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ABN 79 126 290 444

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April 10th, 2012.

The Director,
International Trade Remedies Branch,
Australian Customs & Border Protection Service,
Canberra, ACT 2600.

Attention: Ms Andrea Stone
Case Manager.

Dear Sir,

**Reference: HSS Case No 177.
Alpine Pipe Manufacturing SDN BHD
Exporter Visit Report.**

Alpine Pipe Manufacturing (Alpine) respectfully requests the ACBPS to take into consideration the following claims on the basis of fairness and reasonableness in respect to the Onesteel-ATM application for the imposition of measures on its exports to Australia.

1. Onesteel-ATM application.

To satisfy the requirement on "industry standing" the applicant must demonstrate it has the necessary volume of **local production**.

Production, and not sales, is the critical determinant.

Onesteel-ATM's application obviously satisfied the requirement on production.

That production also comprised a range of goods of various grades, finishes and specifications but the application, in our view, has failed in the obligation to supply a full description of the goods it actually produces.

When, as in this case, the sole "industry applicant" has a limited production capability and what they can produce is a specific range of finishes, grades, sizes etc., the application must be factually detailed in order to enable ACBPS to publish the particulars of such goods in accordance with s 269TC(4) which in our view must provide a full description and specification of the actual goods the applicant produces.

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"Particulars" therefore means a full description and specification in our sense extends beyond a generic type description of the goods in terms of finish and relevant Australian Standard –it needs to include sizes and dimensions the applicant can factually produce and not what it imports outside its production capability.

Specifically the application and subsequent reports on the ACBPS visit to Onesteel-ATM do not provide any real understanding on the applicant's limited production capability on the goods described as HR –RHS/SHS being non circular goods included in the investigation.

Our understanding based on industry sources is that Onesteel-ATM's production capability on RHS/SHS is limited to wall thicknesses of 6mm and a dimension of 200mm x200mm being a perimeter of 800mm.It certainly cannot produce goods with a wall thickness of 9mm and above.

Imported RHS/SHS from the countries under investigation includes goods having a wall thickness exceeding 6mm and having a dimension exceeding 800mm and in our view these goods are only included in the GUC because of the Australian Customs Tariff structure of Item *7306.61 00 stat keys 21, 22, 23.which include RHS/SHS with perimeters up to 1,277.3mm. (*Item changed from 1/1/12)

Our further understanding is that Onesteel-ATM, being a hybrid local producer, is itself an importer of RHS/SHS in sizes beyond its production capability from Japan.

Our claim is that those sizes beyond the applicant's production capability are clearly not in direct competition with the sizes/dimensions it can produce and as such they cannot be treated as, or included in, the "like goods" even though they clearly have similar physical similarities etc.

We recommend therefore that the ACBPS exclude those sizes/dimensions beyond the applicants production capability from the GUCas a market based analysis of the real world competitive relationship between what Onesteel-ATM actually can produce and what they import from Japan will determine they are not "like goods" in any consideration of "causality" and material injury.

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2. Relevance to Alpine.

Alpine can produce the RHS/SHS in wall thicknesses up to 16mm and in dimensions exceeding the 800 mm as demonstrated in its domestic sales transactions for the I.P.

In the home market, Alpine is the only producer with that production capability and as such, it, as demonstrated in its domestic sales transactions, commands a domestic price premium on its sales of RHS/SHS with wall thickness exceeding 6mm and with a dimension exceeding 800mm.

In terms of its domestic sales for the I.P., Alpine sold around [REDACTED] tonnes of what we consider to be outside the Onesteel-ATM production capability and the weighted average domestic price premium over those sales of goods within the Onesteel-ATM production capability was around [REDACTED] MR per tonne.

That ability to command a domestic price premium also enabled Alpine to achieve a gross margin of [REDACTED]% which is relevant for constructing a NV for the painted product exported to Australia.

Alpine's exports to Australia comprised RHS/SHS sizes/dimensions exceeding 6mm wall thickness being mainly 9mm wall thickness goods totaling 2200 tonnes.

On exports to Australia and for RHS/SHS up to 6mm thickness Alpine is primarily competing for sales in the single Australian market with exports from Thailand which attract Zero normal duty compared to 4% on Alpine exports which can only be an anomaly as circular goods exported by Alpine attract Zero duty in Australia.

There is no known exporter in this investigation, other than Alpine, that can produce for export to Australia, RHS/SHS with wall thickness exceeding 6mm.

As such, Alpine not only attracts some price premium on these export sales, but more importantly, it has no direct competition from either the Australian industry or other exporters included in this investigation.

ACBPS recognizes that thickness does affect pricing and this evidenced in ALPINE's sales transactions.

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It follows therefore that for purposes of comparing a home market sale with an export sale in respect of "sales made at as nearly as possible the same time" the contract date or the order confirmation date is considered the most appropriate date of sale.

With respect to the report's commentary on HRC prices it would seem that ACBPS accepts Alpine's practice of essentially producing to order which means Alpine having to order the HRC, and thus setting the price, quantity, delivery etc., at the time it confirms the Australian importer's order. It is also recognized that the HRC price is the essential cost to make determinant for the goods in question then even when domestic sales are made from stock on the order confirmation date, a comparison of prices can be made for the respective sales.

Given the current political and trade union landscape on "dumping" by taking it further on the basis of some inherent obligation of an importer ensuring his order is not at a dumped price so as to preclude any injury to the local industry, it reasonably follows that such a comparison could only be made at order confirmation date as to do so after that date could require a change to the material terms of sale.

4. Alpine Visit Report

Para 3.6 Actual and Theoretical Weights.

The ACBPS analysis confirmed the fact that Alpine's production of the relevant goods was on an "actual basis" and that both its domestic and Australian export sales were on a "theoretical" basis in accordance with the tolerances provided for in the respective "Standards" which for the Australian sales is AS/NZ 1163-2009.

AS 1163 provides for a tolerance on mass of up to 4%.

The issue of "actual" versus "theoretical" has been a feature of not only other country exporters involved with this investigation but ACBPS investigations on these goods back to year 2009.

ACBPS is therefore well aware of the issue and has allowed adjustments for such in this and previous investigations.

Alpine acknowledges it raised the issue "later" during the verification process and submits that the verification process provides the opportunity to raise such matters. Alpine considers that the ACBPS could have undertaken a more exhaustive analysis of selected records to demonstrate the variance of this "universal" practice.

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Alpine submits therefore that ACBPS reconsider its rejection of any "allowance" for this factor when other exporters have obviously been given such an allowance. Alpine considers a "tolerance" of around █% would be reasonable.

5. A

Alpine Visit Report.

Para 5.3-Export sales terms.

ACBPS recognizes that there is no way ALPINE could identify Break bulk sales from Containerised sales to Australia.

Alpine submits that it is reasonable to combine the respective costs for both means of shipment and to apportion that total cost on a weighted average basis for the Australian export tonnes.

6. C

Confidential Appendix 2-CTMS .

The "Servicing" activity obviously incurs a "cost" and as such Alpine considers it reasonable to have those tonnes included in the denominator for apportioning the Direct Labour cost-item (a) of our previous communication on April 4th refers to the detail.

For the same reason, Alpine submits that the "Servicing" tonnes be included in the denominator for apportioning Direct Expenses. -item (b) of the April 4th communication refers.

Similarly, the tonnes for "Servicing" are considered relevant for apportioning Indirect expenses-item (c) of 4th April communication refers.

Conclusion

Alpine respectfully requests that the ACBPS provide further consideration to the issues outlined on the basis of fairness and reasonableness.

Thank you for your consideration to date and please contact the writer for any clarification or further information.

Sincerely,

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A handwritten signature in black ink, appearing to read 'M J Howard', written in a cursive style.

M J Howard- Representative

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