



**Australian Government**  
**Australian Customs and**  
**Border Protection Service**

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## **INTERNATIONAL TRADE REMEDIES BRANCH**

### **INVESTIGATION**

**INTO THE 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**

**SAHA THAI STEEL PIPE PUBLIC  
CO., LTD**

**Exporter Visit Report**

**January 2012**

THIS REPORT AND VIEWS OR RECOMMENDATIONS CONTAINED  
THEREIN WILL BE REVIEWED BY THE CASE MANAGEMENT TEAM  
AND MAY NOT REFLECT CUSTOMS' FINAL POSITION

**PUBLIC FILE**  
**Trade Measures Report No. 177**

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## **1 PURPOSE AND BACKGROUND**

### **1.1 Background to the investigation**

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 hollow structural sections (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.

The application alleges that HSS has been exported to Australia from China, Korea, Malaysia, Taiwan and Thailand at prices lower than its normal value, that HSS exported to Australia from China has received countervailable subsidies, and that this dumping and subsidisation has caused material injury to the Australian industry producing HSS.

Following consideration of the application and additional information, Customs and Border Protection initiated an investigation on 19 September 2011. Public notification of initiation of the investigation was made in *The Australian* newspaper on 19 September 2011. Australian Customs Dumping Notice (ACDN) No. 2011/43 provides further details of this investigation and is available at [www.customs.gov.au](http://www.customs.gov.au).

The investigation period is 1 July 2010 to 30 June 2011. Customs and Border Protection will examine exports to Australia of the goods during that period to determine whether dumping has occurred.

Saha Thai Steel Pipe Public Co., Ltd (Saha) was identified in the application as an exporter of HSS from Thailand. Customs and Border Protection's import database also indicated that Saha exported HSS from Thailand to Australia during the investigation period. Consequently Saha was invited to participate in the investigation and provided with an Exporter Questionnaire to complete.

Saha completed the exporter questionnaire including providing requested attachments and other supporting material.

### **1.2 Purpose of visit**

The purpose of the visit was to verify information submitted by Saha, an exporter of hollow structural sections (HSS) and other steel pipe and tubes to Australia, in response to a completed exporter questionnaire that had been sent to Australian Customs and Border Protection Service (Customs and Border Protection) by Saha.

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The submission (**confidential attachment SUB 1**) included information relating to Saha's activities, domestic sales, export sales to Australia and costs to make and sell. A non-confidential version of Saha's response to the exporter questionnaire was placed on the public record.

### **1.3 Purpose of report**

From the verification process and information gathered during our visit this report makes a preliminary assessment of:

- Like goods;
- Who is the exporter and who is the importer;
- Export prices;
- Normal values; and
- Dumping margins.

This preliminary assessment may be used by Customs and Border Protection to form recommendations to the Minister.

### **1.4 Statement of essential facts**

At or before 23 April 2012, a statement of essential facts will be placed on the public record, setting out the facts on which the Chief Executive Officer (CEO) of Customs proposes to base recommendations to the Minister concerning the variable factors.

Interested parties will be invited to make submissions to Customs in response to the statement of essential facts within 20 days of that statement being placed on the public record. A recommendation to the Minister will be made in a report at or before 7 June 2012 (or by such later date as the Minister may allow in accordance with s. 269ZHI).

## **2 VISIT DETAILS**

### **2.1 Company visited**

Saha Thai Steel Pipe Public Co., Ltd.

Office Address:	78 Moo 3 Poochao Road Bangyapraek, Phrapradaeng Sumutprakarn, THAILAND, 10130
Telephone	+ 6623 8590 23
Facsimile	+ 6627 544 100

### **2.2 Dates and persons present**

The visit to Saha took place on 18 – 20 and 24 January 2012.

Present:

Saha Thai Steel Pipe Public Co., Ltd:

	Chief Information Officer
	Cost Accounting Manager
	Export Manager
	Finance Manager

Consultant

- Mr David Birrell – CEO Australian Steel Association, on behalf of Howard Consulting

Australian Customs and Border Protection Service

- Mr Geoff Gleeson – Director, Operations 3
- Mrs Michelle Gibson – Manager, Operations 3

### **2.3 Introduction to visit**

Prior to the meeting, we forwarded Saha an exporter visit agenda that included the sales transactions selected for detailed verification.

At the commencement of the meeting we provided the company representatives with an explanation of the following matters:

- The investigation process and key dates;
- Confidentiality;
- Reports;
- Status of recommendations by the investigation team; and
- Opportunities for further submissions.

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We provided Saha with a brief summary of the Applicant's claim of a particular market situation that renders domestic sales of HSS unsuitable for normal value, including the claims of a price ceiling for hot rolled coil (HRC) in Thailand.

We advised Saha that all material provided to Customs and Border Protection by the company during the visit would be treated as confidential. Saha agreed to assist Customs and Border Protection with its enquiries and did not refuse any request for information.

We advised Saha that we would prepare a report of our visit and provide it to Saha in order for them to review its factual accuracy and identify those parts of the report considered confidential. Following consultation about confidentiality, a non-confidential version of the report would be prepared for placement on the public file. The company agreed to that arrangement and to assist in its preparation.

### **3 COMPANY INFORMATION**

#### **3.1 Company background**

Saha is a Thai manufacturer of steel pipes and tubes and first commenced operations in 1968.

Saha is publicly listed company that is owned and controlled by a number of individual and corporate shareholders. The individuals comprise members of several family groups of which no particular family group has a controlling interest (i.e. >50%). A number of the shareholders hold executive and operational positions within Saha. Details of the shareholdings as at 31 December 2010 are at **confidential attachment SUB 2**.

Saha Thai Coastal Seaport Company Ltd (Coastal Seaport) is a wholly owned subsidiary of Saha Thai and accounted for [REDACTED] of Saha's total revenue in 2010. Coastal Seaport is engaged in seaport management and seaport arrangement consultancy, sea transportation and related merchant marine business.

Saha produces the following products:

- Black pipe;
- Galvanised pipe;
- Varnished and oiled pipe;
- Painted pipe;
- Square and rectangular tubes;
- Circular tubes;
- Furniture steel tubes;
- Steel 'lip' or 'C' channels;
- API accredited line pipe;
- Metal sheet;
- Re-bar (finished product); and
- Spiral bar.

Saha performs all stages of the production process for HSS at its Samutprakan premises, [REDACTED] **[Saha business processes]**. The Samutprakan premises also houses Saha's executive management group, sales office, warehouse and storage areas, and quality control and accounting sections.

Saha has an additional production facility north of Bangkok in Ayutthaya which contains [REDACTED] **[Saha business processes]**. Most of the HSS produced in the Ayutthaya factory is transported to the Samutprakan premises before being finished and sold. Transport is usually via trucks owned by Saha but sometimes external transport companies are used.

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Saha employs approximately [REDACTED] staff at the Samutprakan premises and approximately [REDACTED] at the Ayutthaya premises. Both premises usually operate [REDACTED] **[Production details]**

Saha's production of the like goods accounts for about [REDACTED] of the company's total turnover (by value). The remaining [REDACTED] of Saha's annual turnover comes from the products that are outside the classification of like goods.

### 3.2 Production of like goods

On the first day of our visit to the company we undertook a tour of the manufacturing facility. We observed the operation of the slitting process, the forming lines, the painting lines and the galvanising process.

The goods are manufactured from hot rolled coil (HRC), as well as from pre-galvanised coil, which is slit into widths appropriate to the particular diameter of pipe required and recoiled. The slit coil is unrolled, "cold formed" through a series of rollers and welded via electric resistance welding into hollow round tubular shapes. The round tubular shapes are further formed through rollers into round, square, and rectangular shapes. The pipes are then cut into lengths of "black" pipe. Various protective coatings can be applied to the pipe such as varnish, paint or oil to form a surface finish. Additionally, circular hollow sections (CHS) are produced in a post hot dipped galvanised finish which is subsequently straightened.

In relation to CHS, each nominal size of pipe can be produced in one of four categories: extra-light; light; medium and heavy. The category is determined by the wall thickness, with extra-light being the thinnest and heavy being the thickest. Rectangular hollow sections (RHS) are not categorised in this way.

### 3.3 Sales Overview

Saha sells its products both on the domestic and export markets. Saha's major export markets are the [REDACTED] **[Export markets]** Saha provided copies of its current product catalogues. These catalogues also provide information on the company's background. These product catalogues form **non-confidential attachments GEN1 and GEN 1A**.

The breakdown of Saha's total turnover, by value, during the 12 months to 30 June 2011 was (refer to **confidential attachment SUB 3**):

- Exports, [REDACTED] and [REDACTED]
- Domestic sales, [REDACTED]

For like goods, the breakdown of turnover by value during the 12 months to 30 June 2011 was (refer to **confidential attachment SUB 3**):

- Exports to Australia, [REDACTED]
- Exports to other countries, [REDACTED] and [REDACTED]



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- Domestic sales, [REDACTED]

### 3.4 Accounting

Saha's financial statements are audited quarterly and annually. Saha's accounting year is from 1 January to 31 December. Saha use Dynamic AX accounting software which is used in both the Ayutthaya and Samutprakan plants. Saha do not have separate cost codes for each finish.

Saha included a copy of its year ending 31 December 2010 audited accounts with its submission at **confidential attachment SUB 1**. Saha also included a copy of its quarterly audited financial statements for the periods ended September 2010 and March 2011 and for the three month and six month periods ended 30 June 2011.

During the visit, Saha provided a copy of its profit and loss statement for the year ending 2010 (confidential attachment CTMS 4) and for the investigation period (confidential attachment CTMS 7).

Saha's auditor in 2010 and 2011 was Grant Thornton Limited, Bangkok, certified public accountants and business consultants and a member of Grant Thornton International. The Auditor [REDACTED]

[REDACTED] **[Auditor details]** certified that the 2010 financial statements:

*In my opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the consolidated financial positions of Saha Thai Steel Pipe Public Company Limited and subsidiary as at 31 December 2010 and 2009 and the consolidated results of their operations and cash flows for the years ended, and separate financial positions of Saha Thai Steel Pipe Public Company Limited as at 31 December 2010 and 2009 and the results of its operations and cash flows for the years ended in conformity with generally accepted accounting principles.*

*Without qualifying our opinion, as described in Note 5 to the financial statements, for the year ended 31 December 2010, the Company has changed its accounting policy for recognition of compensation for anti-dumping duty income from recording upon receipt of compensation to recording upon approval from the US Custom Department. The Company's management believes that the said policy will reflect better result of the Company's operation than the previous policy.*

The company provided a copy of their ledger accounts with the exporter questionnaire at **confidential attachment SUB 1**.

### 3.5 Actual and theoretical weights

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Saha explained that its costs to make and sell (CTMS) for both export and domestic sales are based on actual costs, but expressed in terms of theoretical sales volumes. That is, within the response to the exporter questionnaire, the unit cost per 'item code' was effectively an actual production cost per theoretical kilogram.

Saha showed us the spreadsheets 'Cost Cal Q1-4.xls' which, for each product code, list the theoretical weight, and the actual-to-theoretical weight ratio. We could see from this spreadsheet that the theoretical weight was sourced from spreadsheet – 'Item 18.10.2011.xls' which outlines the characteristics of each product code. From this spreadsheet we could also see that the actual-to-theoretical weight ratio was utilised to obtain actual coil costs for the theoretical weight. Saha advised that the actual weight for each product code is recorded in a table by the factory staff and compared to theoretical weights from the appropriate 'Standard' table to obtain the ratio.

For export sales, HSS is sold and invoiced on the theoretical weight with the invoice also noting the number of 'pieces' of each item sold. For domestic sales, HSS is sold and invoiced per 'piece' with weight not noted on the invoice.

We were able to verify that for both domestic and export sales, the weights of each product code matched the weights in this 'Item 18.1.2011' spreadsheet. For export and domestic sales this meant multiplying the number of 'pieces' by the net weight (per piece) for the corresponding product code to give the 'quantity' (weight) listed in the sales spreadsheet ('EQ – accompanying spreadsheet').

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### 4 THE GOODS UNDER CONSIDERATION

#### 4.1 The goods under consideration

The goods the subject of the investigation (the goods) were described in Customs and Border Protection's Consideration Report, Trade Measures Branch Report No.117 (Report No.117), as follows.

*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 21 mm up to and including 165.1 mm 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.*

Report No. 177 provided the following additional definition of the goods:

Non-galvanised HSS is typically painted, oiled, varnished or black (with no oil or protective coating).

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

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

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).

#### Saha Export Sales

Saha's export sales to Australia are produced predominantly to the Australian Standard [REDACTED] and to a much lesser degree the British Standard [REDACTED] Thai International Standard [REDACTED] **[Export details]**

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## 4.2 Like goods

Saha's domestic sales are produced to a number of standards, including the American Society for Testing and Materials (ASTM) [REDACTED] Australian Standard (AS) [REDACTED] Thai International Standard (TIS) [REDACTED] Saha Thai Steel (STS) Standard [REDACTED] British Standard (BS) [REDACTED] Japanese International Standard (JIS) [REDACTED] or made to order to customer specifications [REDACTED]. Saha described the STS Standard as similar to the BS. **[Proportion of sales to each standard]**

We examined the prices of HSS by standard, for each product group and size and by quarter to assess if prices were affected by production standard and found that there was no consistent pattern of price being affected by production standard.

Based on an assessment of the information in the application, Saha's response to the exporter questionnaire, our meetings with Saha and the above analysis on standards; we consider that HSS sold on the domestic market in Thailand possesses similar physical characteristics and manufacturing processes and is commercially and functionally substitutable with HSS exported to Australia.

The technical specifications for the export and domestic pipe grades are detailed in the Saha product catalogues at **non-confidential attachments GEN 1 and GEN 1A**.

Saha use a 'product group' number to categorise their domestic and export sales by shape, finish, and end-type. The below table explains the product group codes, their abbreviations and descriptions and lists whether the product group is sold on the domestic and/or export market.

Table 1: Product code explanation

Group	Abbr.	Description	Export	Dom.
<i>Circular Hollow Sections (CHS)</i>				
21	BPE	Black pipe, plain ends		
24	BTC	Black pipe, threads & coupling		
25	OPE	Black pipe, lightly oil, plain ends		
29	VPE	Black pipe, plain ends, varnish		
33	GPE	Galvanised pipe, plain ends		
35	GTT	Galvanised pipe, both ends thread		
36	GTC	Galvanised pipe, threads & coupling		
49	A-PPE	Red pipe, plain ends		
50	A-PPT	Red pipe, one end thread		
51	A-PTT	Red pipe, both ends thread		
52	A-PTC	Red pipe, threads & coupling		
53	B-PPE	Black painted pipe, plain ends		
56	B-PTC	Black painted pipe, threads &		

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		coupling		
57	C-PPE	Black pipe, plain ends		
<i>Rectangular and Square Hollow Sections (RHS/SHS)</i>				
70	BPE	Black plain end pipe		
71	OPE	Black plain end light oil coating		
72	ZPE	Zinc coated pipe		
74	A-PPE	Red painted pipe		
75	B-PPE	Black painted pipe		
76	C-PPE	Blue painted pipe		

### **[Domestic and/ or export markets]**

Saha also utilise a unique 'product code' number for each product which contains information about the product group, size, standard, thickness and length. Saha provided us with explanation tables for these product codes which can be found at **confidential attachment GEN 3**.

## **5 SALES TO AUSTRALIA**

### **5.1 Introduction**

During the investigation period Saha exported [REDACTED] Tonnes of HSS (the goods) to Australia. Saha's main Australian customer was [REDACTED] who accounted for [REDACTED] of sales. [REDACTED] was the other Australian customer for HSS, accounting for [REDACTED] of sales. **[Export details]**

[REDACTED] The selling price for each order is determined by Saha's Export Manager [REDACTED]

[REDACTED] **[Export pricing process]**

### **5.2 Sales process**

The sales process for exports to Australia is as follows.

1. The customer approaches Saha who quote a US\$ price, based on the prevailing HRC price and the considerations above.
2. The customer negotiates the price with Saha. If the customer accepts the price, they then place an order on Saha. The customer's order identifies the goods to be supplied, a tentative delivery date and the respective port of destination in Australia.
3. Saha then establish an order confirmation that it sends to the customer for signature and return to Saha. The customer in response establishes a letter of credit in Saha's favour.
4. When Saha receives the signed confirmation order it schedules production. Product is not supplied from stock but rather made to order in each instance. The average lead time from order to delivery is around [REDACTED]. Orders specify [REDACTED]. **[Terms]**
5. The goods are packed in hexagonal bundles using 10 steel straps per bundle. Protective plastic cups are placed on the pipes that have threaded ends. For square pipe the entire bundle is wrapped entirely in plastic sheeting for protection. For CHS, plastic covers are placed on each end for protection.



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6. Saha liaises with the customer's agent to establish the date of vessel availability for the shipments. [REDACTED] **[Terms]**

Saha's [REDACTED] transport the finished goods from the factory to the nearby Chao Phraya River where the goods are loaded onto a lighter (barge). The lighter takes the goods down the river to the port of departure (usually Laem Chabang Port or Srirach Ports in the Chonburi harbour or nearby Maptaphut Port) and comes alongside the designated vessel. [REDACTED]

Saha prepares an invoice after shipment and with other export documentation [REDACTED]

**[Export process]**

### **5.3 Date of sale**

[REDACTED] They record the [REDACTED] date for both domestic and export sales [REDACTED] Saha is satisfied that we will use the [REDACTED] for the purposes of period matching when comparing export sales to domestic sales [REDACTED]

**[Export contract details]**

### **5.4 Export sales – verification to source documents**

Saha's response to the exporter questionnaire contained spreadsheets in electronic format, containing summaries of Saha's exports of like goods to Australia and line by line information for each transaction relating to the following:

- Customer;
- Level of trade;
- Product specifications;
- Invoice date and number;
- Date of sale;
- Shipping and payment terms;
- Sales quantity;

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- Invoice value;
- Exchange rate;
- Gross invoice value in Thai Baht;
- Indirect selling costs;
- Packing; and
- Handling and other charges (includes inland transport).

We compared the total volume of exports to Australia contained in Saha's response to data in Customs and Border Protection's import database and found negligible difference in the volumes.

At the visit we requested to view the complete listing of sales of all products (like goods or not) to Australia. Upon examining this spreadsheet we found that sales of 6 inch pipe had been excluded from the data. Saha explained that they were of the understanding that 6 inch pipe was not in the GUC. Upon our request, Saha provided us with new spreadsheets containing the sales of 6 inch pipe. Sales of 6 inch pipe sales accounted for [REDACTED] of total HSS sales to Australia. The new data containing sales of 6 inch pipe was used by us for our analysis.

After viewing the data for all export sales of Australia and making the correction to include 6 inch pipe, we were satisfied that the new export sales spreadsheet was a complete record of all sales of the goods to Australia for the investigation period. The domestic sales section includes discussion of the links between detailed sales data (export and domestic) submitted by Saha, its management reports, profit and loss statement and the audited financial statements.

Prior to the visit, we requested that Saha provide supporting documents for eight selected shipments to Australia, (two for each quarter) selected with regard to product and sale volume mix.

The numbers of the selected invoices were STS/117/10, STS/151/10, STS/167/10, STS/191/10, STS/020/11, STS/008/11, STS/051/11 and STS/040/11.

For each of the selected invoices Saha provided the following documents:

- Purchase contract;
- Commercial invoice;
- Packing list;
- Bill of lading;
- Proof of payment to Saha by customer;
- Banking charges; and
- Transport and port charges.

These documents are at **confidential attachment EXP 1**.

We verified the volume and value of sales for the selected shipments to the export sales spreadsheet.



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Invoice [REDACTED] **[Invoice detail]** had two transactions that had slight discrepancies in the weights and unit prices. Saha investigated and reported that for these two product codes the incorrect weights had been entered into the system by the factory staff. The effect was that the unit price recorded in the spreadsheet was slightly underestimated (0.5%) for exports of these two codes. The two codes were [REDACTED] and [REDACTED]. **[Product Codes]** Together these two codes accounted for 0.17% of export sales to Australia during the investigation period. We considered that this minor discrepancy did not warrant further action.

Invoice [REDACTED] **[Invoice detail]** had two transactions that had slight discrepancies in the weights and unit prices. Saha investigated and reported that the incorrect weight per metre had been used, due to the product being a special order size. In this case, the computer picks up the size from the catalogue, but because this special size is not in the catalogue, the weight is incorrect. Saha provided us with a print out showing the special sizes ordered [REDACTED]. **[Customer detail]** We accepted this explanation. The net effect was that these two product unit prices were recorded in the spreadsheet as being [REDACTED] higher than they should be. The two product codes were [REDACTED] and as there was only one transaction for each product during the investigation period we considered that no further action was required.

Invoice [REDACTED] had [REDACTED] transactions with slight discrepancies in the weights and unit prices. The effect of this was that three unit prices were overestimated in the spreadsheet by [REDACTED] respectively. The remaining [REDACTED] unit prices were underestimated in the spreadsheet by [REDACTED] respectively. The below table contains a summary of these transactions.

**[Table deleted]**

### **[Invoice details including percentage discrepancy]**

Considering the minor nature of these discrepancies and the small number of occurrences we considered that no further action was required.

We requested verification source documents for the following additional invoices [REDACTED]. These documents can be found at **confidential attachments EXP 2, 3 and 4.**

[REDACTED] had an abnormally high unit price. Saha provided verification documentation and explained that this was a 'Short shipment' - small volume order thus incurring additional shipping costs. We were satisfied with this explanation after viewing the source documentation [REDACTED] **[Invoice Investigation]**

We requested documentation for invoice STS/199/10 to examine whether HSS with end finishes other than plain incurred any additional cost. Saha provided the purchase contract and invoice as requested. The invoice shows

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sales with end finishes other than plain and we could see the [REDACTED] charges for these finishes.

[REDACTED] **[Invoice details]** showed no charges for terminal handling, port expense or lighterage port to vessel. We requested an explanation of this and supporting documentation. Saha examined these three invoices and explained that these were small volume orders

[REDACTED] **[Details of individual invoice investigations]** They provided an invoice showing the truck expense which had been included within the export sales spreadsheet for export expenses. After viewing the supporting documentation we were satisfied with this explanation.

After our examination and verification of Saha's revised export sales (including 6 inch pipe) and finding only minor discrepancies that were able to be explained, we consider that the export sales data provided by Saha Thai is reasonably complete, relevant and accurate.

### 5.5 The exporter

After manufacture, the goods are transported from Saha's factory to the ship at the port in [REDACTED]. **[Port details]**. From here they are shipped to Australia.

We consider that Saha should be regarded as the exporter of the goods to Australia as Saha:

- Manufacture the goods to the specific order of the Australian customer;
- Package and transport the goods to the port for export;
- Are listed as the supplier on the Bill of Lading;
- Invoice the Australian customer for the goods; and
- Are the principal in the transaction located in the country of export from where the goods were shipped that gave up responsibility by knowingly placing the goods in the hands of a carrier for delivery to Australia.

### 5.6 The importer

We noted that Saha's Australian customers, [REDACTED] and [REDACTED] **[Customer details]**

- Negotiate directly with Saha for the purchase of the HSS;
- Are named as the consignee on the bills of lading; and
- Arrange customs clearance, logistics, and delivery of the goods after they have been delivered to the Australian port.

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We consider that the Australian customers are the importers of HSS exported by Saha and consider these customers to be the beneficial owner, and therefore the importer, of the HSS at the time of importation.

### 5.7 Arms length

In respect of Saha's sales of HSS to its Australian customers during the investigation period, we found no evidence that:

- There is any consideration payable for or in respect of the goods other than their price;
- The price is influenced by a commercial or other relationship between the buyer, or an associate of the buyer, and the seller, or an associate of the seller; or
- The buyer, or an associate of the buyer, will directly or indirectly, be reimbursed, compensated or otherwise receive a benefit for, or in respect of, whole or any part of the price.

We therefore consider all of Saha's export sales to Australia during the investigation period were arms length transactions.

### 5.8 Export price – preliminary assessment

Based on our assessment of the information Saha provided in their response to the exporter questionnaire and at our meetings, we consider:

- That the goods have been exported to Australia otherwise than by the importer and have been purchased by the importer from the exporter; and
- The purchase of the goods by the importer was an arms length transaction.

Therefore, we are satisfied that export prices for direct export sales can be established under s. 269TAB(1)(a) of the *Customs Act 1901*<sup>1</sup>, being the price paid or payable for the goods by the importer less any part of the price that represents a charge in respect of transport of the goods after exportation or in respect of any other matter arising after exportation. In particular, we established export prices separately by quarter, by product group, by thickness.

A summary of export prices is at **confidential appendix 1**.

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<sup>1</sup> A reference to a section or subsection in this report is a reference to a provision of the Act, unless otherwise specified.



## 6.1 General

- Material costs;
- Direct labour;
- Manufacturing overheads;
- Administration costs; and
- Finance costs.

The delivery and packing materials expenses were not included in the CTMS data. Instead, Saha calculated these for the purposes of the export sales and domestic sales spreadsheets. The verification of delivery and packing expenses is discussed within adjustments section of this report. The amounts added back to Saha's domestic CTMS data for delivery and packing were [REDACTED] THB/kg and [REDACTED] THB/kg respectively. **[CTMS detail]**

We sought to trace the CTMS data that was submitted up through management reports to audited financial statements to establish confidence in the completeness and relevance of the data. We also sought to trace the cost data to source documents to establish confidence in the accuracy of the data. We noted that Saha's approach to calculating quarterly unit CTMS

**[CTMS process]** Verification of the total sales volume is discussed in the domestic sales section of this report where domestic sales, when considered in aggregate with all other sales, were reconciled to audited financial statements.

## 6.2 Verification of cost to make

### 6.2.1 Materials

The materials cost column of the CTMS spreadsheets is calculated by multiplying the sales volume for each product code by the unit cost of materials. The unit cost is contained in detailed cost calculation spreadsheets by quarter, and Saha provided these at the visit. We examined the Excel Workbook for the December quarter of 2010 (Cost Cal Q2.xlsx).

Hot rolled coil (HRC)

We noted the materials cost included HRC and, where applicable to the product code, it also included [REDACTED].

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[REDACTED]  
[CTMS detail]

This approach means that the only difference in HRC costs per kilogram between product codes (within a particular quarter) arises from different [REDACTED]

[REDACTED]  
[CTMS detail] Saha provided a detailed schedule of all pipe and tube production for the investigation period that showed the “good” and “error” quantities for each product code. The “error” quantities included all forms of steel scrap, including slitting losses and downgrade pipe and tube. Using this data, Saha calculated a factor of [REDACTED] [CTMS detail] which it agreed should be applied to the HRC costs in the CTMS data to correctly obtain the cost of HRC.

The underlying unit cost of HRC for the December quarter was traced to another Excel Workbook provided by Saha that contained direct materials cost details (HR worksheet in DM cost POI by Q.xlsx). The workbook contained separate worksheets for HRC, cold-rolled coil, pre-galvanised coil, pre-painted coil, zinc, coupler, varnishing and painting, and scrap. We noted the monthly volume and value details for HRC matched the monthly totals in the detailed HRC purchases schedule that Saha provided prior to the visit, which is at **confidential attachment CTMS 1**.

We selected four HRC purchase transactions for further verification. Saha provided copies of the invoices and evidence of payment, which are at **confidential attachment CTMS 2**. The data contained in the source documents matched that in the schedule of HRC purchases. All four invoices related to purchases of HRC at various thicknesses [REDACTED]

[REDACTED] We asked for an invoice where multiple grades were present so we could examine whether there were price variations by grade. Saha provided a recent invoice [REDACTED], and price per tonne [REDACTED]

[CTMS detail]

We asked Saha to demonstrate that the purchases of coil could be linked to the profit and loss statement and to the audited financial statements for 2010. Saha showed us how the detail in the list of HRC purchases it provided matched a ledger transaction list of domestic purchases for 2010 – account code 52110. It also provided an extract from the trial balance from 2010 to demonstrate the link from the ledger to the profit and loss statement. A copy of the ledger transaction list and the trial balance extract is at **confidential**

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attachment CTMS 3, and a copy of the 2010 profit and loss statement is at confidential attachment CTMS 4. We noted the details in the 2010 profit and loss statement were consistent with the profit Statement of Income in the audited financial statements for 2010.

We noted that the HRC purchases were from Thai and overseas suppliers, with imported HRC accounting for approximately [REDACTED] **[Imported HRC %]** of Saha's coil purchases in the investigation period.

### Zinc

We were able to trace the Zinc costs submitted in the CTMS spreadsheets, in the same manner as for HRC above. Saha had allocated the zinc costs to galvanised [REDACTED] product codes [REDACTED] particular to each product code dimensions. We noted the zinc cost calculations took into [REDACTED] account [REDACTED]. The latter has its own account code and the total of the galvanising income used to offset zinc costs reconciled with the profit and loss statement account item. We noted the value of galvanising services was approximately [REDACTED] of the zinc costs for the investigation period. **[CTMS detail]**

We asked for details to support the zinc purchases summary for October 2010, and Saha provided a schedule of zinc purchases. We selected two transactions for further verification and Saha provided invoices and evidence of payment. The data contained in the source documents matched that in the schedule of Zinc purchases.

The documents supporting the zinc cost are at **confidential attachment CTMS 5.**

[REDACTED]  
We noted that within the direct materials cost spreadsheet for HRC, the quarterly [REDACTED] costs [REDACTED] for HRC [REDACTED]. The invoice details of [REDACTED] transaction from June 2011 and were provided a copy of the invoice that supported the spreadsheet data. The invoice for sales of [REDACTED] is at **confidential attachment CTMS 6.**

[REDACTED] **[CTMS detail]** [REDACTED]

### 6.2.2 Direct labour

We traced the direct labour costs in the CTMS data to the Excel Workbook called "Cost Cal Q2.xlsx". We noted the amounts were comprised of direct



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labour costs from each cost centre as appropriate. The cost centres are

[REDACTED] **[cost centres]** We noted that the direct labour costs were expressed as totals and as amounts per unit for each cost centre. The unitary measure changed depending on the costs centre. For example,

[REDACTED] The direct labour cost pools for each cost centre were then allocated to the product codes in accordance with their respective production

[REDACTED] **[Cost Centre Allocations]**

We were able to reconcile the total labour cost pools for the four quarters with the labour expense categories on the profit and loss statement<sup>2</sup> for the investigation period, which is at **confidential attachment CTMS 7**.

### 6.2.3 Manufacturing overheads

We traced the manufacturing overheads in the CTMS data to the Excel Workbook called Cost Cal Q2.xlsx. Again, the amount comprised manufacturing overhead costs from all of the costs centres. The manufacturing overheads were allocated to particular product codes using the same allocation basis as that for direct labour

[REDACTED]

**[Manufacturing Overhead allocation detail]**

We were able to reconcile the total manufacturing overhead cost pools for the four quarters with the manufacturing overhead expense categories on the profit and loss statement at CTMS 7.

## 6.3 Verification of cost to sell

### 6.3.1 Administration expenses

Saha provided an Excel Workbook to demonstrate its calculation of administrative and finance expenses for the domestic CTMS and Australia export CTS data (E-2 Domestic expenses.). Saha calculated

[REDACTED]

**[Administration expenses allocation detail]**

- Saha's calculations for administration expenses began with a total cost pool for selling, general and administrative items from its profit and

<sup>2</sup>

[REDACTED]

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loss statement for the investigation period

calculation – we consider it is reasonable to remove it from calculations of administration expenses that apply to but an amount for domestic delivery has been added to the Domestic CTMS data for comparing to delivered prices for profitability tests;

- we consider these as being general costs of doing business and, without supporting evidence, we do not see any reason why these expenses should be excluded from average domestic and Australian export administration expenses;
- An 'other income' item for we consider this item is unrelated to domestic sales and Australian export sales and therefore need not be offset against administration expenses;

An 'other income' item called – we consider an adjustment for this is not required as such income has already been offset against the cost (discussed in the materials section above).

In addition to these items, we noted Saha had removed from its calculation an Saha advised the We consider the amount for should remain in the average administration expenses for domestic and Australian export CTMS.

Saha requested that certain We considered this was reasonable

Saha provided details of the which is at **confidential** attachment CTMS 8. [CTMS detail]

We adjusted Saha's administration expenses in accordance with the discussion above and calculated administration expenses as of the cost of goods sold. We used this calculation for the CTMS data instead of Saha's



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calculation of [REDACTED] We note that amounts of [REDACTED] [REDACTED] also need to be added to the domestic CTMS for domestic delivery expenses and domestic packing materials *[CTMS detail]* respectively before a full CTMS is achieved. Calculation of the revised administration expenses in **Confidential appendix 2a**.

### 6.3.2 Finance expenses

Saha used the total interest expenses from the [REDACTED] for the investigation period and measured this [REDACTED] at [REDACTED] We noted that the [REDACTED] We revised the finance cost percentage [REDACTED] income, and calculated a [REDACTED] *[Finance expense detail]*

### 6.4 Cost to make and sell - conclusion

After revising Saha's CTMS data for HRC yield losses, and for amended administration expenses and finance expenses, and to include delivery and packing materials expenses, we are satisfied that the revised cost to make and sell data for Saha provides a reasonably complete, relevant and an accurate account of actual production and selling costs of its export and domestic sales of HSS. We consider these costs to make and sell are suitable for:

- Determining a constructed normal value under section 269TAC(2)(c) of the Act; and
- Assessing ordinary course of trade under section 269TAAD of the Act.

Our revised CTMS calculations are at **confidential appendix 2**.

**7 DOMESTIC SALES****7.1 Introduction**

Saha advised that it is [REDACTED] supplier of HSS in the domestic market, estimating that it supplies around [REDACTED] of the domestic market. Saha explained that [REDACTED] is likely to account for [REDACTED] domestic sales of HSS, and [REDACTED] also has significant domestic sales volumes. **[Domestic sales detail]** Saha estimated that there would be around 100 Thai manufacturers of HSS, and it considers that imported HSS would make up only a small proportion of the Thai market.

We noted from the data submitted that Saha's domestic sales comprised mainly black pipe [REDACTED] galvanised [REDACTED] painted [REDACTED] and varnished [REDACTED] finishes. **[Domestic sales breakdown]**

Saha stated that [REDACTED] its domestic sales of HSS are to [REDACTED]

[REDACTED] **[Customer breakdown]** Saha stated that all of its domestic prices are [REDACTED] and that its [REDACTED] for any customer [REDACTED] **[Payment terms]**

Saha advised that most domestic sales are made to order, but sometimes there is stock available for immediate delivery. It explained that most of its customers are [REDACTED] **[Domestic sales breakdown]**

**7.2 Domestic sales data provided**

Within its response to the exporter questionnaire, Saha supplied a domestic sale spreadsheet, with line-by-line detail of all sales of HSS made within Thailand during the investigation period.

This spreadsheet included information relating to:

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- Customer;
- Product codes;
- Invoice number and date;
- Sale quantity (kgs);
- Value;
- Packing cost;
- Inland freight cost; and
- Indirect selling expense.

As with export sales, this listing was revised by Saha at the visit to include sales of 6 inch pipe which were omitted from the data originally submitted. The revised export and domestic sales data is in the Excel Workbook called "Update Sales on 6 inch.xlsx".

### 7.3 Sales process

Saha explained the following outline of its sales process from order to payment:

- Saha's customers generally contact Saha by telephone to place orders.

[REDACTED]

- The lead time was usually 1 week for pipes that were in stock, and up to 1 to 2 months for most order which require production scheduling.

[REDACTED]

- Payment terms varied from [REDACTED]. The company advised that as a result of the Managing Director's careful selection of customers Saha does not have any bad debts. **[Sales Process]**
- Delivery was made by transport companies and sometimes with Saha's trucks. Saha do not generally allow customer to collect the goods.

### 7.4 Date of sale

[REDACTED]

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Given this fact, and having regard to its approach to establishing domestic selling price, which incorporates

Saha advised that it considers comparison of export and domestic sale based on are reasonable. *[Sales Process]*

### 7.5 Verification for completeness and relevance – domestic and export sales

We sought to verify the domestic sales data submitted in a manner that would provide confidence that all relevant sales were included, and no irrelevant sales were included. We asked Saha to demonstrate how the sales data submitted can be traced through management reports to audited financial statements. We conducted this verification for domestic and export sales data simultaneously.

Saha provided an Excel workbook called “Dom sales for submission POI Final.xlsx”, which contained two worksheets – one for sales of pipe, and one for other products. It also provided an Excel Workbook called “Export sales for submission POI Final.xlsx” with similar worksheets.

The Excel Workbooks contained transactional data for all domestic and export sales respectively. We noted the total revenue for the combined worksheets for domestic sales summed up to match the domestic revenue figure for all Saha products as provided in the “Turnover” worksheet submitted as part of the response to the exporter questionnaire. Similarly, the total revenue for the combined worksheets for export sales summed up to match the export revenue figure for all Saha products as provided in the “Turnover” worksheet.

In turn, the domestic and export sales revenues in the Turnover worksheet matched the revenue data reported in the profit and loss statement for the investigation period at **confidential attachment CTMS 7**. The Profit and Loss statement for the investigation period was generated from the same system as that for the calendar year of 2010 at **confidential attachment CTMS 4**. The revenue data in that report matched the revenue reported in the audited financial statements.

We then sought to replicate the sorting of pipe sales data that resulted in the lists of domestic and export sales presented as HSS subject of the investigation. Saha showed how it had classified pipe product codes as GUC, or other. In examining this approach we noted that CHS of 6” nominal bore had been excluded by Saha.

The Saha product brochure indicated that all 6” nominal bore CHS, except for the ASTM standard, translated to 165.1mm or less in outside diameter, thus making them subject of the investigation. Saha agreed to include the 6” nominal bore CHS, other than for ASTM standards, in the domestic and export sales data. The addition of these sales added Tonnes to domestic sales and Tonnes to Australian export sales volume *[Sales data]*

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Having regard to the above, we are satisfied that Saha's revised export and domestic sales spreadsheets [REDACTED] **[Sales data]** are complete and relevant listings of its domestic and export (to Australia) sales of HSS in the investigation period.

## **7.6 Verification for accuracy – domestic sales**

Prior to the visit, we selected 10 domestic invoices and advised Saha that we required source documents in relation to each of those transactions. At the visit, Saha provided copies of the invoices and evidence of payment in relation to each one. These documents are at **confidential attachment DOM 1**.

We found that the data contained in the domestic sales spreadsheet agreed with the source documents provided.

## **7.7 Arms length**

[REDACTED]

**[Arms length detail]**

We examined the domestic sales data and noted that approximately [REDACTED] of Saha's sales by volume were to the related parties. We examined the weighted average price by product group, within each quarter, and noted the prices for related and unrelated party transactions were reasonably similar. At times the related party average was lower, and at other times higher, without any pattern or significant differences.

After examining sales information provided by Saha, the sales documentation in respect of the randomly selected domestic sales, and other material during our visit, we found no evidence to suggest that:

- There was any consideration payable for, or in respect of, the goods other than their price;
- The price was influenced by a commercial or other relationship between the buyer, or an associate of the buyer, and the seller, or an associate of the seller, or
- The buyer, or an associate of the buyer, would, subsequent to the purchase or sale, directly or indirectly, be reimbursed, be compensated or otherwise receive a benefit for, or in respect of, the whole or any part of the price.

Based on the evidence available we are satisfied that domestic sales of HSS by Saha during the investigation were arms length transactions.

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### 7.8 Ordinary course of trade

In order to test the profitability of Saha's domestic sales, we compared the sale price of each individual transaction with the corresponding quarterly weighted average cost to make and sell (CTMS) for each product code. For those transactions calculated as being sold at a loss, we tested whether the sales were recoverable, by comparing the unit price with the investigation period weighted average CTMS for each product code.

The table below shows the volume of sales calculated as being unprofitable and non-recoverable.

**[Table deleted]**

We found that non-recoverable sales represented [REDACTED] **[Non recoverable sale detail]** of the volume for all those product group/thickness combinations marked in the orange colour. Therefore we regard the non-recoverable sales as not being made in ordinary course of trade. As such, the non-recoverable sales have not been used in calculating normal values for those product group/thickness combinations.

For those product group/thickness combinations where recoverable sales were less than 20% of the volume, all sales within that combination were considered as being made in the ordinary course of trade. Product group/thickness combinations considered to be all sold in the ordinary course of trade are coloured green in the table above.

Our profitability and ordinary course of trade assessments are at **confidential appendix 3**.

### 7.9 Sufficiency of sales

There were domestic sales of product code/thickness combinations that were identical to exports in [REDACTED] combinations exported. **[Proportion of product code match]** In these cases, we calculated whether the domestic sales volume of each combination that was sold domestically in sales that were in the ordinary course of trade were more than 5%. This was the case for [REDACTED] of those [REDACTED] combinations. **[Proportion of Product Code match]** In relation to the other [REDACTED] combinations, there were sufficient domestic sales made in the ordinary course of trade where a slightly different product code/thickness combination was available for normal value (eg. for export product code 76, 4.00mm to 8.99mm thickness, there was a low volume of directly corresponding domestic sales, but for product code 70, 4.00mm to 8.99mm thickness the domestic sales volume in the ordinary course of trade was in sufficient volume to compare with the exported model, noting an adjustment for [REDACTED] **[Product finish]** In relation to the other [REDACTED] export product code/thickness combinations where there were no domestic sales of corresponding combinations, we noted there were sufficient domestic sales made in the ordinary course of trade where a

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slightly different product code/thickness combination was available for normal value (eg. for product code 71, 4.00mm to 8.99mm thickness there were no directly corresponding domestic sales, but for product code 70, 4.00mm to 8.99mm thickness for the domestic sales volume in the ordinary course of trade was in sufficient volume to compare with the exported model, noting an adjustment [Product code details]

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### 8 THIRD COUNTRY SALES

In its exporter questionnaire response Saha provided a summary of their HSS export sales to third countries [REDACTED] *[Third country details]*

We consider that we have sufficient verified information from the submission and our visit to calculate normal values for HSS using domestic sales or a construction method. As such we decided that verification of the third country sales data was not warranted.



## **9 ADJUSTMENTS**

We considered the following adjustments to ensure normal values are fairly comparable with export prices.

### **9.1 Domestic Credit terms**

Saha stated that it offers a maximum of [REDACTED] days payment terms to domestic customers. Saha calculated an average credit period for domestic sales in the investigation period of [REDACTED] days, using its accounts receivable - domestic. Saha also calculated a weighted average interest rate of [REDACTED] for short term borrowings relevant to the investigation period.

Copies of the documents supporting the average domestic credit period and the interest rate are at **confidential attachment ADJ 1**.

We consider that it is reasonable to make a downwards adjustment to the domestic selling prices to account for [REDACTED] days credit at [REDACTED]  
**[Domestic payment term details]**

### **9.2 Export credit terms**

Saha explained that [REDACTED] its export sales to Australia were [REDACTED] with payment by [REDACTED]. However, Saha explained that payment [REDACTED]

Saha calculated an average credit period for its Australian export sales in the investigation period of [REDACTED] using its accounts receivable [REDACTED]. Copies of the documents supporting the average export credit period are at **confidential attachment ADJ 2**.

We consider that it is reasonable to make an upwards adjustment within the normal value calculation to account for an average [REDACTED] days credit at [REDACTED]  
**[Export Payment Term Details]**

### **9.3 Domestic inland freight**

To calculate an amount per unit for domestic freight, Saha simply divided the [REDACTED] amount from the profit and loss statement for the investigation period by the volume of all pipe sales. We asked whether the denominator is correct and whether it was more appropriate to instead have calculated the adjustment using the [REDACTED]. The result would have been [REDACTED].

However, Saha advised that it had [REDACTED] products because not all are delivered to customers. It advised that most of the sales other than pipe sales [REDACTED] and this product is collected from the factories by the customers. We confirmed that most of the sales in the Saha sales data other than [REDACTED] and accepted this explanation.

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We consider that a downward adjustment of [REDACTED] is warranted to domestic selling prices to remove the cost of domestic inland freight, which is considered to be a reasonable indication of the price difference for the delivery terms. **[Domestic inland freight details]**

### 9.4 Export charges

Saha provided calculations of export expenses in its response to the exporter questionnaire at Excel spreadsheets called “E-1 (aa) export movement expenses.xlsx” (January to June 2011), and “E-1 (a) Export movement expenses.xlsx” (July to December 2010). The expenses had been calculated separately in respect of each export transaction to Australia.

We noted the expenses captured in this calculation included:

- Bank charges;
- Terminal handling charges;
- Clearing expenses;
- Port expenses;
- Lighterage fees for barge from river port to vessel;
- Inland insurance and
- Bill of lading charges.

In our verification of selected export transactions, Saha also provided source documents for these charges and we found the data contained in the Excel spreadsheet listed above, and the calculations for total export charges for each shipment, was accurately reported in the export spreadsheets.

The total of these expenses per kilogram for the first half of the investigation period, and for the second half of the investigation period ranged from [REDACTED] THB/kg to [REDACTED] THB/kg and [REDACTED] THB/kg to [REDACTED] THB/kg respectively. **[Export charge detail]**

We consider it is reasonable to incorporate an upwards adjustment within normal value to take account of the export expenses listed above.

### 9.5 Domestic and export packing expenses

Saha provided as part of its response to the exporter questionnaire an Excel spreadsheet (“E-1 (c) packing expenses.xlsx”) for calculation of the packing expenses including materials, direct labour and overheads. It identified these calculations separately for export and domestic packing expenses. We asked for some evidence to support these calculations.

Saha provided a monthly summary of packing materials from its “consumption reports” that identified the following packing materials categories:

- Steel straps (zinc);

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- Steel straps (white);
- Clips;
- Plastic sheets;
- End protectors;
- Caps;
- Galvanised wire; and
- Stencil ink.

Copies of the documents supporting the packing materials expense are at **confidential attachment ADJ 3**.

We noted that the 12 month totals matched the expenses pools that Saha allocated in the excel spreadsheet. We were also able to trace the expense pool total back to the profit and loss statement ([REDACTED])

In its allocation, Saha ensured all [REDACTED] costs were allocated only to exported products. It also undertook what appeared to be other appropriate allocations such as allocating [REDACTED] products respectively.

### **[Packing material details]**

The spreadsheet also contained amounts for direct labour and overheads which could be traced back to the quarterly CTMS data (eg. "Cost Cal Q2.xlsx"). Direct labour and overheads is discussed in the verification of cost to make and sell data earlier in this report. We consider it is appropriate to make a negative adjustment within normal value for domestic packing expenses of [REDACTED] THB/kg, and to make a positive adjustment within normal value for export packing expenses of [REDACTED] THB/kg. **[Packing Expense detail]**

We considered that [REDACTED] was not one that requires a normal value adjustment. We noted the second one was small [REDACTED] and was unlikely to have affected domestic selling prices, thus, we consider it does not warrant an adjustment to normal value. Documents supporting [REDACTED] are at **confidential attachment ADJ 4**. **[Expense details]**



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### 9.6 Indirect selling expenses

Saha claimed an adjustment for the difference between domestic and export indirect selling expenses. We explained to Saha that we had examined the nature of the expense items making up these adjustments and considered that they are items that represent the general costs of doing business and we expected it was unlikely that Saha could demonstrate that they relate directly to domestic or export, and even less likely to be able to identify such expense particular to Australian exports.

In addition, we noted that the difference per kilogram (■■■■ THB/kg domestic compared with ■■■■ THB/kg export) was very small and we consider it unlikely that such a difference would result in any difference in domestic and export prices. *[Indirect selling expense detail]*

We advised Saha that such an adjustment is not likely to be warranted in our view and we proposed that we spend no verification time examining the related data. Saha accepted our proposal.

### 9.7 Specification differences

As discussed in the “Sufficiency of Sales” section of this report there are certain product code/thickness combinations that were exported to Australia by Saha in the investigation period where:

- There were no domestic sales of the same product code/thickness; or
- There was a low volume of domestic sales of the same product code/thickness.

In these cases we consider there were similar products that were sold domestically, in sufficient volumes, which could be used as a basis for normal value. However, we considered that adjustments within normal value calculation for specification differences would be required for fair comparison.

### 9.8 Conclusion

The table below summarises the adjustments made and the effect on domestic selling prices (including credit, delivery to customer, packing) to ensure fair comparison with export price (including packing, delivery ■■■■, credit terms).

Adjustment	Effect on domestic selling price
Domestic credit terms	Negative (downward)
Domestic inland freight	Negative (downward)
Domestic packing expenses	Negative (downward)
Export packing expenses	Positive (upward)
Export charges	Positive (upward)
Export credit terms	Positive (upward)
Specification differences	Positive or negative as required

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### 10 NORMAL VALUE

We found sufficient volumes of domestic sales of HSS by Saha that were arms length transactions and at prices that were in the ordinary course of trade. The price paid for the goods in those domestic sales was established satisfactorily.

Based on the information provided by Saha and the verification conducted on site we are satisfied that prices paid in respect of those domestic sales are suitable for assessing normal values under s. 269TAC(1) of the Act.

In using domestic sales as the basis for normal values, we consider that certain adjustments, in accordance with s. 269TAC(8) of the Act, are necessary to ensure fair comparison of normal values with export prices.

Using the data verified we consider adjustments are warranted for the items discussed in the adjustments section of this report.

We calculated weighted average normal values separately by quarter, by product group, by thickness.

Detailed normal value calculations, and summary normal values, are contained in **confidential appendix 4**.

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### 11 DUMPING MARGIN – PRELIMINARY ASSESSMENT

We compared the quarterly weighted average of export prices for each product code/thickness combination, for each quarter over the whole of the investigation period, with the corresponding quarterly weighted average normal values, over the whole of that period, in accordance with s. 269TACB(2)(a) of the Act.

The weighted average dumping margin for HSS exported to Australia by Saha in the investigation period, subject to a market situation assessment, was negative 3.5%. The market situation assessment is ongoing.

Details of the Saha dumping margin calculations are at **confidential appendix 5**.

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### 12 ATTACHMENTS

#### Confidential appendices

- Appendix 1 Saha export price calculations
- Appendix 2 Revised Saha CTMS calculations
- Appendix 2a Revised calculation of Saha administration expenses
- Appendix 3 Profitability and ordinary course of trade assessments
- Appendix 4 Saha Normal value calculations
- Appendix 5 Saha preliminary dumping calculations

#### Confidential attachments

##### Submission

- SUB 1 Saha Response to Exporter Questionnaire – Confidential version
- SUB 2 Details of Saha Thai shareholdings
- SUB 3 Saha Turnover for the IP

##### General

- GEN 2 List of related domestic customers
- GEN 3 Product code descriptions

##### Export sales to Australia

- EXP 1 Documents to support selected export transactions
- EXP 2 Supporting documents for STS/199/10
- EXP 3 Supporting documents for STS/127/10
- EXP 4 Supporting documents for STS/57/11 -59/11

##### Costs to make and sell

- CTMS 1 Detailed HRC purchases schedule
- CTMS 2 HRC invoices and evidence of payment
- CTMS 3 Ledger transactions for domestic purchases and trial balance extract
- CTMS 4 Saha profit and loss statement 2010
- CTMS 5 Documents supporting zinc costs
- CTMS 6 Invoices for sale of downgrade pipe
- CTMS 7 Saha profit and loss statement the investigation period
- CTMS 8 Details of “miscellaneous income” for electricity

##### Domestic sales

- DOM 1 Documents to support selected domestic transactions

##### Adjustments

- ADJ 1 Documents supporting average domestic credit term and interest rate

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ADJ 2	Documents supporting average export credit term
ADJ 3	Documents supporting the packing materials expense
ADJ 4	Documents supporting the payment of commissions

### **Non confidential attachments**

#### **General**

GEN 1

GEN 1A

Saha Export Catalogue  
Saha Domestic Catalogue