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28 March 2012

Mr Geoffrey Gleeson  
Director, Operations 3  
International Trade Remedies Branch  
Australian Customs and Border Protection Service  
Customs House  
5 Constitution Avenue  
CANBERRA ACT 2601

Dear Mr Gleeson

### Public File

#### **ATM Correspondence 2012/06 - HSS exported from China, Korea, Malaysia, Taiwan and Thailand - Investigation No. 177 - HRC and HSS in Thailand**

I am writing on behalf of OneSteel Australian Tube Mills Pty Ltd ("OneSteel ATM") in respect of recently published exporter visit reports for Pacific pipe Public Co., Ltd ("Pacific") and Saha Thai Steel Pipe Public Co., Ltd ("Saha")

OneSteel ATM seeks to highlight a number of concerns following the release of preliminary dumping margins assessed for Pacific and Saha. These include.

#### **Domestic v export sales**

- In the case of Pacific, its 2010 Annual Report states that the company purchases 70-80 per cent of its HRC domestically (i.e. 20-30 per cent is imported);
- The HRC market in Thailand benefits from an import duty and dumping duties are applicable;
- The domestic HRC has a "market ceiling price" enforced by the Government of Thailand;
- It would be expected that the anti-dumping measures and Thai Government's control of domestic HRC prices would likely result in higher prevailing domestic HRC prices than is available on the global market;
- Pacific & Saha import a significant proportion of their HRC requirements for HSS export purposes; (i.e. at materially lower prices than domestic HRC)
- Please refer to Confidential Attachment 1 that evidences the price differential between domestic and imported HRC in Thailand
  - In respect of Pacific's exporter visit report when a comparison of C&BP's established 'non-dumped' normal value is contrasted with comparative domestic HRC prices for the same period in Thailand, the value-add margin (including S,G&A and profit) is less than \$xxx/MT.
  - This demonstrates that Pacific's domestic sales are either unprofitable and should be excluded from normal value calculations; or
  - C&BP has not taken account of the relevant selling prices in Thailand for like goods; or

- The costs verified by C&BP do not accurately reflect competitive costs on the Thai market

**China v Thailand HSS export prices**

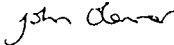
- A comparison of HSS export prices to Australia (by month) for product exported from China and Thailand highlights a lower average HSS export price for Thailand than China.
- Under normal circumstances, it would be expected that the subsidized Chinese HSS FOB export prices would be lower than Thai HSS FOB export prices
  - According to SBB, Chinese HRC prices are the lowest in the Asian region.
  - Thai HRC prices would be expected to be higher than Chinese HRC prices due to the impact of substantial duties (tariff and dumping).
  - On average, however Chinese HSS FOB export prices are higher than Thai HSS export prices;
- The pricing differential between China and Thai HSS export prices supports a view beyond doubt, that Thai export prices are at dumped prices.
  - C&BP's preliminary assessments on Pacific and Saha, however, do not confirm this.

OneSteel ATM queries whether C&BP has taken full account of the HRC pricing purchasing arrangements of Thai HSS producers, and whether the preliminary normal values reflect a proper comparison of actual costs incurred. It is further queried whether sales determined as "in the ordinary course of trade" for Pacific can be concluded as such, given that it is understood Pacific uses imported HRC predominantly in HSS that it produces for export.

OneSteel respectfully requests C&BP to examine the inconsistencies raised by the preliminary dumping margins determined for Pacific and Saha

If you have any questions concerning this letter please do not hesitate to contact me on (07) 3342 1921.

Yours sincerely



John O'Connor  
Director

Cc **Stephen Porter, General Manager Sales – OneSteel Manufacturing**