4@adcommission.gov.au

Dear Director,

Re SEF 419 – ‘Tianjin Youfa’

On behalf of the exporter ‘Tianjin Youfa’ I am requesting the Commission to consider the calculation of a non-injurious FOB price (NIFOB) for the exporter’s sales of hot dipped galvanised circular steel pipe (HDG CHS) produced from hot rolled narrow strip of 250 grade to the Australian standard AS 1074, being the non- structural grade specification.

Whilst recognising both the Commission’s normal requirement to adhere to the ‘ruling’ of Nicholas J emanating from the Panasia Aluminium (China) case of August 2013 and the fact that this case is technically a review of variable factors and not an ‘investigation’ as such, there are, for the purposes of determining causation and injury sound and established reasons for the Commission to treat the HDG CHS as a particular kind of goods separate to the other types of goods captured by the applied HSS ‘definition’.

As per the import data presented to the Commission on the 5th April 2018, imports of circular goods for the I.P. totalled over 91,000 tonnes, of which some 44,000 tonnes were obviously non-injurious to the local producers. Significantly, India and the UAE comprised 23,907 tonnes of those imports with countries such as Pakistan and Oman supplying a further 14,385 tonnes.

Based on reliable historical market data for year 2012, market intelligence and previous HSS cases, but essentially the more recent case 320A on India and the UAE, it is reasonable to claim that the volume of those 91,000 tonnes are HDG CHS of AS 1074 (250 grade) and also, that no local producer has the physical capability to produce hot dipped galvanised steel pipe. In any event the market intelligence supports the claim that the India, UAE and Pakistan imports are essentially HDG CHS.

-In investigation case 320, the Commission found that 85% of imports from India and the UAE were galvanised CHS.

-In investigation case 320, the Commission found that the imported goods were predominantly of 250 grade HSS while the galvanised HSS produced by the Australian industry was predominantly the higher 350 grade. The Commission concluded that end users may prefer a lower grade HSS product, where it was fit for purpose, rather than the higher grades offered by the Australian industry which attracted a price premium.

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The Commission's termination case 320A on the subject imports from India and UAE found that despite their being dumped and subsidised above de minimis levels, they were not injurious to the local producers.

Volume Consideration:

In Tianjin Youfa's considered opinion, its Australian sales have not been injurious to the local producers for the following reasons:

- Total sales were [REDACTED] tonnes
- Sales of HDG CHS -250 Grade were [REDACTED] tonnes
- Sales of [REDACTED] –Black (bare) were [REDACTED] tonnes.
- Sales of those two different types of goods comprised 99% of Australian sales.
- Sales of [REDACTED] when considered 'separately', [REDACTED]
[REDACTED]
[REDACTED] (OPINION)
- Sales of the HDG CHS of [REDACTED] tonnes obviously compete in the same single market as the Indian, UAE imports as well as the imports from Pakistan, which comprised a total of 36,323 tonnes, the majority of which are reasonably claimed to be HDG CHS.
- Based on reliable market supply data, Tianjin Youfa's estimation of the imported market supply of HDG CHS -250 grade is that of the total 91,000 tonnes of CHS, the predominant volume, being over 80%, was HDG CHS -250 grade.

Price Factors:

As the Commission is well aware, the HSS goods in question not only comprise circular (CHS) and non-circular (RHS/SHS /Oval) shapes, but both of those shapes have very different finishes and very different price points. In order of cost to make and market price those finishes are mainly:-

- Black or bare, referred to as being 'NOPC'
- Painted.
- Hot Dipped Galvanised (HDG)
- Pre Galvanised

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For purposes of demonstrating the need for a separate NIFOB price for HDG CHS, current per tonne A\$ market prices which should reflect respective FOB values are as follow:-

■ Pre Galvanised RHS, GRADE 350+, produced from Zinc coated (Galvanised) steel is circa ■

■ Painted RHS, GRADE 350 +, produced from HRC , is circa ■

• Hot Dipped Galvanised CHS, GRADE 250, produced from HRC, is circa ■

■ Bare CHS GRADE 250, produced from HRC, is circa ■

CONCLUSION:

Given the 'Panasia' precedent, the Commission's normal consideration of a non-injurious price has to include all of the above finishes which clearly disadvantages the exports of HDG CHS especially since the local producers predominantly manufacture NON CIRCULAR product from both galvanised steel and HRC, and as the applicant for this review , 'ATM', has publicly stated, the galvanised steel used to make pre-galvanised product commands a price premium over HRC of A\$150 per tonne.

Essentially therefore, the HDG CHS in question needs to be considered and treated by the Commission to be a particular kind or sub-set of the HSS goods and despite this case being a review of variable factors for Tianjin Youfa, their Australian sales of HDG CHS that compete with the volume market supply of non-injurious imports of HDG CHS need to be treated equally.

Whilst the ABS import clearance data on which this request for a separate NIFOB has been based is limited for purposes of detailing exactly what volume of HDG CHS was actually imported during the I.P, it is the best available information for purposes of our providing an estimated market supply of imported HDG CHS and the A\$ FOB Values published by the ABS are considered to be relevant for determining the non-injurious FOB prices of the India, UAE, & Pakistan exports of HDG CHS. In any event, the Commission has access to all relevant actual import data.

In terms of providing a level playing field on imported product etc., Tianjin Youfa notes the following statement by the Commission in the executive summary of it's recently published report on 'Analysis of Australia's Steel Manufacturing & Fabricating Markets' (November 2017).:-

*"It is important to recognise that anti-dumping measures **do not seek to stop imports or give an unfair competitive advantage to Australian producers.** The objective of the system is only to create a level playing field by remedying the injury to Australian industry caused by dumping and foreign subsidisation, consistent with international agreements." (emphasis added).*

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The volume of HDG CHS imports from other exporting countries that Tianjin Youfa has to compete with in the single Australian market are clearly treated by the Commission and the local producers as being non-injurious and since the Australian producers do not have the physical capability to produce hot dipped galvanised product, it would, in our view, be considered discriminatory if the Tianjin Youfa exports of HDG CHS are treated differently by not being accorded a separate NIFOB to an 'all in' non injurious price based on the very different priced shapes and finishes of all HSS products.

It is also our understanding that none of the Korean or Taiwan exporters that responded in this Review case exported HDG CHS to the Australian market during the I.P. and based on the ABS import data we have provided the Commission, the WAV A\$ FOB /tonne of the CHS imports from India, UAE, Pakistan for the I.P. was [REDACTED]

Tianjin Youfa clearly considers that a non-injurious price for HDG CHC based on the 'Panasia' ruling would be inappropriate for the reasons stated and submits that the Commission give serious consideration to determining a stand -alone NIFOB for it's exports of HDG CHS based on the non-injurious exports referred to.

Please contact the writer for any further information or supporting data.

Regards,