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**HOWARD CONSULTING PTY LTD**

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ABN 79 126 290 444

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November 28, 2011

The Director,  
International Trade Remedies Branch,  
Australian Customs & Border Protection Service,  
Canberra, ACT 2601

**Ref: Report No 177  
HSS investigation  
Alleged Dumping of Imports  
By  
SAHA THAI STEEL PIPE Co. (STS)  
THAILAND.**

Dear Sir,

The above named exporter, STS, would like to thank the Branch for its consideration in responding to the Exporter Questionnaire (EQ).

This response follows the initial response on behalf of STS on October 27<sup>th</sup> 2011.

As previously advised STS is a privately owned, operated and controlled public company producing and distributing ERW steel pipes and tubes on its home market and to Australia, USA, and Canada.

It is not influenced or affected by any market control exercised by the Thai Government.

It is considered ironic that the Australian applicant company has relied heavily on secondary, unnamed sources and previous findings by other Anti-Dumping Administrations such as those of the USA, and Canada when making less than evidentiary allegations on a so termed "particular market situation".

Whilst the applicant company has "cherry picked" findings by those other administrations it is ironic because if this application had been submitted to the USA administration it would have been rejected on the basis the applicant company is an importer of the goods it claims are dumped (and subsidized) and regardless of how it attempts to sanitise its company's dealings on other imported GUC, it does have a relationship with other exporters of the GUC.

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- \*Tariff Act of 1930 (The Act); United States International Trade Commission (USITC).
- \* Section 771(4) (B) of the ACT Allows the Commission, if appropriate circumstances exist, to exclude from the domestic industry producers that are related to an exporter or an importer of subject merchandise, or which are themselves importers.
- The applicant company in this case is the major producer of the GUC in Australia, is an importer of the GUC and has a strategic alliance with exporters of the GUC.

STS has been an exporter of ERW steel pipes to the USA and Canada for the past 20 years. For the investigation period STS exported ...kt tonnes to the USA, ...kt tonnes to Canada, a total of over ...kt tonnes compared to ...kt tonnes to Australia.

The USA administration currently has a dumping duty margin of 1.76% on its STS exports of steel pipes and Canada has no dumping or countervailing measures on STS exports of steel pipes.

Neither the USA, which is currently concluding an administrative review of STS's dumping margin of 1.76%, nor the Canadian administration have even considered Thailand to be a particular market situation.

STS is prepared to allow its Government, which has a\* Free Trade Agreement with Australian Government, to respond to most of what has been requested in Section H of the EQ. (\*TAFTA means duty free imports of the GUC)

STS has already acknowledged that there is a recommended ceiling price for domestic HRC but as demonstrated in this response, STS is free to import HRC and refutes any suggestion that its home market for the GUC is controlled or regulated by Government.

Our understanding of a particular market situation is based on the GATT criteria:-

"It is recognized that, in the case of imports from a country that has a complete or substantially complete monopoly of its trade and where all domestic prices are fixed by the state.... a strict comparison with domestic prices in such a country may not always be appropriate due to difficulties in determining price comparability."

To suggest that Thailand satisfies this criteria is simply offensive.

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STS considers it important that the ITRB of "Australian Customs" adhere to the WTO Agreement on Anti-Dumping and that it not deviate from the Agreement which STS believes only permits deviation when the following set of criteria on "market situation" is clearly and demonstrably evidenced:-

- (1) No sales of like product in the ordinary course of trade in the country, ie: Thailand.
- (2) Where there are sales but because of a particular market situation they do not permit a proper comparison with the export price.
- (3) Where there are such sales but because of the low volume of sales they do not permit a proper comparison with the export price.

STS submits that no such criteria can be applied to its home market sales or export prices.

STS can respond to the "key aspects" of an unnamed report on page 45 of the applicant's non confidential version of its application:-

- Thailand does have an upstream producer in that it has a producer using scrap as its input feed. Steel slabs are imported duty free.
- Overall demand for steel would have increased everywhere after the depth of the GFC in 2009.
- Cheaper imports in the market place would nullify any suggestion of market influence, let alone market control.
- Again if the introduction of dumping duties have caused higher prices in Thailand, then this would also nullify the suggestion of market influence, market control.
- Not all imported HRC is subject to such duties.
- Thai Government does recommend a ceiling price on HRC

This recommendation is considered to be nothing more than a system Australia employed on Steel PRICING under the Prices Justifications Tribunal (PJT) under which the steel producers had to justify price increases so as to preclude "exploiting" Australian steel users.

- STS does not pay the "extra" 6% commission.
- STS cannot advise on Pacific Pipe production.
- STS exports far more to the USA and Canada than it exports to Australia.

STS also considers it important to note that since this investigation commenced, the applicant has ceased local production of Hot Dipped Galvanised steel pipes and furthermore STS is reliably informed that the applicant will no longer stock the imported Hot Dipped Galvanised pipe it imports from Vietnam.

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This development means that there is no longer like goods to hot dipped galvanized pipes produced in Australia and given that any measures are of a prospective nature, the hot dipped galvanized pipes exported to Australia need to be excluded from the GUC.

Additionally, STS notes from the USITC investigations that it treats circular pipe – especially of the non structural grades- and what we term as being RHS-non circular cross section for above ground structural applications - as being **separate** like goods, unlike this investigation which has a "one size fits all" approach.

Finally, on the question of causality and material injury, it is relevant to note that during this I.P. a new local producer of like goods entered the Australian market, namely ITM, and like the second largest local producer of like goods, ORRCON, it is not supporting the applicant in this investigation.

Sincerely,



**M J Howard**  
Representative

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## SECTION A – COMPANY STRUCTURE AND OPERATIONS

*This section requests information relating to company details and financial reports.*

### A-1 Identity and communication

Please nominate a person within your company who can be contacted for the purposes of this investigation:

**Head office:**

Name: Miss Methita Ratchrongmuang  
Position in the company: Chief Information Officer  
Address: Saha Thai Steel Pipe Public Company Limited  
78 Moo 3 Poochao Road, Bangyapraek  
Phrapradaeng Samutprakan 10130 Thailand  
Telephone: +6623859023  
Facsimile number: +6627544100  
E-mail address of contact person: methita@sahathai.com

**Factory:**

Address: As Above.  
Telephone: As above  
Facsimile number: As above  
E-mail address of contact person: As above

### A-2 Representative of the company for the purpose of investigation

If you wish to appoint a representative to assist you in this investigation, provide the following details:

Name:  
Organisation: Howard Consulting P/L  
Position:  
Address:  
Telephone: 61 3 53 694 310  
Facsimile/Telex number:  
E-mail address of contact person: mjh@howardconsulting.com.au

*Note that in nominating a representative, Customs and Border Protection will assume that confidential material relating to your company in this investigation may be freely released to, or discussed with, that representative.*

**A-3 Company information**

1. What is the legal name of your business? What kind of entity is it (eg. company, partnership, sole trader)? Please provide details of any other business names that you use to export and/or sell goods.  
**Saha Thai was incorporated as a public company. The legal name of the company is Saha Thai Steel Pipe Public Company Limited.**
2. Who are the owners and/or principal shareholders? Provide details of shareholding percentages for joint owners and/or principal shareholders. (List all shareholders able to cast, or control the casting of, 5% or more of the maximum amount of votes that could be cast at a general meeting of your company).  
**Please see Saha Thai Shareholder's List. Attached as Conf Exhibit #1.**
3. If your company is a subsidiary of another company list the principal shareholders of that company.  
**Not a subsidiary.**
4. If your parent company is a subsidiary of another company, list the principal shareholders of that company.  
**Not a subsidiary.**
5. Provide a diagram showing all associated or affiliated companies and your company's place within that corporate structure.  
**Affiliated companies of Saha Thai are all independent. Thus, the corporate structure is not applicable. However, Saha Thai has one subsidiary company named Sahathai Coastal Seaport Co., Ltd.**
6. Are any management fees/corporate allocations charged to your company by your parent or related companies.  
**No management fees are charged or payable.**
7. Describe the nature of your company's business. Explain whether you are a producer or manufacturer, distributor, trading company, etc.  
**Saha Thai is engaged in the manufacturing and distribution of steel pipes.**
8. If your business does not perform all of the following functions in relation to GUC, then please provide names and addresses of the companies which perform each function:
  - produce or manufacture
  - sell in the domestic market
  - export to Australia, and
  - export to countries other than Australia.**Saha Thai performs all those functions.**

9. Provide your company's internal organisation chart. Describe the functions performed by each group within the organisation.  
**Saha Thai has provided company's organisation chart as requested-Attached as Conf Exhibit No 2.**
10. Provide a list of your business' Board of Directors.  
**Saha Thai has provided Board of Director Lists as requested-Attached as Conf Exhibit No 3.**
11. Provide a copy of your most recent annual report together with any relevant brochures or pamphlets on your business activities.  
**Saha Thai has provided the most recent annual report together with brochure as requested. Auditors Report for Year ended Dec 2010 Attached as Conf Exhibit No 4, and Company Brochure Attached as Conf Exhibit No 5.**
12. Provide details of all transactions between your company and all related parties. For example:
  - Supplying/selling completed or partially completed products.
  - Supplying/selling raw materials.
  - Performing management functions (including any financial functions).
  - Processing (including toll processing) of any raw materials, intermediary or completed products.
  - Trading in products/materials supplied by related parties.**Page 15 in "RELATED PARTY TRANSACTIONS" on Saha Thai's Auditor's Report and Financial Management for the year ended 31 December 2010 provides complete details of these transactions which is Attached as Conf Exhibit No 4.**

#### **A-4 General accounting/administration information**

1. Indicate your accounting period.  
**The accounting period of Saha Thai is a calendar year, from 1 January to 31 December.**
2. Indicate the address where the financial records are held.  
**The financial records are held at  
Saha Thai Steel Pipe Public Co., Ltd.  
78 Moo 3 Poochao Road  
Bangyapraek Phrapradaeng  
Samutprakan 10130 Thailand**
3. Provide the following financial documents for the two most recently completed financial years plus all subsequent monthly, quarterly or half yearly statements:
  - chart of accounts;

- audited consolidated and unconsolidated financial statements (including all footnotes and the auditor's opinion);
- internal financial statements, income statements (profit and loss reports), or management accounts, that are prepared and maintained in the normal course of business for the GUC.

These documents should relate to:

- the division or section/s of your business responsible for the production and sale of the GUC, and
- the company overall.

Chart of Accounts is attached as

Conf Exhibit No 6.

Audited Financial Report for year ended Dec2010 attached as Exhibit No 4 includes Year 2009.

Conf Exhibit No 4.

Quarterly Audited Financials are attached as:-

-3 Months ended September 2010

-Conf Exhibit No 7.

-3 Months ended March 2011

-Conf Exhibit No 8

-3 Months ended June 2011

-Exhibit No 9

3. If you are not required to have the accounts audited, provide the unaudited financial statements for the two most recently completed financial years, together with your relevant taxation returns. Any subsequent monthly, quarterly or half yearly statements should also be provided.

**Audited Accounts provided IN CONFIDENCE.**

4. Do your accounting practices differ in any way from the generally accepted accounting principles in your country? If so, provide details.

**Saha Thai's financial statement is prepared in accordance with the generally accepted accounting principles in Thailand.**

5. Describe:

The significant accounting policies that govern your system of accounting, in particular:

- the method of valuation for raw material, work-in-process, and finished goods inventories (eg last in first out –LIFO, first in first out- FIFO, weighted average);  
Inventories are valued at cost or net realizable value, whichever is the lower. Please see page 10 in "Inventories" on Saha Thai Auditor's Report and Financial Statement for the year ended 31 December 2010. Conf Exhibit No 4 refers.
- costing methods, including the method (eg by tonnes, units, revenue, direct costs etc) of allocating costs shared with other goods or processes (such as front office cost, infrastructure cost etc);  
Cost is stated at cost by the average method. Please see page 10 in "Inventories" on Saha Thai Auditor's Report and Financial Statement for the year ended 31 December 2010. Conf Exhibit No 4 refers.

- valuation methods for damaged or sub-standard goods generated at the various stages of production;  
**Damaged or sub-standard Goods are valued at realizable value.**
- valuation methods for scrap, by products, or joint products;  
**Scrap, by products and joint products are valued at realizable value.**
- valuation and revaluation methods for fixed assets;  
**Please see page 10 in "Property, plant and equipment" on Saha Thai Auditor's Report and Financial Statement for the year ended 31 December 2010.Conf Exhibit No 4 refers.**
- average useful life for each class of production equipment and depreciation method and rate used for each;  
**Please see page 10<sup>th</sup> in "Property, plant and equipment" on Saha Thai Auditor's Report and Financial Statement for the year ended 31 December 2010.Conf Exhibit No 4 refers.**
- treatment of foreign exchange gains and losses arising from transactions;  
**Please see page 11<sup>th</sup> in "Foreign currency translation" on Saha Thai Auditor's Report and Financial Statement for the year ended 31 December 2010.Conf Exhibit No 4 refers.**
- treatment of foreign exchange gains/losses arising from the translation of balance sheet items;  
**Please see page 11<sup>th</sup> in "Foreign currency translation" on Saha Thai Auditor's Report and Financial Statement for the year ended 31 December 2010.Conf Exhibit No 4 refers.**
- inclusion of general expenses and/or interest;  
**The general expense and interest are reported separately in accordance with the generally accepted accounting principles in Thailand.**
- provisions for bad or doubtful debts;  
**Please see page 10 in "Allowance for doubtful accounts" on Saha Thai Auditor's Report and Financial Statement for the year ended 31 December 2010.Conf Exhibit No 4 refers.**
- expenses for idle equipment and/or plant shut-downs;  
**No idle equipment or plant shutdowns experienced during this I.P**
- costs of plant closure;  
**No plant closures experienced during this I.P.**
- restructuring costs;  
**No Restructuring costs incurred during this I.P.**
- by-products and scrap materials resulting from your company's production process; and  
**Saha Thai sells damaged goods, sub-standard goods, scrap, by-products and joint products and record them as sales.**
- effects of inflation on financial statement information.  
**No AFFECT as inflation rate was stable during the I.P.**

6. In the event that any of the accounting methods used by your company have changed over the last two years provide an explanation of the changes, the date of change, and the reasons for it.  
**Change has occurred as explained on page 12 in "5. CHANGED IN ACCOUNTING POLICY" on Saha Thai Auditor's Report and Financial Statement for the year ended 31 December 2010. Conf Exhibit No 4 refers.**

#### **A-5 Income statement**

Complete the spreadsheet entitled '**Income statement**' within the *HSS Exporter Questionnaire – THAILAND – accompanying spreadsheet* provided alongside this questionnaire.

Provide the completed spreadsheet in electronic format on CD-ROM (or via email) with your response. If formulas are used to calculate the field within this sheet, please ensure they remain included in the submitted version.

Explain how costs have been allocated between all products and the GUC within these calculations.

This information will be used to verify the completeness of cost data that you provide in Section G. If, because of your company's structure, the allocations would not be helpful in this process, please explain why this is the case.

*Note: if your financial information does not permit you to present information in accordance with this table please present the information in a form that closely matches the table.*

**Saha Thai has completed the spreadsheet entitled 'Income Statement' as requested. SahaThai allocated costs between all products and the GUC by the percentage of sales between all products and GUC within these calculations. A-5 supplied electronically in confidence**

#### **A-6 Sales**

Complete the spreadsheet entitled '**Turnover**' within the *HSS Exporter Questionnaire – THAILAND – accompanying spreadsheet* provided alongside this questionnaire.

Provide the completed spreadsheet in electronic format on CD-ROM (or via email) with your response. If formulas are used to calculate the field within this sheet, please ensure they remain included in the submitted version.

In completing the sheet, use the currency in which your accounts are kept.

This information will be used to verify the cost allocations to the GUC in Section G.

Also, you should be prepared to demonstrate that sales data shown for the GUC is a complete record by linking total sales of these goods to relevant financial statements.

**Saha Thai has completed the spreadsheet entitled 'Turnover' as requested. A-6 supplied electronically in confidence.**

*List of Conf. EXHIBITS-Section A.*

| <i>Questionnaire<br/>Reference</i> | <i>Description of Exhibit</i>                     | <i>Exhibit No.</i> |
|------------------------------------|---|--------------------|
| A-3-2                              | LIST of SHAREHOLDERS                              | 1                  |
| A-3-9                              | ORGANISATION CHART                                | 2.                 |
| A-3-10                             | LIST of DIRECTORS                                 | 3                  |
| A-3-11                             | AUDITED 2010 FINANCIAL<br>INCORPORATING Year 2009 | 4.                 |
|                                    | COMPANY PRODUCT BROCHURE                          | 5.                 |
| A-4-3                              | CHART of ACCOUNTS                                 | 6.                 |
|                                    | AUDITED 2010 FINANCIAL                            | 4.                 |
|                                    | Quarterly Audited FINANCIALS                      |                    |
|                                    | -September 2010                                   | 7                  |
|                                    | -March 2011                                       | 8                  |
|                                    | -June 2011  | 9.                 |
| A-5                                | INCOME STATEMENT-supplied electronically          |                    |
| A-6                                | TURNOVER-supplied electronically.                 |                    |

**SECTION B – SALES TO AUSTRALIA (EXPORT PRICE)**

*This section requests information concerning your export practices and prices to Australia. You should include costs incurred beyond ex-factory.*

*Export prices are usually assessed at FOB point, but Customs and Border Protection may also compare prices at another level (e.g. ex factory).*

*You should report prices of **all GUC shipped to Australia during the investigation period.***

*The invoice date will normally be taken to be the date of sale. If you consider:*

- *the sale date is not the invoice date (see 'date of sale' column explanation in question B4 below) and;*
- *an alternative date should be used when comparing export and domestic prices*

*you **must** provide information in section D on domestic selling prices for a matching period - even if doing so means that such domestic sales data predates the commencement of the investigation period.*

**B-1** For each customer in Australia to whom you shipped goods in the investigation period list:

- name;
  - address;
  - contact name and phone/fax number where known; and
  - trade level (for example: distributor, wholesaler, retailer, end user, original equipment).
- 
- name;
  - address;
  - contact name and phone/fax number where known; and
  - trade level (for example: distributor, wholesaler, retailer, end user, original equipment).

**B-2** For each customer identified in B1 please provide the following information.

- (a) Describe how the GUC are sent to each customer in Australia, including a diagram if required.

**Saha Thai has submitted a diagram. Please see Saha Thai Sales Flow Chart Attached as Conf Exhibit No 10.**

- (b) Identify each party in the distribution chain and describe the functions performed by them. Where commissions are paid indicate whether it is a pre or post exportation expense having regard to the date of sale.

**Saha Thai communicates directly to Australian customers. Thus, there is no other party in the distribution chain. Commission is not applicable.**

- (c) Explain who retains ownership of the GUC at each stage of the distribution chain. In the case of delivered duty paid (DDP) sales, explain who retains ownership when the GUC enter Australia.

**Please see Saha Thai Sales Flow Chart. No DDP sales and ownership passes to Australian importer on payment by L.C or T.T.**

- (d) Describe any agency or distributor agreements or other contracts entered into in relation to the Australian market (supply copy of the agreement if possible).

**No Agency agreements apply.**

- (e) Explain in detail the process by which you negotiate price, receive orders, deliver, invoice and receive payment. If export prices are based on price lists supply copies of those lists.

**Saha Thai sales processes are simply explained as follows:**

- 1. Export manager negotiates price with customers.**
- 2. Once receive inquiry from customers, the export manager will start contract review.**
- 3. After completion of contract review, quotation is issued to customer.**
- 4. Once customers accept quotation, the contract will be issued to customers with L/C or T/T request.**
- 5. Once L/C or T/T is received, the export manager will present order to managing director for approval and place order for production.**
- 6. Once production is completed, the export department will issue invoice and start delivery process**
- 7. Saha Thai will receive payment approximate ... days after B/L date.**

**Saha Thai has no price list.**

- (f) State whether your firm is related to any of its Australian customers. Give details of any financial or other arrangements (eg free goods, rebates, or promotional subsidies) with the

customers in Australia (including parties representing either your firm or the customers).

**Not RELATED to any Australian entity.**

- (g) Details of the forward orders of the GUC (include quantities, values and scheduled shipping dates).

**B-3** Do your export selling prices vary according to the distribution channel identified? If so, provide details. Real differences in trade levels are characterised by consistent and distinct differences in functions and prices.

**All Australian sales are sold through the same Wholesale or distribution channel.**

**B-4** Complete the spreadsheet entitled 'Australian sales' within the *HSS Exporter Questionnaire – THAILAND – accompanying spreadsheet* provided alongside this questionnaire.

This spreadsheet is to list **all** shipments (i.e. transaction by transaction) to Australia **of the GUC** (do not include non-GUC items) in the investigation period.

Provide the completed spreadsheet in electronic format on CD-ROM (or via email) with your response. If formulas are used to calculate the field within this sheet, please ensure they remain included in the submitted version.

The below table provides information as to what is meant by each column heading within the spreadsheet.

| Column heading   | Explanation   |
|------------------|---|
| Customer name    | names of your customers   |
| Level of trade   | the level of trade of your customers in Australia   |
| Model/grade/type | commercial model/grade or type  |
| Product code     | code used in your records for the model/grade/type identified. Explain the product codes in your submission.  |
| Finish           | identify the finish of the HSS sold   |
| Invoice number   | invoice number  |
| Invoice date     | invoice date  |
| Date of sale     | refer to the explanation at the beginning of this section. If you consider that a date <i>other than</i> the invoice date best establishes the material terms of sale, report that date. For example, order confirmation, contract, or purchase order date. |
| Order number     | if applicable, show order confirmation, contract or purchase order number if you have shown a date other than invoice date as being the date of sale.   |
| Shipping terms   | Delivery terms eg. CIF, C&F, FOB, DDP (in accordance with Incoterms)  |
| Payment terms    | agreed payment terms eg. 60 days=60 etc.  |
| Quantity         | Quantity in units shown on the invoice. Show basis eg kg.   |
| Gross invoice    | gross invoice value shown on invoice in the currency of sale.   |

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|---|--|
| value                                   | <i>excluding taxes</i>   |
| Discounts                               | if applicable, the amount of any discount deducted on the invoice on each transaction. If a % discount applies show that % discount applying in another column.  |
| Rebates                                 | The amount of any deferred rebates or allowances paid to the importer in the currency of sale.   |
| Other charges                           | any other charges, or price reductions, that affect the net invoice value. Insert additional columns and provide a description.  |
| Invoice currency                        | the currency used on the invoice   |
| Exchange rate                           | Indicate the exchange rate used to convert the currency of the sale to the currency used in your accounting system   |
| Net invoice value                       | the net invoice value expressed in your domestic currency as it is entered in your accounting system   |
| Other discounts                         | The actual amount of discounts not deducted from the invoice. Show a separate column for each type of discount.  |
| Ocean freight**                         | the actual amount of ocean freight incurred on each export shipment listed.  |
| Marine insurance                        | Amount of marine insurance   |
| FOB export price**                      | the free on board price at the port of shipment.   |
| Packing*                                | Packing expenses   |
| Inland transportation costs*            | inland transportation costs included in the selling price. For export sales this is the inland freight from factory to port in the country of export.  |
| Handling, loading & ancillary expenses* | handling, loading & ancillary expenses. For example, terminal handling, export inspection, wharfage & other port charges, container tax, document fees & customs brokers fees, clearance fees, bank charges, letter of credit fees, & other ancillary charges incurred in the exporting country. |
| Warranty & guarantee expenses*          | warranty & guarantee expenses  |
| Technical assistance & other services*  | expenses for after sale services, such as technical assistance or installation costs.  |
| Commissions*                            | Commissions paid. If more than one type is paid insert additional columns of data. Indicate in your response to question B2 whether the commission is a pre or post exportation expense having regard to the date of sale.   |
| Other factors*                          | any other costs, charges or expenses incurred in relation to the exports to Australia (include additional columns as required). See question B5.   |

**Notes**

\*\* FOB export price and Ocean Freight:

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FOB export price: An FOB export price must be calculated for each shipment - regardless of the shipping terms. FOB price includes inland transportation to the port of exportation, inland insurance, handling, and loading charges. It excludes post exportation expenses such as ocean freight and insurance. Use a formula to show the method of the calculation on each line of the export sales spreadsheet.

Ocean freight: as ocean freight is a significant cost it is important that the actual amount of ocean freight incurred on each exportation be reported. If estimates must be made you must explain the reasons and set out the basis - estimates must reflect changes in freight rates over the investigation period.

Freight allocations must be checked for consistency.

All of these costs are further explained in section E-1.

**Saha Thai has completed the spreadsheet entitled 'Australian sales' as requested and supplied electronically in confidence.**

- B-5** If there are any other costs, charges or expenses incurred in respect of the exports listed above which have not been identified in the table above, add a column within the 'Australian sales' spreadsheet (see "other factors" in question B-4) for each item, and provide a description of each item. For example, other selling expenses (direct or indirect) incurred in relation to the export sales to Australia.

**Saha Thai added a column entitled 'Indirect Selling Expense'.**

- B-6** For each type of discount, rebate, or allowance offered on export sales to Australia:
- provide a description; and
  - explain the terms and conditions that must be met by the importer to obtain the discount.

Where the amounts of these discounts, rebates etc are not identified on the sales invoice, explain how you calculated the amount shown in your response to question B4. If they vary by customer or level provide an explanation.

**Saha Thai did not grant discount, rebate, or allowance offered on export sales to Australia during POI.**

- B-7** If you have issued credit notes (directly or indirectly) to the customers in Australia, in relation to the invoices listed in the detailed transaction by transaction listing in response to question B4, provide details of each credit note if the credited amount has not been reported as a discount or rebate.

**Saha Thai did not grant credit notes to customers in Australia during the POI.**

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- B-8** If the delivery terms make you responsible for arrival of the GUC at an agreed point within Australia (eg. delivered duty paid), insert additional columns in the spreadsheet for all other costs incurred. For example:

|                  |   |
|------------------|---|
| Import duties    | Amount of import duty paid in Australia   |
| Inland transport | Amount of inland transportation expenses within Australia included in the selling price |
| Other costs      | Customs and Border Protection brokers, port and other costs incurred (itemise)          |

**Saha Thai has NO DDP Sales to Australia.**

- B-9** Select two shipments, in different quarters of the investigation period, and provide a complete set of all of the documentation related to the export sale. For example:

- the importer's purchase order, order confirmation, and contract of sale;
- commercial invoice;
- bill of lading, export permit;
- freight invoices in relation to movement of the GUC from factory to Australia, including inland freight contract;
- marine insurance expenses; and
- letter of credit, and bank documentation, proving payment.

Customs and Border Protection will select additional shipments for payment verification at the time of the visit.

**Saha Thai has provided 2 samples of export to Australia as requested and Attached as Conf Exhibit No 11.**

**SECTION B Conf Exhibits.**

| Questionnaire Reference | Description of exhibit                   | Exhibit No |
|-------------------------|--|------------|
| B-2-(a)                 | SALES FLOW CHART                         | 10.        |
| B-4                     | Australian Sales Supplied Electronically |            |
| B-9                     | Selected Shipment Docs                   | 11.        |

**SECTION C – EXPORTED GOODS AND LIKE GOODS**

- C-1** Fully describe all of the GUC you have exported to Australia during the investigation period. Include specification details and any technical and illustrative material that may be helpful in identifying, or classifying, the exported goods.

Please see a spreadsheet entitled 'Connum' in confidence.

- C-2** List each model/type of the good exported to Australia (these models should cover all models listed in spreadsheet "Australian Sales" – See section B of this questionnaire).

Saha Thai has listed all model/type of good exported to Australia in spreadsheet 'Australian Sales' as requested in confidence.

- C-3** If you sell like goods on the domestic market, for each model/type that your company has exported to Australia during the investigation period, list the most comparable model(s) sold domestically and provide a detailed explanation of the differences where those goods sold domestically (ie. the like goods – see explanation in glossary) are not identical to the GUC exported to Australia.

This should be done by completing the spreadsheet entitled 'Like goods' within the *HSS Exporter Questionnaire – THAILAND – accompanying spreadsheet* provided alongside this questionnaire, detailing as follows:

| EXPORTED MODEL  | DOMESTIC MODEL  | IDENTICAL?   | DIFFERENCES  |
|---|---|--|--|
| Product code of each model of the GUC exported to Australia | Product code of comparable model sold on the domestic market of the country of export | If goods are identical indicate "YES".<br>Otherwise "NO" | Where the good exported to Australia is not identical to the like goods, describe the specification differences. If it is impractical to detail specification differences in this table refer to documents which outline differences |

Saha Thai has completed the spreadsheet entitled 'Like goods' as requested and supplied electronically. Conf Exhibit No 12 Attached also has product code.

- C-4** Please provide any technical and illustrative material that may be helpful in identifying or classifying the GUC that your company sells on the domestic market.

Please see a spreadsheet entitled 'Connum' supplied in confidence.

**SECTION D – DOMESTIC SALES**

*This section seeks information about the sales arrangements and prices in the domestic market of the country of export.*

*All domestic sales of like goods to the GUC made during the investigation period must be listed transaction by transaction. If there is an extraordinarily large volume of sales data and you are unable to provide the complete listing electronically you **must** contact the Case Manager **before** completing the questionnaire.*

*If the Case Manager agrees that it is not possible to obtain a complete listing he or she will consider a method for sampling that meets Customs and Border Protection requirements. If agreement cannot be reached as to the appropriate method Customs and Border Protection may not visit your company.*

*Customs and Border Protection will normally take the invoice date as being the date of sale in order to determine which sales fall within the investigation period.*

*If, in response to question B4 (Sales to Australia, Export Price), you have reported that the date of sale is not the invoice date and you consider that this alternative date should be used when comparing domestic and export prices you **must** provide information on domestic selling prices for a matching period - even if doing so means that such domestic sales data predates the commencement of the investigation period.*

*If you do not have any domestic sales of like goods you must contact the Case Manager who will explain the information Customs and Border Protection requires for determining a normal value using alternative methods.*

**D-1 Provide:**

- a detailed description of your distribution channels to domestic customers, including a diagram if appropriate;
- information concerning the functions/activities performed by each party in the distribution chain; and
- a copy of any agency or distributor agreements, or contracts entered into.

*If any of the customers listed are associated with your business, provide details of that association. Describe the effect, if any, that association has upon the price.*

**All of Saha Thai's sales in the home market are made direct from the mill or factory-operated warehouse. A diagram is provided; please see Saha Thai Sales Flow Chart Conf Exhibit No10 attached.**

**D-2 Do your domestic selling prices vary according to the distribution channel identified? If so, provide details. Real differences in trade levels are characterised by consistent and distinct differences in functions and prices.**

**All home market sales are sold from our Distribution to end users or retail resellers. There are no domestic sales to the Wholesale level of trade and a list of Domestic customers is provided as Conf Exhibit 13.**

**D-3 Explain in detail the sales process, including:**

- the way in which you set the price, receive orders, make delivery, invoice and finally receive payment; and the terms of the sales; and
- Saha Thai has no set policies to set the price as well as payment term. All home market sales are negotiated by each sale and they vary according to prevailing circumstances. After negotiation, customers will place order to Saha Thai. Sales department will check stock situation or place order to factory, then issue invoice and make delivery.**
- whether price includes the cost of delivery to customer.
- The invoice price on home market sales is a delivered price.**
- If sales are in accordance with price lists, provide copies of the price lists.
- Saha Thai has no price list.**

- D-4** Complete the spreadsheet entitled '**Domestic sales**' within the *HSS Exporter Questionnaire – THAILAND* – accompanying spreadsheet provided alongside this questionnaire.

This spreadsheet is to list **all domestic sales of like goods** (i.e. transaction by transaction) in the investigation period (do not include non-GUC items).

Provide the completed spreadsheet in electronic format on CD-ROM (or via email) with your response. If formulas are used to calculate the field within this sheet, please ensure they remain included in the submitted version.

The below table provides information as to what is meant by each column heading within the spreadsheet.

| Column Heading      | Explanation  |
|---------------------|--|
| Customer name       | names of your customers. If an English version of the name is not easily produced from your automated systems show a customer code number and in a separate table list each code and name.   |
| Level of trade      | the level of trade of your domestic customer   |
| Model/grade/type    | commercial model/grade or type   |
| Product code        | code used in your records for the model/grade/type identified. Explain the product codes in your submission.   |
| Finish              | The finish of the HSS  |
| Invoice number      | invoice number   |
| Invoice date        | invoice date   |
| Date of sale        | refer to the explanation at the beginning of this section. If you consider that a date <i>other than</i> the invoice date best establishes the material terms of sale and should be used, report that date. For example, order confirmation, contract, or purchase order date. |
| Order number        | show order confirmation, contract or purchase order number if you have shown a date other than invoice date as being the date of sale.   |
| Delivery terms      | eg ex factory, free on truck, delivered into store   |
| Payment terms       | payment terms agreed with the customer eg. 60 days=60 etc  |
| Quantity            | quantity in units shown on the invoice eg kg   |
| Gross Invoice value | gross value shown on invoice <i>in the currency of sale</i> , net of taxes.  |
| Discounts           | the amount of any discount deducted on the invoice on each transaction. If a % discount applies show that %  |

|   |  |
|---|--|
|   | discount applying in another column.   |
| Rebates                                   | The amount of any deferred rebates or allowances paid to the importer in the currency of sale.   |
| Net invoice value                         | the net invoice value expressed in your domestic currency as recorded in your accounting system  |
| Other discounts                           | The actual amount of discounts not deducted from the invoice. Show a separate column for each type of discount.                            |
| Packing*                                  | packing expenses   |
| Inland transportation Costs*              | amount of inland transportation costs included in the selling price.   |
| Handling, loading And ancillary Expenses* | handling, loading & ancillary expenses.  |
| Warranty & Guarantee expenses*            | warranty & guarantee expenses  |
| Technical assistance & other services*    | expenses for after sale services such as technical assistance or installation costs.   |
| Commissions*                              | commissions paid. If more than one type is paid insert additional columns of data.   |
| Other factors*                            | any other costs, charges or expenses incurred in relation to the domestic sales (include additional columns as required). See question D5. |

**Notes**

Costs marked with \* are explained in section E-2.

**Saha Thai has completed the spreadsheet entitled 'Domestic Sales' as requested and is supplied electronically in confidence.**

**D-5** If there are any other costs, charges or expenses incurred in respect of the sales listed which have not been identified in the table in question D-4 above add a column for each item (see "other factors"). For example, certain other selling expenses incurred.

**Saha Thai added a column entitled 'Indirect Selling Expense'.**

**D-6** For each type of commission, discount, rebate, allowance offered on domestic sales of like goods:

- provide a description; and
- explain the terms and conditions that must be met by the customer to qualify for payment.

Where the amounts of these discounts, rebates etc are not identified on the sales invoice, explain how you calculated the amounts shown in your response to question D4.

**No such allowances are made on Domestic sales.**

If you have issued credit notes, directly or indirectly to the customers, provide details if the credited amount has **not** been reported as a discount or rebate.

**Saha Thai granted credit notes to correct error on price or quantity. Thus, those credit notes are not reported as a discount or rebate.**

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- D-7** Select two domestic sales, in different quarters of the investigation period, that are at the same level of trade as the export sales.

Provide a complete set of documentation for those two sales. Include, for example:

- purchase order
- order acceptance
- commercial invoice
- discounts or rebates applicable
- credit/debit notes
- long or short term contract of sale
- inland freight contract
- bank documentation showing proof of payment

Customs and Border Protection will select additional sales for verification at the time of our visit.

Saha Thai has provided 2 samples of domestic sales as requested Conf Exhibit No 14 is attached..

**SECTION D Conf EXHIBITS.**

| Reference | Description               | Exhibit No. |
|-----------|---------------------------|-------------|
| D-1       | SALES FLOW CHART          | 10          |
| D-1       | LIST of DOMESTIC CUTOMERS | 13          |
| D-4       | DOMESTIC SALES            |             |
|           | Provided electronically   |             |
| D-7       | SELECTED SALES            |             |
|           | DOCUMENTATION             | 14          |

**SECTION E – FAIR COMPARISON**

*Section B sought information about the export prices to Australia and Section D sought information about prices on your domestic market for like goods (ie. the normal value).*

*Where the normal value and the export price are not comparable adjustments may be made. This section informs you of the fair comparison principle and asks you to quantify the amount of any adjustment.*

*As prices are being compared, the purpose of the adjustments is to eliminate factors that have unequally modified the prices to be compared.*

*To be able to quantify the level of any adjustment it will usually be necessary to examine cost differences between sales in different markets. Customs and Border Protection must be satisfied that those costs are likely to have influenced price. In practice, this means that the expense item for which an adjustment is claimed should have a close nexus to the sale. For example, the cost is incurred because of the sale, or because the cost is related to the sale terms and conditions.*

*Conversely, where there is not a direct relationship between the expense item and the sale a greater burden is placed upon the claimant to demonstrate that prices have been affected, or are likely to have been affected, by the expense item. In the absence of such evidence Customs and Border Protection may disallow the adjustment.*

*Where possible, the adjustment should be based upon actual costs incurred when making the relevant sales. However, if such specific expense information is unavailable cost allocations may be considered. In this case, the party making the adjustment claim must demonstrate that the allocation method reasonably estimates costs incurred.*

*A party seeking an adjustment has the obligation to substantiate the claim by relevant evidence that would allow a full analysis of the circumstances, and the accounting data, relating to the claim.*

*The investigation must be completed within strict time limits therefore you must supply information concerning claims for adjustments in a timely manner. Where an exporter has knowledge of the material substantiating an adjustment claim that material is to be available at the time of the verification visit. Customs and Border Protection will not consider new claims made after the verification visit.*

**E-1 Costs associated with export sales**

*(These cost adjustments will relate to your responses made at question B-4, 'Australian Sales')*

**1. Transportation**

*Explain how you have quantified the amount of inland transportation associated with the export sale ("Inland transportation costs"). Identify the general ledger account where the expense is located. If the amount has been determined from contractual arrangements, not from an account item, provide details and evidence of payment.*

Included in Shipping Company Cost –Details supplied electronically on spreadsheets E-1 (a) and E-1 (aa) Export Movement expenses-in confidence.

**2. Handling, loading and ancillary expenses**

List all charges that are included in the export price and explain how they have been quantified (“**Handling, loading & ancillary expenses**”). Identify the general ledger account where the expenses are located. If the amounts have been determined using actual observations, not from a relevant account item, provide details.

The various export related ancillary costs are identified in the table at question B4, for example:

- terminal handling;
- wharfage and other port charges;
- container taxes;
- document fees and customs brokers fees;
- clearance fees;
- bank charges, letter of credit fees
- other ancillary charges.

**Please see a spreadsheet entitled Export Movement expenses E-1 (a) and E-1 (aa) supplied in confidence.**

**3. Credit**

The cost of extending credit on export sales is not included in the amounts quantified at question B4. However, Customs and Border Protection will examine whether a credit adjustment is warranted and determine the amount. Provide applicable interest rates over each month of the investigation period. Explain the nature of the interest rates most applicable to these export sales eg, short term borrowing in the currency concerned.

If your accounts receivable shows that the average number of collection days differs from the payment terms shown in the sales listing, *and if* export prices are influenced by this longer or shorter period, calculate the average number of collection days. See also item 4 in section E-2 below.

Average days from Bill of Lading Date to payment by LC or TT is 15 days  
Applying the % rate on Saha leasing finance, not the market rate of say 7.5% for 15 days, would equate to a “credit element” of around \$2 per tonne

**4. Packing costs**

List material and labour costs associated with packing the export product. Describe how the packing method differs from sales on the domestic market, for each model. Report the amount in the listing in the column headed ‘**Packing**’.

**Please see a spreadsheet entitled ‘Packing Expense’ supplied electronically E-1 (b) in confidence.**

**5. Commissions**

For any commissions paid in relation to the export sales to Australia:

- provide a description; and
- explain the terms and conditions that must be met.

Report the amount in the sales listing in question B-4 under the column headed "**Commissions**". Identify the general ledger account where the expense is located.

**No commissions are payable.**

**6. Warranties, guarantees, and after sales services**

List the costs incurred. Show relevant sales contracts. Show how you calculated the expenses ("**Warranty & guarantee expenses**" and "**Technical assistance & other services**"), including the basis of any allocations. Include a record of expenses incurred. Technical services include costs for the service, repair, or consultation. Where these expenses are closely related to the sales in question, an adjustment will be considered. Identify the ledger account where the expense is located.

**No warranties, guarantees or technical assistance is provided.**

**7. Other factors**

There may be other factors for which an adjustment is required if the costs affect price comparability – these are identified in the column headed "**Other factors**". For example, other variable or fixed selling expenses, including salesmen's salaries, salesmen's travel expenses, advertising and promotion, samples and entertainment expenses. Your consideration of questions asked at Section G, concerning domestic and export costs, would have alerted you to such other factors.

**Saha Thai added a column entitled 'Indirect Selling Expense'.**

**8. Currency conversions**

In comparing export and domestic prices a currency conversion is required. Fluctuations in exchange rates can only be taken into account when there has been a 'sustained' movement during the period of investigation (see article 2.4.1 of the WTO Agreement). The purpose is to allow exporters 60 days to adjust export prices to reflect 'sustained' movements. Such a claim requires detailed information on exchange movements in your country over a long period that includes the investigation period.

**E-2 Costs associated with domestic sales**

(These cost adjustments will relate to your responses made at question D-4, "**domestic sales**")

*The following items are not separately identified in the amounts quantified at question D-4. However you should consider whether any are applicable.*

## 1. Physical characteristics

The adjustment recognises that differences such as quality, chemical composition, structure or design, mean that goods are not identical and the differences can be quantified in order to ensure fair comparison.

The amount of the adjustment shall be based upon the market value of the difference, but where this is not possible the adjustment shall be based upon the difference in cost plus the gross profit mark-up (ie. an amount for selling general and administrative costs (S G & A) plus profit).

The adjustment is based upon actual physical differences in the GUC being compared and upon the manufacturing cost data. Identify the physical differences between each model. State the source of your data.

## 2. Import charges and indirect taxes

If exports to Australia:

- are partially or fully exempt from internal taxes and duties that are borne by the like goods in domestic sales (or on the materials and components physically incorporated in the GUC), or
- if such internal taxes and duties have been paid and are later remitted upon exportation to Australia;

the price of like goods must be adjusted downwards by the amount of the taxes and duties.

The taxes and duties include sales, excise, turnover, value added, franchise, stamp, transfer, border, and excise taxes. Direct taxes such as corporate income tax are not included as such taxes do not apply to the transactions.

Adjustment for drawback is not made in every situation where drawback has been received. Where an adjustment for drawback is appropriate you must provide information showing the import duty borne by the domestic sales. (That is, it is not sufficient to show the drawback amount and the export sales quantity to Australia. For example, you may calculate the duty borne on domestic sales by quantifying the total amount of import duty paid and subtracting the duty refunded on exports to all countries. The difference, when divided by the domestic sales volume, is the amount of the adjustment).

In substantiating the drawback claim the following information is required:

- a copy of the relevant statutes/regulations authorising duty exemption or remission, translated into English;
- the amount of the duties and taxes refunded upon *exportation* and an explanation how the amounts were calculated and apportioned to the exported goods;

- an explanation as to how you calculated the amount of duty payable on imported materials is borne by the GUC sold *domestically* but is not borne by the exports to Australia;

### Substitution drawback systems

Annex 3 of the WTO Agreement on Subsidies provides: "Drawback systems can allow for the refund or drawback of import duties on inputs which are consumed in the production process of another product and where the export of this latter product contains domestic inputs having the same quality and characteristics as those substituted for the imported inputs"

If such a scheme operates in the country of export please provide **full** details about the operation of the scheme as well as providing the information requested above.

Saha Thai has an approved Licenced Bond facility by the Thai Customs Administration that it pays a licence fee for and which enables the deferment of Duty payable on some HRC imports of 5% and provided the imported HRC is accounted for by the production of steel pipes and exported under the approved Thai Customs formula-for each tonne weight of finished steel pipe Thai Customs approved a Factor of ..... equivalent tonnes of HRC consumed.

For Example the United States Administration, which currently has a Dumping Duty Margin of 1.76% on Saha Thai Exports of ERW steel pipes to the US, applies the following duty drawback adjustment:

1. Say Imported Tonnes of HRC totalled ..... tonnes for relevant period.
2. Say the US\$ cost per tonne for HRC was US\$.....
3. Normal Duty of 5% per tonne = US\$ .....
4. Thai Customs Usage Factor ..... = US\$ ... X ..... = US \$..... Tonne.
5. Thai Customs Licence FEE ..... Baht
6. Licence fee offset .....%
7. US\$ ..... X ..... = US\$..... per tonne.

However, Saha Thai also imports other HRC.

For the period Jan to October 2011 Saha Thai imported ..... tonnes of HRC ..(duty status) and ..... tonnes of HRC with a (duty rate) and which was Customs entered for the Licenced, Bonded premises .

Over .....% of HRC imports for that period were (duty status) and steel pipes produced from that (duty status) HRC are classified ..(relevance to status)

### 3. Level of trade

Question D-4 asks you to indicate the level of trade to the domestic customer. To claim an adjustment for level of trade differences you will need to quantify the amount by which level of trade influences price.

Trade level is the level a company occupies in the distribution chain. The trade level to which that company in turn sells the GUC and the functions carried out distinguish a level of trade. Examples are producer, national distributor, regional distributor, wholesaler, retailer, end user, and original equipment manufacturer.

It may not be possible to compare export prices and domestic prices at the same level of trade. Where relevant sales of like goods at the next level of trade must be used to determine normal values an adjustment for the difference in level of trade may be required where it is shown that the difference affects price comparability.

The information needs to establish that there are real trade level differences, not merely nominal differences. Real trade level differences are characterised by a consistent pattern of price differences between the levels and by a difference in functions performed. If there is no real trade level differences all sales are treated as being at the same level of trade.

A real difference in level of trade (may be adjusted for using either of the following methods:

- (a) *costs arising from different functions*: the amount of the costs, expenses etc incurred by the seller in domestic sales of the like goods resulting from activities that would not be performed were the domestic sales made at the same level as that of the importer.

This requires the following information:

- a detailed description of each sales activity performed in selling to your domestic customers (for example sales personnel, travel, advertising, entertainment etc);
- the cost of carrying out these activities in respect of like goods;
- for each activity, whether your firm carries out the same activity when selling to importers in Australia;
- an explanation as to why you consider that you are entitled to a level of trade adjustment.

or

- (b) *level discount*: the amount of the discount granted to purchasers who are at the same level of trade as the importer in Australia. This is determined by an examination of price differences between the two levels of trade in the exporter's domestic market, for example sales of like goods by other vendors or sales of the same general category of goods by the exporter. For this method to be used it is important that a clear pattern of pricing be established for the differing trade levels. Such pattern is demonstrated by a general availability of the discounts to the level - isolated instances would not establish a pattern of availability.

#### 4. Credit

The cost of extending credit on domestic sales is not included in the amounts quantified at question D-4. However, Customs and Border Protection will examine whether a credit adjustment is warranted and determine the amount. An adjustment for credit is to be made even if funds are not borrowed to finance the accounts receivable.

The interest rate on domestic sales in order of preference is:

- the rate, or average of rates, applying on actual short term borrowing's by the company; or
- the prime interest rate prevailing for commercial loans in the country for credit terms that most closely approximate the credit terms on which the sales were made; or
- such other rate considered appropriate in the circumstances.

Provide the applicable interest rate over each month of the investigation period.

If your accounts receivable shows that the average number of collection days differs from the payment terms shown in the sales listing, and if domestic prices are influenced by this longer or shorter period, calculate the average number of collection days.

Where there is no fixed credit period agreed at the time of sale the period of credit is determined on the facts available. For example, where payment is made using an open account system,<sup>1</sup> the average credit period may be determined as follows:

*1. Calculate an accounts receivable turnover ratio*

This ratio equals the total credit sales divided by average accounts receivable. (It is a measure of how many times the average receivables balance is converted into cash during the year).

In calculating the accounts receivable turnover ratio, credit sales should be used in the numerator whenever the amount is available from the financial statements. Otherwise net sales revenue may be used in the numerator.

An average accounts receivable over the year is used in the denominator. This may be calculated by:

- using opening accounts receivable at beginning of period plus closing accounts receivable at end of period divided by 2, or
- total monthly receivables divided by 12.

*2. Calculate the average credit period*

The average credit period equals 365 divided by the accounts receivable turnover ratio determined above at 1.

<sup>1</sup> Under an open account system, following payment the balance of the amount owing is carried into the next period. Payment amounts may vary from one period to the next, with the result that the amount owing varies.

The resulting average credit period should be tested against randomly selected transactions to support the approximation.

The following items are identified in the amounts quantified at question D-4:

Answer.

The normal payment term allowed is .....days and the actual AR ratio for the previous accounting period and for the I.P is .....days.

**5. Transportation**

Explain how you have quantified the amount of inland transportation associated with the domestic sales ("Inland transportation Costs"). Identify the general ledger account where the expense is located. If the amount has been determined from contractual arrangements, not from an account item, provide details and evidence of payment.

**Please see a spreadsheet entitled 'Inland Transportation Expense' provided electronically in confidence.**

**6. Handling, loading and ancillary expenses**

List all charges that are included in the domestic price and explain how they have been quantified ("Handling, loading and ancillary Expenses"). Identify the general ledger account where the expense is located. If the amounts have been determined using actual observations, not from a relevant account item, provide details.

There is no separate accounting as this function is included in the manufacturing overheads

**7. Packing**

List material and labour costs associated with packing the domestically sold product. Describe how the packing method differs from sales on the domestic market, for each model. Report the amount in the listing in the column headed "Packing".

**Please see a spreadsheet entitled 'Packing Expense' provided electronically in confidence.**

**8. Commissions**

For any commissions paid in relation to the domestic sales:

- provide a description
- explain the terms and conditions that must be met.

Report the amount in the sales listing under the column headed "Commissions". Identify the general ledger account where the expense is located.

**Not commissions are payable.**

**9. Warranties, guarantees, and after sales services**

List the costs incurred. Show relevant sales contracts. Show how you calculated the expenses ("Warranty & Guarantee expenses" and "Technical assistance & other services"), including the basis of any allocations. Include a record of expenses incurred. Technical services include costs for the service, repair, or consultation. Where these expenses are closely related to the sales in question, an adjustment will be considered. Identify the ledger account where the expense is located.

**No warranties, guarantees etc., are provided .**

**10. Other factors**

There may be other factors for which an adjustment is required if the costs affect price comparability – these are identified in the column headed "Other factors". List the factors and show how each has been quantified in per unit terms. For example:

- *inventory carrying cost*: describe how the products are stored prior to sale and show data relating to the average length of time in inventory. Indicate the interest rate used;
- *warehousing expense*: an expense incurred at the distribution point;
- *royalty and patent fees*: describe each payment as a result of production or sale, including the key terms of the agreement;
- *advertising*; and
- *bad debt*.

**Saha Thai add a column entitled 'Indirect Selling Expense' provided electronically in confidence.**

**E-3 Duplication**

In calculating the amount of the adjustments you must ensure that there is no duplication.

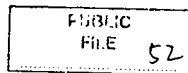
For example:

- adjustments for level of trade, quantity or other discounts may overlap, or
- calculation of the amount of the difference for level of trade may be based upon selling expenses such as salesperson's salaries, promotion expenses, commissions, and travel expenses.

Separate adjustment items must avoid duplication.

An adjustment for quantities may not be granted unless the effect on prices for quantity differences is identified and separated from the effect on prices for level of trade differences.

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**SECTION F – THIRD COUNTRY EXPORTS**

*Your response to this part of the questionnaire may be used by Customs and Border Protection to select sales to a third country that may be suitable for comparison with exports to Australia.*

*Sales to third countries may be used as the basis for normal value in certain circumstances. Customs and Border Protection may seek more detailed information on particular third country sales where such sales are likely to be used as the basis for determining normal value.*

- F-1** Complete the spreadsheet entitled 'Third country sales' within the HSS Exporter Questionnaire – THAILAND – accompanying spreadsheet provided alongside this questionnaire.

This spreadsheet is to list **all export sales of like goods** (i.e. transaction by transaction) to countries other than Australia in the investigation period (do not include non-GUC items).

Provide the completed spreadsheet in electronic format on CD-ROM (or via email) with your response. If formulas are used to calculate the field within this sheet, please ensure they remain included in the submitted version.

The below table provides information as to what is meant by each column heading within the spreadsheet.

| Column heading      | Explanation  |
|---------------------|--|
| Country             | Name of the country that you exported like goods to over the investigation period.   |
| Number of customers | The number of different customers that your company has sold like goods to in the third country over the investigation period. |
| Level of trade      | The level of trade that you export like goods to in the third country.   |
| Quantity            | Indicate quantity, in units, exported to the third country over the investigation period.                                      |
| Unit of quantity    | Show unit of quantity eg kg  |
| Value of sales      | Show net sales value to all customers in third country over the investigation period   |
| Currency            | Currency in which you have expressed data in column SALES  |
| Payment terms       | Typical payment terms with customer(s) in the country eg. 60 days=60 etc   |
| Shipment terms      | Typical shipment terms to customers in the third country eg CIF, FOB, ex-factory, DDP etc.                                     |

**Saha Thai has completed the spreadsheet entitled 'Third country sales' as requested in confidence.**

- F-2** Please identify any differences in sales to third countries which may affect their comparison to export sales to Australia.

The third country sale of Saha Thai is in ....., which requires distinct differences in pipe's specifications, different economic situations, different users and cost of far distance. Saha Thai believes those differences affects the comparison to export sales to Australia.

**SECTION G – COSTS AND CONSTRUCTED NORMAL VALUE**

The information that you supply in response to this section of the questionnaire will be used for various purposes including:

- testing the profitability of sales of like goods on the domestic market;
- determining a constructed normal value of the GUC - ie of the GUC exported to Australia; and
- making certain adjustments to the normal value.

You will need to provide the cost of production of both the exported goods (GUC) and for the like goods sold on the domestic market. You will also need to provide the selling, general, and administration costs relating to goods sold on the domestic market; the finance expenses; and any other expenses (eg. non-operating expenses not included elsewhere) associated with the GUC.

In your response please include a worksheet showing how the selling, general, and administration expenses; the finance expenses; and any other expenses have been calculated.

If, in response to question B4 (Sales to Australia, Export Price) you:

- reported that the date of sale is not the invoice date and consider that this alternative date should be used when comparing domestic and export prices, and
- provided information on domestic selling prices for a matching period as required in the introduction to Section D (Domestic Sales)

you must provide cost data over the same period as these sales even if doing so means that such cost data predates the commencement of the investigation period.

At any verification meeting you must be prepared to reconcile the costs shown to the accounting records used to prepare the financial statements.

**G-1. Production process and capacity**

1. Describe the production process for the GUC. Provide a flowchart of the process. Include details of all products manufactured using the same production facilities as those used for the GUC. Also specify all scrap or by-products that result from producing the GUC.

The production process for the GUC is described in summary below.

**Slitting**

Hot-rolled carbon steel coil purchased from outside suppliers is place on the slitting line, where it is uncoiled, slit into standard widths, and then recoiled for storage and handling convenience.

**Forming**

The slit coil hoops enter the forming line, where they are uncoiled and sent through a series of rollers which gradually bend and reform the flat steel strip into a continuous cylinder. The seam where the two edges of the coil meet is heated and then welded using the ERW process. Next, the bead of excess welding material is removed, and the pipe is sized to meet tolerance requirements. At the end of the forming line, the continuous length is cut to size.

#### End Finishing

Pipe that is to be threaded is put through a chaser type threading machine. Couplings are attached to some threaded pipe; other threaded pipe is sold without couplings

#### Surface Finishing

If the pipe is to be galvanized, it is transferred to the galvanizing line, where it is dipped in a bath of galvanizing material (primarily zinc).

If the pipe is to be painted, it is transferred to the painting line, where it is painted of painting material (primarily paint).

A coat of protective varnish/light oil is applied to uncoated pipe.

#### Packing

The pipe is stencilled, bundled and strapped for shipping.

A flowchart of Saha Thai's production process is provided in the company brochure.

All products manufactured using the same production facilities as those used for GUC.

Saha Thai has categorized joint products as follows:

| <u>Joint Product</u> | <u>Classification</u> | <u>Point at which<br/>Costs are Segregable</u> |
|----------------------|-----------------------|--|
| Zinc dross/Zinc ash  | By-product            | Galvanizing                                    |
| Steel scrap          | By-product            | Slitting/Forming                               |

2. Complete the spreadsheet entitled 'Production' within the *HSS Exporter Questionnaire – THAILAND* – accompanying spreadsheet provided alongside this questionnaire.

Provide the completed spreadsheet in electronic format on CD-ROM (or via email) with your response. If formulas are used to calculate the field within this sheet, please ensure they remain included in the submitted version.

Saha Thai has completed the spreadsheet entitled 'Production' as requested and supplied in confidence.

## **G-2. Cost accounting practices**

1. Outline the management accounting system that you maintain and explain how that cost accounting information is reconciled to your audited financial statements.

Saha Thai's management accounting system is prepared in accordance with generally accepted principles (GAAP) in Thailand. Please see Saha Thai's audited financial statement. Saha Thai does not maintain a system for cost accounting system distinct from its general accounting system. The accounting system assigns actual costs evenly to total production over a particular period, and thus most closely resembles a process cost accounting system.

On January 1, 2011, however, Saha Thai has established a simple cost accounting system. The broad concept of the new cost accounting system is Saha Thai values direct labours and overhead expenses of finished goods on standard cost basis, meanwhile material costs of finished goods are valued on actual cost basis. All manufacturing costs incurred by Saha Thai are recorded to accounts on the basis of actual costs. Therefore, Saha Thai's cost accounting system is not separate from its financial accounting system. The reconciliation is not applicable.

2. Is your company's cost accounting system based on standard (budgeted) costs? State whether standard costs were used in your responses to this questionnaire. If they were state whether all variances (ie differences between standard and actual production costs) have been allocated to the GUC - and describe how those variances have been allocated.

As mentioned above, however, for the purpose of this response, Saha Thai reported costs on actual cost basis. Thus, the variances are not applicable.

3. Provide details of any significant or unusual cost variances that occurred during the investigation period.

As mentioned above, Saha Thai reported costs on actual cost basis, thus, this is not applicable.

4. Describe the profit/cost centres in your company's cost accounting system.

Saha Thai cost accounting system is not organized into separate cost centres.

5. For each profit/cost centre describe in detail the methods that your company normally uses to allocate costs to the GUC. In particular specify how, and over what period, expenses are amortised or depreciated, and how allowances are made for capital expenditures and other development costs.

Saha Thai does not have separate cost centres.

6. Describe the level of product specificity (models, grades etc) that your company's cost accounting system records production costs.

Saha Thai's cost accounting system captures cost at the general product grouping level (i.e., black pipe, galvanized pipe)

7. List and explain all production costs incurred by your company which are valued differently for cost accounting purposes than for financial accounting purposes.

None.

8. State whether your company engaged in any start-up operations in relation to the GUC. Describe in detail the start-up operation giving dates (actual or projected) of each stage of the start-up operation.

**No start up operations during I.P.**

9. State the total cost of the start-up operation and the way that your company has treated the costs of the start-up operation in its accounting records.

**No start ups.**

**G-3 Cost to make and sell on domestic market**

*This information is relevant to testing whether domestic sales are in the ordinary course of trade.<sup>2</sup>*

1. Complete the spreadsheet entitled '**Domestic CTMS**' within the *HSS Exporter Questionnaire – THAILAND* – accompanying spreadsheet provided alongside this questionnaire.

Provide the completed spreadsheet in electronic format on CD-ROM (or via email) with your response. If formulas are used to calculate the field within this sheet, please ensure they remain included in the submitted version.

In doing so, provide the actual unit cost to make and sell each model/type (identified in Section C) of the like goods sold on the domestic market.

Provide this cost data for each quarter over the investigation period. If your company calculates costs monthly, provide monthly costs.

Indicate the source of cost information (account numbers etc) and/or methods used to allocate cost to the GUC. Provide documentation and worksheets supporting your calculations.

If you are unable to supply this information in this format, please contact the Case Manager for this investigation at the address shown on the cover of this questionnaire.

Please specify unit of currency.

**Saha Thai has completed the spreadsheet entitled 'Domestic CTMS' as requested. It is reported in Thai Baht and provided electronically in confidence.**

**G-4 Cost to make and sell GUC (Australian exports)**

Complete the spreadsheet entitled '**Australian CTMS**' within the *HSS Exporter Questionnaire – THAILAND* – accompanying spreadsheet provided alongside this questionnaire.

Provide the completed spreadsheet in electronic format on CD-ROM (or via email) with your response. If formulas are used to calculate the field within this sheet, please ensure they remain included in the submitted version.

<sup>2</sup> Customs and Border Protection applies the tests set out in s.269TAAD of the *Customs Act 1901* to determine whether goods are in ordinary course of trade. These provisions reflect the WTO Anti-Dumping Agreement – see Article 2.2.1.

In doing so, provide the actual unit cost to make and sell each model/type (identified in Section C) of the like goods sold on the domestic market.

Provide this cost data for each quarter over the investigation period. If your company calculates costs monthly, provide monthly costs.

Indicate the source of cost information (account numbers etc) and/or methods used to allocate cost to the GUC. Provide documentation and worksheets supporting your calculations.

If you are unable to supply this information in this format, please contact the Case Manager for this investigation at the address shown on the cover of this questionnaire.

Please specify unit of currency.

**Saha Thai has completed the spreadsheet entitled 'Australian CTMS' as requested. It is reported in Thai Baht and provided electronically in confidence.**

*The information is relevant to calculating the normal values based on costs. It is also relevant to calculating certain adjustments to the normal value.*

- G-5** Where there are cost differences between goods sold to the domestic market and those sold for export, give reasons and supporting evidence for these differences.

**There are no cost difference on the same product code between goods sold to domestic market and those sold for export.**

- G-6** Give details and an explanation of any significant differences between the costs shown, and the costs as normally determined in accordance with your general accounting system. Reference should be made to any differences arising from movements in inventory levels and variances arising under standard costing methods.

**The following list describes the differences between Saha Thai accounting system and the product-specific cost reported in this response:**

- a. Revenues from by-products (scrap) have been transferred from general revenue to total raw material costs;
- b. The method used for reporting purposes allocates certain costs to work-in-process at each stage;
- c. Certain production and payroll records have been used to allocate materials and fabrication costs to specific products;
- d. Packing costs have been transferred from the cost of goods sold to selling expenses;
- e. Domestic selling expenses have been transferred from G&A to selling expenses;
- f. Export selling expenses have been transferred from G&A to selling expenses.

- G-7** In calculating the unit cost to make and sell, provide an explanation if the allocation method used (eg number, or weight etc) to determine the unit cost differs from the prior practice of your company.

**In its normal accounting records, Saha Thai tracks all production quantities on the basis of the number of pieces or weights. In this response, Saha Thai reported unit cost in weight basis, in order to compare unit cost between identical products and similar products.**

- G-8** Major raw material costs:

1. List major raw material costs, which individually account for 10% or more of the total production cost.

**Steel coil is only one raw materials used in production which individually account for 10 % or more of the total production cost.**

For these major inputs:

- identify materials sourced in-house and from associated entities;  
**Saha Thai purchase materials from outside parties.**
- identify the supplier; and  
**Saha Thai purchases from CMC, Macsteel and Posco Asia for overseas.  
Saha Thai purchases from GJS and Sahaviriya for domestic.**
- show the basis of valuing the major raw materials in the costs of production you have shown for the GUC (eg market prices, transfer prices, or actual cost of production).  
**Saha Thai values steel coil on actual cost basis.**

Where the major input is produced by an associate of your company Customs and Border Protection will compare your purchase price to a normal market price. If the associate provides information on the cost of production for that input such cost data may also be considered.

Normal market price is taken to be the price normally available in the market (having regard to market size, whether the input is normally purchased at 'spot prices' or under long term contracts etc).

The term associate is defined in section 269TAA of the Act. Included in that definition are companies controlled by the same parent company (a company that controls 5% or more of the shares of another is taken to be an associated company); companies controlled by the other company; and companies having the same person in the board of directors.

If the major input is purchased or supplied from an integrated production process you should provide detailed information on the full costs of production of that input.

**SECTION H – PARTICULAR MARKET SITUATION**

*The applicants claim that a 'market situation' exists in respect of HSS from Thailand due to government influence on the price of the major raw material input, hot rolled steel, used in the manufacture of the GUC.*

*The existence of a 'market situation' could affect Customs and Border Protection's approach to calculating normal value within its dumping assessment.*

*In broad terms, it is generally the case that the normal value of the GUC is the price paid for like goods sold for home consumption in the country of export. One of the exceptions to using domestic selling prices for this purpose provides that the domestic selling prices are not an appropriate basis for normal value if the Minister is satisfied that a situation in the market has rendered domestic selling prices unsuitable for establishing normal values (i.e. a 'particular market situation' exists).*

*One of these situations may be where the domestic selling prices in the country of export have been materially affected by government influence rendering those prices unsuitable for use in establishing normal values.*

*Through this questionnaire, Customs and Border Protection is providing producers/exporters of the subject goods in Thailand the opportunity to supply evidence that the sector under investigation is operating under market conditions. In examining the matter, Customs and Border Protection will also send questionnaires to the Thai Government and continue to examine information available from third-party sources.*

*It may be necessary for Customs and Border Protection to request additional information following receipt and review of your response.*

1. The application alleges that the price of HRC in Thailand is subject to price control (specifically a price 'ceiling') by the Thai Government (through the Ministry of Commerce).

Confirm whether HRC in Thailand is subject to any form of price regulation by the Thai Government. If so, answer the following questions:

- (a) Describe the nature of the price regulation in place.
- (b) Explain the rationale and aim of this price regulation.
- (c) Identify exactly what products are subject to this price control.
- (d) Identify how long the price regulation has been in place, whether it was in place throughout the investigation period, and whether you are aware of any plans to remove/vary the price regulation in the future.
- (e) Provide copies of any notifications, law, regulations, directive or circulars issued by the Thai Government in relation to this price regulation.
- (f) Explain whether members of the Thai steel industry have any influence over the levels of this Thai Government price regulation.
- (g) Can members of the steel industry petition/apply for variation of these regulations?
- (h) Explain the impact (if any) these regulations have had on your business.

2. Are you aware of any other goods and services in the steel sector (including steel raw materials) whose prices are currently regulated or guided by the Thai Government, or were regulated by the Thai Government during the period 1 July 2006 – 30 June 2011?

Fully explain the levels and nature of these price regulations or guidelines.

Your response should identify any prices in the steel sector that are regulated or guided by any level of government (provincial, municipal or local).

3. The application refers to the *Products under Supervisory for 200 Items* listing.

Provide a current copy of this list, as well as copies of the listing for the period 1 July 2006 – 30 June 2011.

4. Raw material supply

Provide a schedule displaying your average quarterly purchase price and quarterly purchased volume of HRC during the investigation period. Include:

- a) the name and address of your supplier;
- b) whether the HRS is produced domestically or imported.

3. Purchases of HRC

- a) Identify the person who authorises the purchase order terms and other contract provisions for the purchase of HRC by your company.
- b) Explain how the purchase price of HRC by your business is determined, including any Thai Government involvement in your business' pricing decisions.
- c) Does HRC purchased for use in HSS, attract higher or lower selling prices than HRC purchased for use in the manufacture of other products? If so, provide an explanation of why this is the case.
- d) Does your business coordinate the selling prices or supply of hot-rolled steel with other domestic steel and steel product producers, any Thai Government departments, or Steel Associations? If so, provide details.
- e) Explain whether your business has been subjected to any direct or indirect price guidance or controls by the Thai Government during the investigation period, with respect to raw material inputs.
- f) If the Thai Government influences the price of raw material inputs, provide a full explanation of the role of the Thai Government in determining raw material inputs prices.

- g) How did, if at all, HRC inclusion on the Thai Government priority watch list, as published in the 'Products under Supervisory for 200 Items' (October 2006), affect the price of HRC during the investigation period?
- h) Which Thai Government department or agency has responsibility for administering and monitoring the priority watch list described above?
- i) Provide any documentation indicating the Thai Government determined price for HRC during the investigation period.
- j) Explain whether your business has encountered any other price guidance or controls established by regional, provincial or special economic zone officials and/or organisations.

4. Selling prices of HSS

- a) Explain how the selling prices of HSS by your business are determined, including any Thai Government involvement in your business' pricing decisions, and indicate if HSS is subject to Thai Government direct or indirect pricing or government guidance pricing.
- b) List the major factors influencing your business' selling prices of HSS (e.g. competition from imports, increasing domestic demand etc).

Saha Thai has stated it is a privately owned, operated and managed company operating in what it regards as being a free and open market.

Apart from the recommended ceiling price for domestic HRC, Saha Thai does not have the current capacity to respond to these complex issues of alleged market situation and believes it prudent for the THAI Government to respond.

Once Saha Thai have receipt of the THAI Government's response the company may be able to make relevant comments.