



Australian Government
Australian Customs and
Border Protection Service

PUBLIC
FILE

36

INTERNATIONAL TRADE REMEDIES BRANCH

INVESTIGATION

**ALLEGED DUMPING OF CERTAIN HOLLOW
STRUCTURAL SECTIONS EXPORTED FROM THE
PEOPLE'S REPUBLIC OF CHINA, THE REPUBLIC
OF KOREA, MALAYSIA, TAIWAN AND THE
KINGDOM OF THAILAND**

AND

**ALLEGED SUBSIDISATION OF HSS EXPORTED
FROM THE PEOPLE'S REPUBLIC OF CHINA**

**PRELIMINARY AFFIRMATIVE
DETERMINATION NO 177**

December 2011

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ABBREVIATIONS

ACDN	Australian Customs Dumping Notice
Alpine	Alpine Pipe Manufacturing Sdn Bhd
Australian industry	the Australian industry producing hollow structural section
ATM	OneSteel Australian Tube Mills Pty Ltd
CEO	Chief Executive Officer of the Australian Customs and Border Protection Service
China	People's Republic of China
CTMS	cost to make and sell
Customs and Border Protection	the Australian Customs and Border Protection Service
Dalian Steelforce	Dalian Steelforce Hitech Co., Ltd
FOB	free on board
Hengshui Jinghua	Hengshui Jinghua Steel Pipe Co., Ltd
HSS	certain hollow structural sections
Huludao	Huludao City Steel Pipe Industrial Co., Ltd
ITM	Independent Tube Mills Pty Ltd
Kingland	Zhejiang Kingland Pipeline and technologies Co., Ltd
Korea	the Republic of Korea
Kukje	Kukje Steel Co., Ltd
Minister	The Minister for Home Affairs
NIP	non-injurious price
Orrcon	Orrcon Operations Pty Ltd
Pacific	Pacific Pipe Public Co. Ltd
PAD	preliminary affirmative determination
Qingdao Xiangxing	Qingdao Xiangxing Steel Pipe Co., Ltd
Saha	Saha Thai Steel Pipe Public Co., Ltd
Samchai	Samchai Steel Industries Public Company Limited
Shin Yang	Shin Yang Steel Co., Ltd
Tariff Act	Customs Tariff Act 1995
Thailand	the Kingdom of Thailand
the Act	Customs Act 1901
the goods	the goods the subject of the application
USP	unsuppressed selling price

1. SUMMARY AND DECISION

1.1 Preliminary affirmative determination

The Delegate of the Chief Executive Officer (CEO) of the Australian Customs and Border Protection Service (Customs and Border Protection) has made a preliminary affirmative determination (PAD) under s.269TD of the *Customs Act 1901* (the Act)¹ in respect of certain hollow structural sections (HSS) exported to Australia from the People's Republic of China (China), the Republic of Korea (Korea), Malaysia and Taiwan.

In making this decision, the Delegate has determined that there appears to be sufficient grounds for the publication of a dumping duty notice in relation to HSS exported to Australia from China, Korea, Malaysia and Taiwan (but not HSS exported from the Kingdom of Thailand (Thailand)).

The Delegate has not, for the purposes of this report, made an assessment of whether:

- HSS exported to Australia from China has been in receipt of countervailable subsidies; or
- a market situation exists in the domestic HSS markets in China and Thailand that renders domestic sales within those markets unsuitable for determining normal values.

Investigations into the above matters are ongoing.

This report publishes the reasons behind the Delegate's decision to make a PAD.

Note: findings, calculations, and conclusions discussed in this report are of a preliminary nature and may change between the time of its publication and the publication of the statement of essential facts.

1.2 Provisional measures

The Delegate of the CEO considers that Customs and Border Protection should require and take securities under s.42 of the Act in respect of interim dumping duty that may become payable in relation to HSS from China, Korea, Malaysia and Taiwan (being satisfied that it is necessary to do so to prevent material injury to an Australian industry occurring while the investigation continues).

These securities will be imposed as soon as practicable after publication of this PAD and will be subject to separate notification.

¹ References to any section or subsection shall be references to sections or subsections of the *Customs Act 1901* unless otherwise specified.

2. INTRODUCTION

2.1 Application and consideration

On 12 August 2011, OneSteel Australian Tube Mills Pty Ltd (ATM) lodged an application under s.269TB of the Act for the publication of a dumping duty notice in respect of certain HSS exported to Australia from China, Korea, Malaysia, Taiwan and Thailand, and a countervailing duty notice in respect of HSS exported to Australia from China.

Additional information was received from ATM on 26 August 2011 in support of its application.

Following an examination of the application and additional information, the Delegate of the CEO of Customs and Border Protection decided not to reject the application, and an investigation was initiated on 19 September 2011.

Customs and Border Protection published a notice in *The Australian* on 19 September 2011 notifying of the initiation of the investigation, and released Australian Customs Dumping Notice (ACDN) 2011/43, which contains further details on the investigation (available at www.customs.gov.au).

The investigation period used to determine whether dumping and subsidisation has occurred, is from 1 July 2010 to 30 June 2011.

Customs and Border Protection is examining the Australian market and the economic condition of the Australian industry from 1 July 2007 for the purposes of injury analysis.

2.2 Previous investigations

Customs and Border Protection has previously conducted several investigations, (including reviews and continuation inquiries) into HSS and specific sub-categories of HSS from various countries.

These have included:

- 2006/2007 Investigation (Report No. 116);
- 2008/2009 Review (Report No. 143);
- 2008/2009 Investigation (Report No. 144);
- 2009 Continuation Inquiry (Report No. 147); and
- 2009/2010 Review (Report No. 153).

A summary of these investigations is in Customs and Border Protection's consideration report for the investigation (CON 177).

There are no current measures on any HSS exported to Australia.

3. ABILITY TO MAKE PAD AND TAKE SECURITIES

3.1 Ability to make a PAD

At any time not earlier than 60 days after the date of initiation of an investigation as to whether there are sufficient grounds for the publication of a dumping duty notice and/or a countervailing duty notice, in respect of goods the subject of an application, the CEO (or his Delegate) may, if he or she is satisfied:

- that there appears to be sufficient grounds for the publication of such a notice; or
- that it appears that there will be sufficient grounds for the publication of such a notice subsequent to the importation into Australia of such goods;

make a PAD under s.269TD to that effect.

In deciding whether to make a PAD, the CEO must have regard to the application concerned, and to any submissions concerning publication of the notice that are received by Customs and Border Protection within 40 days after the date of initiation of the investigation.

The CEO may also have regard to any other matters that the CEO considers relevant.

The CEO is not obliged to have regard to any submission received after day 40 if to do so would prevent the timely consideration of whether or not to make a PAD.

3.2 Ability to Take Securities

Customs and Border Protection may, at the time of making a PAD or at any later time during the investigation, require and take securities under s.42 in respect of interim duty that may become payable if the officer of Customs and Border Protection taking the securities is satisfied that it is necessary to do so to prevent material injury to an Australian industry occurring while the investigation continues.

4. THE GOODS UNDER CONSIDERATION

4.1 The goods

The goods the subject of the application (the goods) are:

certain electric resistance welded pipe and tube made of carbon steel, comprising circular and non-circular hollow sections in galvanised and non-galvanised finishes. 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 in-line galvanised (ILG), pre-galvanised, hot-dipped galvanised (HDG) and non-galvanised HSS.

Sizes of the goods are, for circular products, those exceeding 21mm up to and including 165.1mm in outside diameter and, for oval, square and rectangular products those with a perimeter up to and including 1277.3mm. Categories of HSS excluded from the goods are conveyor tube; precision RHS with a nominal thickness of less than 1.6mm and air heater tubes to Australian Standard (AS) 2556.

The application includes the following information to clarify the nature of the goods.

Finishing

All HSS regardless of finish is included in the application.
Non-galvanised HSS is typically of painted, black, lacquered or oiled finished coatings.

CHS with other than plain ends (such as threaded, swaged and shouldered) are also included in the application.

Standards

HSS is generally produced to either the British Standard BS 1387 or the Australian Standard AS 1163 or international equivalent standards (including ASTM/JIS and KS).

HSS can also be categorised according to minimum yield strength. The most common classifications are 250 and 350 mega Pascals (MPa).

HSS may also be referred to as extra-light, light, medium or extra heavy according to its wall thickness.

Excluded goods

The following categories are excluded from the goods subject of the application:

- conveyor tube (made for high speed idler rolls on conveyor systems, with inner and outer fin protrusions removed by scarfing (not exceeding 0.1 mm on outer surface and 0.25 mm on inner surface), and out of round standards (i.e. ovality) which do not exceed 0.6 mm in order to maintain vibration free rotation and minimum wind noise during operation);
- precision RHS with a nominal thickness of less than 1.6mm (is not used in structural applications); and
- air heater tubes to AS.2556.

4.2 Tariff classification

The goods may be classified to the following subheadings in Schedule 3 of the *Customs Tariff Act 1995*:

- 7306.30.00 (statistical codes 31, 32, 33, 34, 35, 36 and 37)
- 7306.61.00 (statistical codes 21, 22 and 23)
- 7306.69.00 (statistical codes 26, 27 and 28)

The goods exported to Australia from Korea and Taiwan are subject to a 5% rate of duty.

For China and Malaysia the goods exported to Australia are subject to a 4% rate of duty.

The goods exported to Australia from Thailand using Thailand Free Trade Agreement are free from duty as of 1 January 2010.

There are numerous Tariff Concession Orders applicable to the relevant tariff subheadings.

4.3 Like goods

4.3.1 Background

Subsection 269T(1) defines like goods as:

goods that are identical in all respects to the goods under consideration or that, although not alike in all respects to the goods under consideration, have characteristics closely resembling those of the goods under consideration.

Subsections 269T(2) and 269T(3) specify that, for goods to be regarded as being produced in Australia, they must be wholly or partly manufactured in Australia. In order for the goods to be considered as partly manufactured in Australia, at least one substantial process in the manufacture of the goods must be carried out in Australia.

In its application, ATM relied on Customs and Border Protection's previous findings in REP116 (and the later findings of REP153) in asserting that HSS manufactured in Australia is 'like goods' to imported HSS from the nominated countries.

In support of its claims, ATM submitted a product brochure listing the numerous types of HSS produced and sold by ATM.

Customs and Border Protection has undertaken an inspection of ATM's Mayfield plant and observed the production process of HSS at ATM's Duragal® galvanising plant and dispatch facility.

Customs and Border Protection understands, and has observed that ATM manufactures a comprehensive range of HSS, in various shapes (rectangular (RHS), square (SHS), circular (CHS), oval and others), finishes, sizes (diameters and perimeters) gauges (wall thicknesses), lengths and grades, at ITS Mayfield plant.

4.3.2 HDG HSS

Customs and Border Protection has received numerous submissions that allege that ATM no longer produces hot-dipped galvanised (HDG) HSS (which is almost entirely CHS) in Australia after the mothballing of its Acacia Ridge HDG plant in mid-late 2011, but rather sources HDG HSS from imports (from a source not subject to this investigation).

These submissions allege that, consequently, there is no longer an Australian industry producing HDG HSS in Australia (as no other Australian industry member produces HDG HSS).

Further, these submissions allege that there is no functional substitute for HDG HSS, which has high anti-corrosion properties (not found in other forms of galvanised HSS), making it suitable for all-weather applications.

In relation to this issue, ATM has submitted:²

- it has mothballed its last operational HDG facility (Acacia Ridge), however ATM continues to make black CHS which is sent to an outsourced galvaniser that hot-dip galvanises the ATM-produced CHS and hence ATM still supplies locally-produced HDG HSS;
- the displacement of locally-produced HDG HSS by allegedly dumped imports has contributed to this decision to mothball the HDG plant;
- in the event anti-dumping and/or countervailing measures are applied, ATM may re-commence production at Acacia Ridge; and
- ATM's Duragal® and Supagal® HSS, which it contends is 'fit for purpose' for many applications and directly substitutable with HDG pipe for many common applications.

Customs and Border Protection has not undertaken a full assessment of whether ATM-produced Duragal® and Supagal® (or other HSS produced in Australia) HSS is directly 'like' to imported HDG HSS.

Regardless, Customs and Border Protection preliminarily considers that ATM does supply the Australian HSS market with locally-produced HDG HSS (noting that throughout the investigation this was manufactured by ATM on-site but subsequently through outsourcing the finishing of ATM-produced black HSS). Consequently, in its preliminary view, Customs and Border Protection does not consider that HDG HSS should be treated separately.

4.3.3 Like goods assessment

Customs and Border Protection preliminarily determines that ATM undertakes at least one substantial process of manufacture in producing HSS in Australia, and therefore that there is an Australian industry that produces goods that are like to the goods.

Customs and Border Protection preliminarily considers that ATM, a member of the Australian industry, produces goods that are like to the goods under consideration for the following reasons:

- physical likeness - the goods are produced in similar grades, weights, standards and appearance;
- commercial likeness - the goods directly compete with Australian produced goods and are interchangeable;
- functional - the goods are used to perform the same function and have the same end-use; and
- production - the goods are manufactured in a similar process.

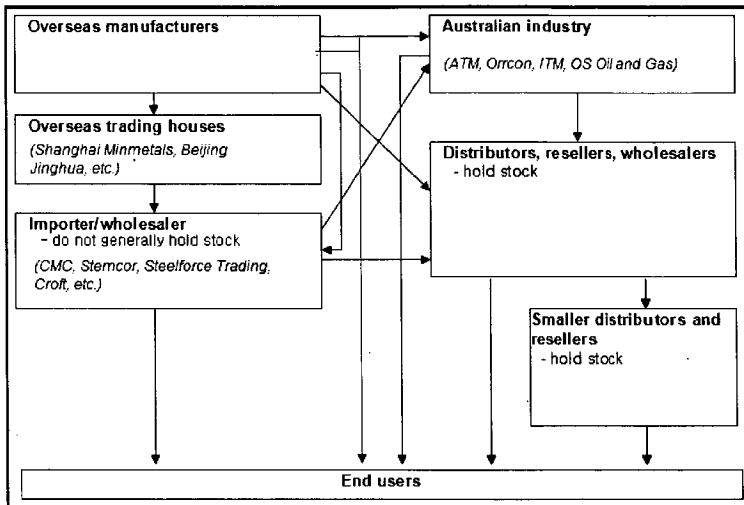
² In its submission 'ATM Correspondence 2011/02 - HSS exported from China, Korea, Malaysia, Taiwan and Thailand - Investigation No. 177 - Like Goods and HDG', dated 5 December 2011 (Public Record file 2011/035616-01, folios 116-140).

5. AUSTRALIAN MARKET

Within its application, OneSteel ATM submitted that the Australian HSS market is supplied from local production and imports, with local production sourced from OneSteel ATM, Orrcon and ITM and imports sourced from a range of countries including China, Korea, Malaysia, Taiwan and Thailand as major sources of supply.

5.1 Market participants

Customs and Border Protection's preliminary understanding of the Australian HSS market is summarised in the below diagram. This indicates the main participants in the market, as well as the distribution and selling channels of HSS in the Australian market.



5.1.1 ATM and other Australian industry members

To Customs and Border Protection's knowledge, the Australian industry is comprised of the following manufacturers (in addition to ATM):

- Orrcon Operations Pty Ltd (Orrcon);
- Independent Tube Mills Pty Ltd (ITM); and
- OneSteel Oil & Gas Pipe (which manufactures large-size HSS at its Kembla Grange facility that it supplies to ATM).

ATM's estimates of market size in its application and verified ATM data (showing HSS sourced from imports/Kembla Grange) indicate that ITM and OneSteel Oil & Gas Pipe are relatively small members of the Australian industry for HSS, with Orrcon and ATM collectively accounting for the vast majority of the Australian industry (see Section 5.2 for further discussion of market size and share).

Since the initiation of this investigation, Customs and Border Protection has requested information from Orrcon and ITM in relation to their Australian production and sale of

HSS. At the time of writing, only Orrcon has provided Customs and Border Protection with requested information.

The Delegate of the CEO has had regard to the information verified with ATM and the matters discussed in their verification visit report,³ as well as data submitted by Orrcon in making a PAD.

5.1.2 Importers

Following the initiation of the investigation, Customs and Border Protection performed a search of its commercial database and identified 107 potential importers of HSS from the countries/regions under investigation. Seven of these importers were identified as 'major' importers.

Orrcon was identified as both an Australian industry member and a major importer of the goods.

Letters were sent to the 100 'minor' importers informing them of the investigation and inviting submissions to the investigation. The major importers were sent Importer Questionnaires.

Customs and Border Protection undertook verification visits to the following importers and is in the process of finalising reports on the visits:

- CMC Australia Pty Ltd;
- Croft Steel Pty Ltd;
- The Trustee for Pedruco Family Trust (trading as GP Marketing International Pty Ltd);
- Steelforce Trading Pty Ltd;
- Stemcor Australian Pty Ltd; and
- Thyssenkrupp Mannex Pty Ltd.

Customs and Border Protection estimates that the above companies collectively accounted for more than 80 percent of the volume of the goods imported during the investigation period.

The Delegate of the CEO has had regard to the matters discussed and information verified during these importer visits, as well as the matters discussed in the in-progress importer visit reports in making a PAD.

5.1.3 Producer Exporters

From the search of its commercial database, Customs and Border Protection also identified more than 153 possible exporters and suppliers of the goods manufactured in China, Korea, Malaysia, Taiwan and Thailand. Each of these companies was sent an invitation to participate in the investigation, and were requested to contact Customs and Border Protection to obtain an export questionnaire.⁴

Customs and Border Protection received 26 Exporter Questionnaire responses. The Delegate of the CEO has considered these Exporter questionnaire responses in making a PAD.

³ Public file 2011/035616-02, folios 1-97 refers

⁴ Public file 2009/021268-05, folios 86-74 refers

5.2 Market size and share

ATM's application contained estimates of sales volumes for other Australian Industry members based on ATM's market intelligence in relation to Orrcon and ITM.

Using this information, as well as data sourced from an independent trade analysis company⁵, ATM provided a whole-of-market estimate, which displayed that sales of its own production accounted for over 60% of sales by Australian industry members (with the vast majority of remaining sales by the Australian industry being made by Orrcon), and over 30% of the total Australian market.

Customs and Border Protection has compared the estimates in ATM's application and its commercial database with sales volumes provided in the Exporter Questionnaires for FY2011. Following this comparison, Customs and Border Protection preliminarily considers the estimates provided in the application are a reasonable indication of export volumes to Australia from China, Korea, Malaysia, Taiwan and Thailand over the injury analysis period.

Market size and share analysis (and charts) are included in Section 8.3 of this report.

⁵ OneSteel ATM submitted that the provided data is based on export volumes from the country of origin rather than imports to Australia, and that some timing differences were thus expected between the provided data and actual import figures.

6. PRELIMINARY DUMPING ASSESSMENT

6.1 Introduction

6.1.1 Background

Customs and Border Protection calculated preliminary dumping margins based on information provided by HSS exporters in responses to the Exporter Questionnaire.

Customs and Border Protection received 26 responses to the Exporter Questionnaire in this investigation, 20 of which were lodged by entities that manufacture HSS, and 6 companies that trade in HSS.

Given its understanding of the HSS market and export process, Customs and Border Protection preliminarily considers it is most likely that the manufacturers are the exporters of the goods, not the traders, and it has determined preliminary dumping margins for only those entities it preliminarily considers to be exporters.

Customs and Border Protection has determined preliminary dumping margins on an exporter specific basis for 11 exporters that collectively account for more than 75% of all HSS exported to Australia in the investigation period.

Customs and Border Protection considers that, of those exporters that provided responses to the Exporter Questionnaire, the exporters for which individual preliminary dumping margins have been calculated collectively represent the largest volume of exportations of HSS that can reasonably be assessed for the purposes of this PAD.

Preliminary dumping margin calculations for all other exporters have been based on the exporter-specific assessments and are explained below for each country.

The preliminary dumping findings are outlined in the below assessment for each investigated country/region.

6.1.2 Particular market situation

In its application, ATM submitted that domestic selling prices within the domestic Chinese and Thai HSS markets are not suitable for establishing normal values in relation to HSS exported to Australia from China or Thailand under s.269TAC(1) of the Act, as a particular market situation exists in those markets that renders the domestic sales unsuitable for normal value.

ATM's claims in relation to China allege that HSS prices in China are artificially lower, or not substantially the same as they would be if they were determined in a competitive market, due to a range of factors that directly and indirectly impact prevailing Chinese HSS prices, including:

- provision of raw steel materials (hot rolled steel (HRS), which can either be in the form of hot-rolled coil (HRC) or narrow strip) at less than adequate remuneration;
- prevalence of state-owned enterprises (SOEs) involved in the manufacture of hot rolled steel in China that receive benefits for the production of hot rolled steel (resulting in artificially low raw material input prices for HSS manufacture in China);
- reduced and/or subsidised energy (i.e. electricity) input prices in the manufacture of hot rolled steel and HSS; and

- benefits received by HSS manufacturers from the Government of China (GOC)⁶ including reductions in taxes, exemptions on duties and VAT, the provision of grants, and concessional interest payments.

In relation to Thailand, ATM alleges that a particular market situation exists due to Thai domestic prices for HRC being artificially low as the Thai Government set a ceiling for the maximum price of HRC. ATM submits that this affects the domestic selling prices of HSS due to the fact that a 'significant proportion' of the cost to make and sell HSS is represented by HRC.

Customs and Border Protection has issued, and received responses to, Government Questionnaires addressing these allegations from both the Government of Thailand and the Government of China. Further, additional questions in relation to these claims were posed (and responses were received in relation to these questions) of Thai and Chinese exporters involved in the investigation as part of the Exporter Questionnaire.

Customs and Border Protection's assessment of these allegations is ongoing and this PAD does not include any assessment of whether there is a market situation in either Thailand or China.

6.2 China

6.2.1 Dalian Steelforce Hitech Co., Ltd (Dalian Steelforce)

Export prices were established in accordance with s.269TAB(1)(a) of the Act, using Dalian Steelforce's quarterly weighted average export invoice prices, by model, excluding any part of that price that relates to post-exportation charges.

Normal values were established in accordance with s.269TAC(2)(c) of the Act using Dalian Steelforce's quarterly weighted average cost to make and sell, by model, plus an amount for profit. The only adjustment made was an upwards adjustment to normal value of 8% in relation to the residual export VAT expense that is incurred for export sales but not domestic sales.

The dumping margin for Dalian Steelforce was established in accordance with s.269TACB(2)(a) of the Act, by comparing the weighted average of export prices over the whole of the investigation period with the weighted average of corresponding normal values over the whole of that period. The preliminary dumping margin for Dalian Steelforce is less than 2%.

6.2.2 Hengshui Jinghua Steel Pipe Co., Ltd (Hengshui Jinghua)

Export prices were established in accordance with s.269TAB(1)(a) of the Act, using Hengshui Jinghua's quarterly weighted average export invoice prices, by model, excluding any part of that price that relates to post-exportation charges.

Normal values were established in accordance with s.269TAC(1) of the Act using Hengshui Jinghua's quarterly weighted average domestic invoice prices for like goods, by model, where those sales appeared to be in the ordinary course of trade. The only adjustment made was an upwards adjustment to normal value of 8% in relation to the residual export VAT expense that is incurred for export sales but not domestic sales.

The dumping margin for Hengshui Jinghua was established in accordance with s.269TACB(2)(a) of the Act, by comparing the weighted average of export prices over the whole of the investigation period with the weighted average of corresponding normal

⁶ This refers to government at all levels in China (including national, provincial and local governments).

values over the whole of that period. The preliminary dumping margin for Hengshui Jinghua is 9.2%.

6.2.3 Huludao City Steel Pipe Industrial Co., Ltd (Huludao)

Export prices were established in accordance with s.269TAB(1)(a) of the Act, using Huludao's quarterly weighted average export invoice prices, by model, excluding any part of that price that relates to post-exportation charges.

Normal values were established in two ways. In relation to some models, normal values were established in accordance with s.269TAC(1) of the Act using Huludao's quarterly weighted average domestic invoice prices for like goods, where those sales appeared to be in the ordinary course of trade. In relation to the other models, normal values were established in accordance with s.269TAC(2)(c) of the Act using Huludao's quarterly weighted average cost to make and sell, plus an amount for profit. The only adjustment made was an upwards adjustment to normal value of 8% in relation to the residual export VAT expense that is incurred for export sales but not domestic sales.

The dumping margin for Huludao was established in accordance with s.269TACB(2)(a) of the Act, by comparing the weighted average of export prices over the whole of the investigation period with the weighted average of corresponding normal values over the whole of that period. The preliminary dumping margin for Huludao is 6.3%.

6.2.4 Qingdao Xiangxing Steel Pipe Co., Ltd (Qingdao Xiangxing)

Export prices were established in accordance with s.269TAB(1)(a) of the Act, using Qingdao Xiangxing's quarterly weighted average export invoice prices, by model, excluding any part of that price that relates to post-exportation charges.

Normal values were established in accordance with s.269TAC(1) of the Act using Qingdao Xiangxing's quarterly weighted average domestic invoice prices for like goods, by model, where those sales appeared to be in the ordinary course of trade. The only adjustment made was an upwards adjustment to normal value of 8% in relation to the residual export VAT expense that is incurred for export sales but not domestic sales.

The dumping margin for Qingdao Xiangxing was established in accordance with s.269TACB(2)(a) of the Act, by comparing the weighted average of export prices over the whole of the investigation period with the weighted average of corresponding normal values over the whole of that period. The preliminary dumping margin for Qingdao Xiangxing is 10.5%.

6.2.5 Zhejiang Kingland Pipeline and technologies Co., Ltd (Kingland)

Export prices were established in accordance with s.269TAB(1)(a) of the Act, using Kingland's quarterly weighted average export invoice prices, by model, excluding any part of that price that relates to post-exportation charges.

Normal values were established in accordance with s.269TAC(1) of the Act using Kingland's quarterly weighted average domestic invoice prices for like goods, by model, where those sales appeared to be in the ordinary course of trade. The only adjustment made was an upwards adjustment to normal value of 8% in relation to the residual export VAT expense that is incurred for export sales but not domestic sales.

The dumping margin for Kingland was established in accordance with s.269TACB(2)(a) of the Act, by comparing the weighted average of export prices over the whole of the investigation period with the weighted average of corresponding normal values over the whole of that period. The preliminary dumping margin for Kingland is less than 2%.

6.2.6 Other Chinese exporters that provided responses to the Exporter Questionnaire

The following Chinese exporters of HSS submitted responses to the Exporter Questionnaires, but exporter-specific dumping margins have not been determined for these companies:

- Jiedong Economic Development Testing Zone Tai Feng Qiao Metal Products Co., Ltd
- Tianjin Jinshengde Steel Tube Produce Co., Ltd
- Zibo Litong Steel Pipe Co., Ltd

The dumping margins for these exporters were determined with reference to the weighted average of the margins determined for Hengshui Jinghua, Huludao, and Qingdao Xianxing, which is 8.7%.

6.2.7 All other Chinese exporters

The dumping margin for all other Chinese exporters was based on the highest exporter specific dumping margin for Chinese exporters discussed above, which is 10.5%.

6.3 Korea

6.3.1 Kukje Steel Co., Ltd (Kukje)

Export prices were established in accordance with s.269TAB(1)(a) of the Act, using Kukje's quarterly weighted average export invoice prices, by model, excluding any part of that price that relates to post-exportation charges.

Normal values were established in accordance with s.269TAC(1) of the Act using Kukje's quarterly weighted average domestic invoice prices, for like goods, by model, where those sales appeared to be in the ordinary course of trade. No adjustments were made.

The dumping margin for Kukje was established in accordance with s.269TACB(2)(a) of the Act, by comparing the weighted average of export prices over the whole of the investigation period with the weighted average of corresponding normal values over the whole of that period. The preliminary dumping margin for Kukje is 11.5%.

6.3.2 Other Korean exporters that provided responses to the Exporter Questionnaire

The following Korean exporters of HSS submitted responses to the Exporter Questionnaires, but exporter-specific dumping margins have not been determined for these companies:

- Dae Myung Steel Co., Ltd
- Jinbang Steel Korea Co. Ltd
- Yulchon Co Ltd

The dumping margins for these exporters were based on the Kukje margin of 11.5%.

6.3.3 Other Korean exporters

The dumping margin for all other Korean exporters was also based on the Kukje margin, which is 11.5%.

6.4 Malaysia

6.4.1 *Alpine Pipe Manufacturing Sdn Bhd (Alpine)*

Export prices were established in accordance with s.269TAB(1)(a) of the Act, using Alpine's quarterly weighted average export invoice prices, by model, excluding any part of that price that relates to post-exportation charges.

Normal values were established in accordance with s.269TAC(1) of the Act using Alpine's quarterly weighted average domestic invoice prices for like goods, by model, where those sales appeared to be in the ordinary course of trade. An adjustment was made for a difference in production costs (considered to be indicative of a price difference) between export and domestic sales.

The dumping margin for Alpine was established in accordance with s.269TACB(2)(a) of the Act, by comparing the weighted average of export prices over the whole of the investigation period with the weighted average of corresponding normal values over the whole of that period. The preliminary dumping margin for Alpine is 15.0%.

6.4.2 *Other Malaysian exporters that provided responses to the Exporter Questionnaire*

The following Malaysian exporter of HSS submitted a response to the Exporter Questionnaires, but an exporter-specific dumping margin has not been determined for this company:

- Southern Steel Pipe Sdn Bhd

The dumping margin for this exporter is based on the Alpine margin of 15.0%.

6.4.3 *All other Malaysian exporters*

The dumping margin for all other Malaysian exporters was also based on the Alpine margin, which is 15.0%.

6.5 Taiwan

6.5.1 *Shin Yang Steel Co., Ltd (Shin Yang)*

Export prices were established in accordance with s.269TAB(1)(a) of the Act, using Shin Yang's quarterly weighted average export invoice prices, by model, excluding any part of that price that relates to post-exportation charges.

Normal values were established in accordance with s.269TAC(1) of the Act using Shin Yang's quarterly weighted average domestic invoice prices for like goods, by model, where those sales appeared to be in the ordinary course of trade. No adjustments were made.

The dumping margin for Shin Yang was established in accordance with s.269TACB(2)(a) of the Act, by comparing the weighted average of export prices over the whole of the investigation period with the weighted average of corresponding normal values over the whole of that period. The preliminary dumping margin for Shin Yang is 15.7%.

6.5.2 *Other Taiwanese exporters that provided responses to the Exporter Questionnaire*

The following Taiwanese exporter of HSS submitted a response to the Exporter Questionnaires, but an exporter-specific dumping margin has not been determined for this company:

- Ta Fong Steel Co., Ltd

The dumping margin for this exporter is based on the Shin Yang margin of 15.7%.

6.5.3 All other Taiwanese exporters

The dumping margin for all other Taiwanese exporters was also based on the Shin Yang margin, which is 15.7%.

6.6 Thailand

6.6.1 Pacific Pipe Public Co. Ltd (Pacific)

Export prices were established in accordance with s.269TAB(1)(a) of the Act, using Pacific's quarterly weighted average export invoice prices, by model, excluding any part of that price that relates to post-exportation charges.

Normal values were established in accordance with s.269TAC(1) of the Act using Pacific's quarterly weighted average domestic invoice prices for like goods, by model, where those sales appeared to be in the ordinary course of trade. An adjustment was made for a difference in production costs (considered to be indicative of a price difference) between export and domestic sales.

The dumping margin for Pacific was established in accordance with s.269TACB(2)(a) of the Act, by comparing the weighted average of export prices over the whole of the investigation period with the weighted average of corresponding normal values over the whole of that period. The preliminary dumping margin for Pacific is less than 2%.

6.6.2 Saha Thai Steel Pipe Public Co. Ltd (Saha)

Export prices were established in accordance with s.269TAB(1)(a) of the Act, using Saha's quarterly weighted average export invoice prices, by model, excluding any part of that price that relates to post-exportation charges.

Normal values were established in accordance with s.269TAC(1) of the Act using Saha's quarterly weighted average domestic invoice prices for like goods, by model, where those sales appeared to be in the ordinary course of trade. No adjustments were made.

The dumping margin for Saha was established in accordance with s.269TACB(2)(a) of the Act, by comparing the weighted average of export prices over the whole of the investigation period with the weighted average of corresponding normal values over the whole of that period. The preliminary dumping margin for Saha is less than 2%.

6.6.3 Samchai Steel Industries Public Company Limited (Samchai)

Export prices were established in accordance with s.269TAB(1)(a) of the Act, using Samchai's quarterly weighted average export invoice prices, by model, excluding any part of that price that relates to post-exportation charges.

Normal values were established in accordance with s.269TAC(1) of the Act using Samchai's quarterly weighted average domestic invoice prices for like goods, by model, where those sales appeared to be in the ordinary course of trade. No adjustments were made.

The dumping margin for Samchai was established in accordance with s.269TACB(2)(a) of the Act, by comparing the weighted average of export prices over the whole of the investigation period with the weighted average of corresponding normal values over the whole of that period. The preliminary dumping margin for Samchai is 11.8%.

6.6.4 Thailand – insufficient grounds to make a PAD

As outlined above, Customs and Border Protection has preliminarily assessed the dumping margins of the three cooperating Thai HSS exporters (Pacific, Saha and Samchai). Of these, Customs and Border Protection has preliminarily found that only HSS exported by Samchai was dumped during the investigation period.

Customs and Border Protection's data indicates that the total volume of HSS exported to Australia by Samchai and all other Thai exporters other than Pacific and Saha is less than 3% than the total volume of all HSS exported to Australia from the investigated countries/region during the investigation period.

Consequently, the Delegate is not satisfied that there are sufficient grounds to make a PAD in relation to HSS exported to Australia from Thailand.

This assessment may change in the future as a result of Customs and Border Protection's ongoing investigation as to whether a particular market situation exists in the Thai HSS market, as well as further analysis and verification of Thai exporters' data.

7. PRELIMINARY COUNTERVAILING ASSESSMENT

ATM submitted in its application that Chinese producers of the goods have benefited from a range of countervailable subsidies.

As a result of its assessment of the information provided by ATM in its application, Customs and Border Protection initiated an investigation into 20 alleged subsidy programs that may have conferred benefit in relation to HSS exported to Australia from China during the investigation period.

At the time of making a PAD, Customs and Border Protection's assessment of these programs is ongoing and no PAD in relation to the countervailing investigation has been made. It is considered that further analysis of all reasonably available information (including responses to the Exporter Questionnaire and the Government of China's response to the Chinese Government Questionnaire) is necessary prior to a PAD being made in relation to the receipt of countervailable subsidies in respect of HSS exported to Australia from China.

8. PRELIMINARY INJURY ASSESSMENT

As Customs and Border Protection has preliminarily assessed that ATM represents a significant percentage of the Australian industry during the investigation period (over 60%), in the absence of verified data from Orrcon, ITM, and OneSteel Oil & Gas Pipe, the injury analysis discussed in this section is based on the economic performance of ATM.

The ATM economic data discussed in this section relates to domestic sales of like goods produced in Australia.

8.1 Introduction

In its application, ATM claimed that the alleged dumping and subsidisation has caused injury to the Australian industry producing HSS.

ATM identified the injurious effects as:

- lost sales volumes;
- lost market share;
- price undercutting;
- price suppression;
- price depression;
- lost profits and profitability;
- reduced return on investment;
- reduced attractiveness to reinvest;
- reduced employment;
- reduced plant utilisation rates; and
- reduced forward orders, cash flows and inventory levels.

These have been examined below.

8.2 Price effects

All suitable verified volume and price data of HSS importers was collated and analysed alongside sales data submitted by ATM for FY2011.

Sales by ATM excluded export sales and sales of HSS imported from other countries. HSS imported by ATM was excluded from HSS import data analysed.

Import price and volume data was sourced from completed Importer Questionnaires, with Customs and Border Protection undertaking verification of the data prior to analysis (several visit reports of these verifications are pending at the time of publication of this PAD report).

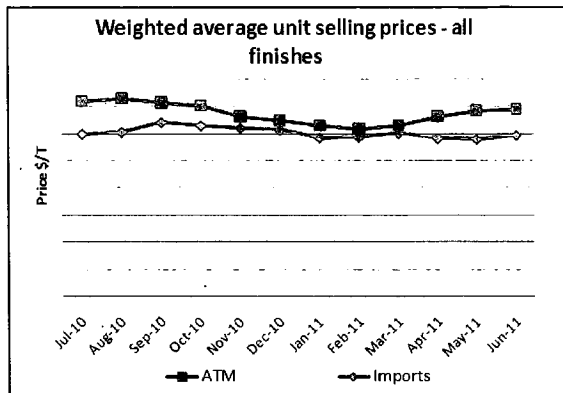
The volume of import sales included in the price undercutting analysis represents an estimated 45% of the import volume (from the five countries/region subject to the investigation) included in Customs and Border Protection's commercial database.

Customs and Border Protection considers that, as this sales data represents a significant proportion of total imports for the FY2011, it allows a reasonably representative and accurate assessment of price effects on the Australian Industry.

8.2.1 Price undercutting

Price undercutting occurs when the imported product is sold at a price below that of the Australian manufactured product.

The chart below displays the trend line for monthly weighted average prices for various finishes of the goods (black, painted, in-line galvanised (ILG) and HDG) for both ATM and the sample of importers.



It can be seen from the above chart that ATM's prices for HSS were consistently undercut by the prices of imported HSS over the investigation period.

When analysing the prices by finish, ATM's prices for all HSS finishes were undercut by importer prices throughout the investigation period, with only few exceptions on a monthly weighted average basis. In the case of HDG HSS, preliminary analysis shows that ATM's prices were significantly undercut by the import prices over the entire investigation period.

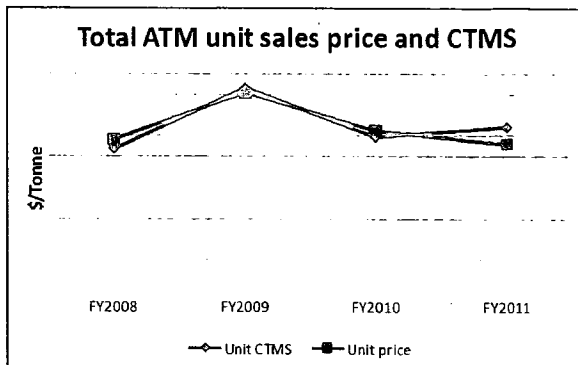
Given the preliminary dumping findings for Thailand and certain Chinese exporters, Customs and Border Protection conducted another price undercutting analysis excluding the Australian sales of these exporters. The results were not dissimilar to the original price undercutting analysis. The volume of exports included in the second price undercutting analysis is still considered a reasonable basis for price undercutting analysis.

8.2.2 Price depression and suppression

Price depression occurs when a company, for some reason, lowers its prices.

Price suppression occurs when price increases, which would otherwise have occurred, have been prevented.

The chart below represents ATM's weighted average unit selling price and weighted average unit cost to make and sell (CTMS) for all finishes, based on data submitted in their application and verified by Customs and Border Protection.



The above chart shows that, on a weighted average basis for all finishes, ATM's unit selling prices increased in FY2009, then significantly decreased in FY2010 and FY2011.

When prices are examined separately for each finish, the price trend for each finish was similar to that for the overall weighted average, except:

- downgrade HSS – which decreased each year of the injury analysis period; and
- HDG HSS – which increased in FY2010 while other finishes decreased, before falling in FY2011 along with all other finishes.

Further, the chart displays that, when considered as a weighted average over all finishes, the unit selling prices for ATM were slightly higher than its unit CTMS for FY2008, before falling below unit CTMS in FY2009. In FY2010, unit selling prices recovered to be slightly above unit CTMS (though both fell that year), prior to prices falling below unit CTMS in FY2011, when prices did not increase in line with rising unit CTMS.

When prices and CTMS are examined separately for each finish, the trend and relationship for painted and HDG HSS was similar to that for the overall weighted average.

Customs and Border Protection further noted that:

- unit selling prices for downgrade HSS were consistently below unit CTMS over the four-year period;
- black HSS unit selling prices in FY2008 were below unit CTMS, before rising above unit CTMS in FY2009 and FY2010, then again falling below unit CTMS in FY2011, when unit CTMS rose and unit selling prices fell; and
- unit selling prices for in-line galvanised HSS were above unit CTMS for FY2008 – FY2010, before falling to be only slightly above unit CTMS in FY2011 (when unit CTMS increased and unit selling prices fell, and did not recover the rise in costs).

8.3 Volume effects

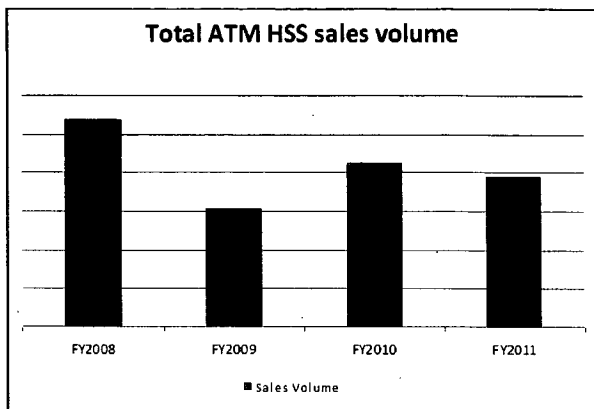
Customs and Border Protection compared import volume estimates in ATM's application with data in Customs and Border Protection's own database and sales volumes provided in the Exporter Questionnaires for FY2011.

This analysis establishes that the estimates provided in the application are a reasonable indication of export volumes to Australia from China, Korea, Malaysia, Thailand and Taiwan over the injury analysis period.

As such, the volume data provided in the application has been utilised in the volume analysis below.

8.3.1 Sales Volume

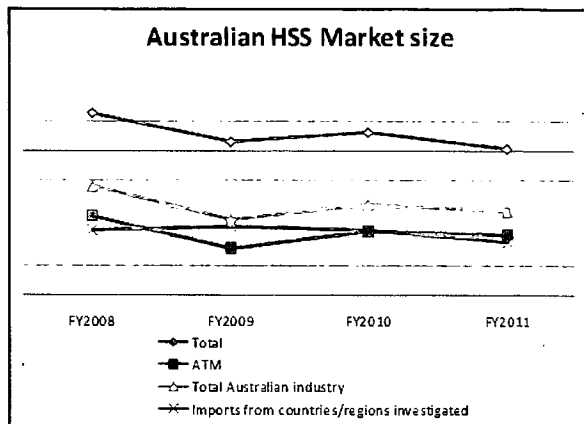
ATM's sales volumes for all finishes of HSS over the injury analysis period are illustrated in the below chart.



The above chart displays that ATM's total HSS sales volumes fell from FY2008 to a low in FY2009. Sales volume increased in FY2010 before falling slightly in FY2011.

Based on the estimates in ATM's application, sales volume for the whole of the Australian industry followed the same trend as ATM, with sales down in FY2009, increasing moderately in FY2010 then dipping slightly in FY2011.

The chart below displays the trend in market volume for all finishes of HSS over the injury analysis period.



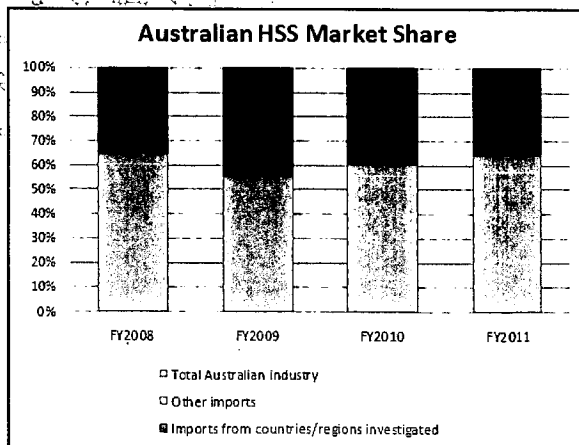
The above displays that, since FY2008, the market for HSS in Australia has contracted, with the exception of FY2010 (which experienced a minor expansion in the total sales volume when compared to the previous year).

Sales volumes for the Australian Industry as a whole and ATM separately, have largely mirrored this overall market contraction.

The volume of total imports from the five investigated countries/region shows relatively stable total sales volume over the period FY2008 to FY2010, with a slight decrease in FY2011.

8.3.2 Loss of Market Share

The chart below illustrates market share for Australian Industry and imports from the investigated countries/region, in relation to all finishes of HSS.



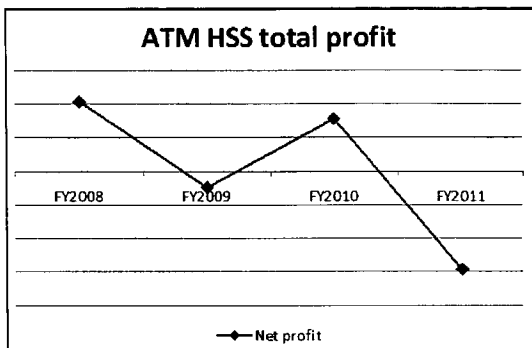
The above chart displays that, from FY2008 to FY2009, the market share of the Australian Industry reduced before increasing in FY2010 and again in FY2011.

In FY2011 the market share of the Australian Industry was slightly lower than it was in FY2008.

8.4 Profit effects

8.4.1 Total profits

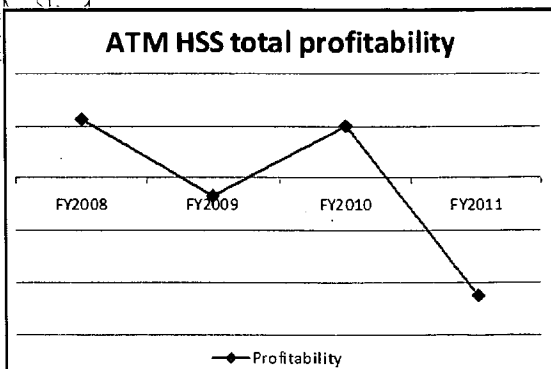
The chart below illustrates ATM's total profit on sales of all finishes of HSS over the injury analysis period.



The above shows that ATM's total HSS profits were positive in the first year of the injury analysis period (FY2008), before falling to a position of being unprofitable in FY2009. These profits recovered to a position of profitability (though lower than FY2008) in FY2010, before again dropping sharply in FY2011 (to the lowest point over the four year analysis period).

8.4.2 Profitability

The chart below illustrates ATM's profitability on sale of all finishes of HSS over the injury analysis period.



The above shows that profitability for FY2008 was positive and declined sharply to a negative position in FY2009 before rising in FY2010 to a similar level of positive profitability to FY2008. Profitability then declined significantly between FY2010 and FY2011 to a position of negative profitability in FY2011.

8.5 Other economic factors

Customs and Border Protection has assessed other economic factors relevant to the economic condition of ATM and concludes that these findings do not detract from the assessment of injury that is based on the price, volume and profit factors above.

8.6 Conclusion

Based on the analysis in the above sections of this report, Customs and Border Protection preliminarily consider that the Australian Industry has suffered injury in the form of price undercutting, price suppression, price depression and lost profits and profitability.

9. PRELIMINARY CAUSATION ASSESSMENT

9.1 Cumulation of injury

In determining the effect of the exportation of the goods to Australia from different countries of export, the cumulative effect of those exportations can be considered if it is appropriate to consider the cumulative effect of those exportations, having regards to:

- the conditions of competition between the exported goods; and
- the conditions of competition between the exported goods and the like goods that are domestically produced.

Customs and Border Protection preliminarily considers that the conditions of competition between imported and domestically produced HSS are similar, as domestically-produced HSS can be directly substituted with imported HSS.

Data submitted to Customs and Border Protection shows that some importers of HSS have imported the same finish of HSS from at least two of the countries/region subject to the investigation. This indicates that the products are used by the same or similar customers.

As discussed in Section 4.3, Customs and Border Protection preliminarily considers that domestically-produced HSS is like to the goods (including having similar end-uses, and competing in the same markets). It is preliminarily determined that the conditions of competition are such that it is appropriate to consider the cumulative effect of the dumped imports from China, Korea, Malaysia, Thailand and Taiwan.

9.2 Dumping

Customs and Border Protection has established that exporters from the five countries/region subject to investigation have exported HSS to Australia at dumped prices during the investigation period. The preliminary dumping margins calculated are up to 15.7%.

However, as discussed in Section 6.6.4, Customs and Border Protection preliminarily finds that the volume of the goods exported from Thailand that were dumped or may have been dumped is of a negligible volume.

In any case, Customs and Border Protection preliminarily finds that HSS exported at dumped prices from the remaining four countries/region represents a significant proportion of total HSS imports during the investigation period.

9.3 Price effects

Customs and Border Protection's preliminary analysis shows that product quality, delivery time, and reliability of product supply and service, have featured as considerations in purchasing decisions for HSS within the Australian market, but that price is also an important determinant.

Customs and Border Protection preliminarily considers that, whilst there may be slight differences in the characteristics of HSS from domestic and imported sources, evidence suggests that imported and domestically produced HSS are substituted by end users, and the degree of product differentiation is not significant.

In addition, Customs and Border Protection has found that it is not uncommon for purchasers of HSS to procure supply from more than one source, including a combination of imported and domestically produced HSS. This mixture of supply affords many HSS

purchasers the ability to compare prices of domestically produced HSS with imported HSS, and there is evidence that indicates the price of imported product is regularly used as leverage in price negotiations with ATM.

In this context, Customs and Border Protection considers the market for HSS in Australia is transparent and price sensitive.

As discussed in the Section 8.2 above, Customs and Border Protection's preliminary analysis indicates that prices of imported HSS have consistently undercut prices of HSS produced and sold domestically by ATM during FY2011. This analysis shows that in many cases, the degree of undercutting was often significant. Customs and Border Protection preliminarily considers that the breadth and degree of dumping has afforded importers an increased capacity to compete on price.

Customs and Border Protection notes that, as a reaction to this price undercutting, ATM has implemented a pricing strategy in order to compete with the price of imports in a bid to maintain market share. As a result, ATM has suffered price depression with overall prices steadily decreasing from FY2009 to FY2011. ATM has also suffered price suppression as the analysis shows the margin between costs and prices was narrow over the injury analysis period, but reached a point in FY2011 where prices dropped below costs.

Customs and Border Protection preliminarily finds that the dumping has enabled the importers to be more competitive on price than they otherwise would have been. This has resulted in consistent and often a significant degree of price undercutting by the importers, causing ATM to suffer injury in the form of price depression and suppression.

9.4 Volume effects

As discussed in Section 8.3, Customs and Border Protection has preliminarily found that injury to ATM in the form of lost sales volumes was broadly in line with a contraction in the overall market for HSS, as ATM experienced some loss of market share from FY2008 to FY2009, but ended the injury analysis period with a market share in FY2011 similar to that of FY2008.

It is not currently clear to Customs and Border Protection whether HSS exported to Australia from the five countries/region subject of the investigation have caused materially adverse volume effects for the Australian HSS industry.

9.5 Profit effects

Customs and Border Protection preliminarily considers that as a direct consequence of the price injury caused by dumping, ATM has experienced significantly reduced profits and profitability.

9.6 Injury caused by factors other than dumping

Interested parties have suggested there have been a number of factors other than dumping that would have contributed to injury experienced by ATM. These factors include:

- a slow housing market that has not yet fully recovered from the global financial crisis, which is having a dampening effect on domestic demand for HSS;
- the strong Australian dollar which provides importers greater purchasing power and increased competitiveness on price in Australia for imported HSS; and

- ATM's choice of distribution and selling system (limiting access to direct purchases from ATM to larger 'franchised' distributors, thereby encouraging them to source imports).

Customs and Border Protection will continue to assess the degree to which, if at all, these factors have caused injury to the Australian HSS industry.

9.7 Conclusion

Customs and Border Protection preliminarily considers that it appears that dumping, in and of itself, has caused material injury to the Australian HSS industry, in the form of price and profit effects.

10. PRELIMINARY NON-INJURIOUS PRICE ASSESSMENT

10.1 Introduction

Duties may be applied where it is established that dumped or subsidised imports have caused or threatened to cause material injury to the Australian industry producing like goods.

The level of dumping duty imposed by the Minister cannot exceed the margin of dumping, but a lesser duty must be applied if it is determined that it is sufficient to remove the injury.

The non-injurious price (NIP) provides the mechanism whereby this lesser duty provision is given effect. It is the price that would be sufficient to remove the injury caused to the Australian industry by the dumping.⁷

Anti-dumping and countervailing duties are based on free-on-board (FOB) prices in the country of export. Therefore a NIP is calculated in FOB terms for the country of export.

Customs and Border Protection generally derives the NIP by first establishing a price at which the Australian industry might reasonably sell its product in a market unaffected by dumping. This price is referred to as the unsuppressed selling price (USP).

Having calculated the USP, Customs and Border Protection then calculates a NIP by deducting the costs incurred in getting the goods from the export FOB point (or another point if appropriate) to the relevant level of trade in Australia. The deductions normally include overseas freight, insurance, into store costs and amounts for importer expenses and profit.

10.2 Preliminary assessment of NIP

Customs and Border Protection notes that only ATM has provided a submission on USP and NIP to date.

ATM claims that a USP should be based on the Australian industry's costs to make and sell from the investigation period plus an amount of profit based on the period January to September 2008.

ATM explained that the period used for a profit amount was found by Customs and Border Protection in Report Number 144 to be a period absent of material injury. Indeed, in Report Number 144, Customs and Border Protection found that:

the Australian HSS industry performed strongly in the first three quarters of 2008 in terms of profits and profitability before the onset of the global financial crisis;

Customs and Border Protection considers, for the purposes of this preliminary assessment of NIPs, that it is reasonable to adopt the approach to calculating USP that has been submitted by ATM, in the absence of any other submissions that suggest a different methodology for calculating USPs and NIPs.

Customs and Border Protection has calculated a USP for each different finish of HSS.

To calculate non-injurious prices, Customs and Border Protection has deducted from the USPs amounts for overseas freight, insurance, into store costs and also amounts for importer expenses and profit. These deductions were based on verified importer data.

⁷ The non-injurious price is defined in section 269TACA

10.3 'Injury margin' approach to lesser duty rule

Customs and Border Protection has, for the purposes of this PAD, compared the weighted average export prices to NIPs, to calculate weighted average 'injury margins'.

This is a similar approach to that for calculating a dumping margin, only the NIP is used to replace the normal value, and a percentage expression of the 'injury margin' can be compared with a percentage expression of the dumping margin.

Customs and Border Protection has undertaken this exercise for the largest exporter by volume from each of the five countries. Where the resulting 'injury margin' is less than the dumping margin for any particular exporter and finish, then the lesser percentage figure for the 'injury margin' can be used to give effect to the lesser duty rule.

Customs and Border Protection found in the case of each of the largest exporters from the five countries the injury margin percentages were higher than the dumping margins. Accordingly, Customs and Border Protection preliminarily considers it is reasonable to find that provisional anti-dumping measures should be implemented at the full dumping margins for all exporter/finish combinations.

11. REASONS FOR MAKING A PAD

As discussed throughout this report, Customs and Border Protection preliminarily considers it reasonable to expect that HSS imported from China (certain exporters), Korea, Malaysia, Taiwan and Thailand (certain exporters) have experienced a competitive advantage in terms of price as a result of dumping.

Customs and Border Protection preliminarily considers it reasonable to expect that the increased competition with dumped imports has prevented the Australian industry from achieving price increases which otherwise would have occurred, and has led to lost sales.

Customs and Border Protection has calculated NIPs and found them to be above Chinese, Korean, Malaysian, Taiwanese and Thai export prices. This supports a preliminary finding that exported HSS has caused injury to the Australian industry.

Customs and Border Protection is of the preliminary view that:

- the goods the subject of the application have been exported from China, Korea, Malaysia, Taiwan and Thailand at less than the amount of their normal value;
- the volume of HSS exported from Thailand that has been dumped or may have been dumped is below a negligible volume of overall imports;
- there is an Australian industry producing like goods that is experiencing material injury;
- the dumped goods are causing material injury to the industry; and
- it is necessary to require and take securities to prevent material injury to the Australian industry occurring while the investigation continues;

Consequently, the CEO is satisfied there appear to be sufficient grounds for the publication of a dumping duty notice in respect of the goods the subject of the application exported from certain exporters from China, Korea, Malaysia and Taiwan, but not in respect of HSS exported to Australia from Thailand. The Delegate of the CEO has therefore made a PAD under s.269TD of the Act to that effect.

In making his PAD, the Delegate of the CEO has had regard to the submissions posted to the public record for this investigation, and to the matters raised in reports posted to the public record for this investigation, as at 22 December 2011.

Additionally, the Delegate of the CEO has also had regard to other relevant information and data submitted by interested parties to the investigation and gathered by Customs and Border Protection during its investigation so far (where appropriate), including:

- verified data submitted in response to the Importer Questionnaire by several importers of HSS;
- data submitted by various exporters of HSS in response to the Exporter Questionnaire; and
- data submitted by Australian industry members other than ATM.

12. PROVISIONAL MEASURES

S.269TD(4)(b) of the Act states that if the CEO makes a PAD, Customs and Border Protection may, at the time of making that determination or at any later time during the investigation, require and take securities under s.42 of the Act in respect of interim duty that may become payable if the officer of Customs and Border Protection taking the securities is satisfied that it is necessary to do so to prevent material injury to an Australian industry occurring while the investigation continues.

In order to prevent material injury occurring while the investigation continues, Customs and Border Protection considers that securities should be taken under s. 42 of the Act in respect of interim dumping duty that may become payable in relation to HSS exported from China, Korea, Malaysia, and Taiwan.

These securities will be implemented separately, as soon as is practicable after the issue of this PAD. Details of these provisional measures will be subject to a separate public notification, subsequent to this PAD.

At the time of publication, Customs and Border Protection intends to implement securities at the levels indicated in the below table.

Country/exporters	Provisional measures rate
China	
Dalian Steelforce Hi-Tech Co., Ltd.	0%
Hengshui Jinghua Steel Pipe Co., Ltd.	9.2%
Huludao City Steel Pipe Industrial Co., Ltd.	6.3%
Qingdao Xiangxing Steel Pipe Co., Ltd.	10.5%
Zhejiang Kingland Pipeline & Technologies Co., Ltd.	0%
Other Chinese exporters that provided responses to the Exporter Questionnaire	8.7%
All other Chinese exporters	10.5%
Korea	
All exporters	11.5%
Malaysia	
All exporters	15.0%
Taiwan	
All exporters	15.7%
Thailand	
No provisional measures	