



Australian Government
Australian Customs and
Border Protection Service

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Mr Surasak Riangkru
Deputy Director-General
Department of Foreign Trade
44/100 Nonthaburi 1 Road
Nonthaburi 11000
Thailand

Customs House
5 Constitution Ave
Canberra ACT 2601

Dear Mr Surasak Riangkru,

**INVESTIGATION INTO THE ALLEGED DUMPING OF
HOLLOW STRUCTURAL SECTIONS (HSS) EXPORTED FROM THE PEOPLE'S
REPUBLIC OF CHINA (CHINA), THE REPUBLIC OF KOREA (KOREA), MALAYSIA,
TAIWAN AND THE KINGDOM OF THAILAND (THAILAND)**

AND

**INVESTIGATION INTO THE ALLEGED SUBSIDISATION OF
HSS EXPORTED FROM CHINA**

I refer to the above investigation that involves allegations of a market situation in the Thai HSS market, which have been the subject of previous correspondence between the Thai Department of Foreign Trade (DFT) and the Australian Customs and Border Protection Service (Customs and Border Protection), most recently in my letter to you dated 17 April 2012.

As you may be aware, Customs and Border Protection released its Statement of Essential Facts (SEF) in relation to the above investigation on 23 April 2012. A copy of the SEF is attached to this letter for your reference.

In this SEF, Customs and Border Protection has preliminary found that there was not a market situation in the Thai HSS market during the investigation period. However, as advised in Section 6.3.2 and Appendix B of the SEF, despite this preliminary finding, Customs and Border Protection is continuing its inquiries in relation this matter (which includes an assessment of the reasonableness of Thai exporters' costs for use in dumping calculations).

As noted in the SEF, publicly available information recently observed by Customs and Border Protection is considered to provide some further support to the Applicant's allegations of a market situation in Thailand.

Customs and Border Protection therefore wishes to again alert the Government of Thailand (GOT) to the allegations made, and provide further opportunity to the GOT to respond to these claims and clarify certain matters, prior to Customs and Border Protection making its final recommendation to the Minister for Home Affairs (the Minister).

In particular, Customs and Border Protection requests that the GOT address the following matters.

1) The Thai Government Questionnaire Response indicates at Paragraph 5.3.1 that, by notification on 2 February 2011, producers and importers are required to inform the Thai Department of Internal Trade (DIT) of their cost of production, imports, selling expenses and selling price of hot-rolled steel (HRS), and report any changes to their selling prices seven days in advance of making a change to selling prices.

- (a) Does the DIT, or any other government agency or authority, have any discretion to review the suitability of, and reject any proposed price increase applied for by a producer or importer of HRS? If so, please explain.
- (b) Has the DIT, or any other government agency or authority, rejected any proposed price increase applied for by a producer or importer of HRS over the past five years? If so, please explain.

2) Customs and Border Protection has observed the following statements made by the President of Sahaviriya Steel Industries (SSI), reported in the *Thai Press News Release* in an article entitled *SSI reports a net loss of 1,072 million Baht in Q2/11*.¹

"SSI HRC business in Thailand posted a net loss of Baht 391 million due to 3 external factors..."

1) rapidly and continuously increasing cost of raw material due to major flood and hurricane in Australian while the government still capped the sales prices of hot-rolled coil"

[emphasis added].

Please provide an explanation of how the GOT's reported 'capping' of prices of hot rolled coil (HRC), contributing to the losses reported by SSI, reconciles with the DFT's assertion that controls on the price of HRC only amount to a "non-binding price reference for consumers"².

3) Customs and Border Protection notes that a number of internet sites (copies of which are attached to this letter) report that Thai government price controls on HRS are strictly enforced and operate as a price ceiling.

In particular, Customs and Border Protection has observed the following.

- *The Nation reported that Thailand's internal trade department will soon dispatch officials around the country to check steel inventories in a bid to discourage hoarding, which could aggravate the pain already felt by the construction industry... Some steel makers have been stocking up on speculation that the Commerce Ministry will soon approve a THB 7 per kilogram hike in the steel price.*³
- *(Mr. Yanyong Phuagrach, Director- General of the Department of Internal Trade) reiterated that the entrepreneurs are not allowed to increase their steel prices during this period.*⁴

¹ <http://www.thailand4.com/fin/2011-08-15/813fbded5c98f8623e230a7c927fc0f4>, accessed 23 April 2012

² This assertion was made in DFT letter to Customs and Border Protection on 6 December 2011

³ www.steelguru.com, 'Thailand to prevent steel hoarding as prices' 19 May 2008 accessed 23 April 2012

⁴ National New Bureau of Thailand Public Relations Department, *Commerce Ministry: Steel Prices Still Maintained*, 5 June 2008, accessed 23 April 2012

- *Internal Trade Department Director-General Yangyong Phuangrach said the Ministry would only consider allowing steel prices to increase if domestic diesel prices rose by another Baht 5 per litre.*⁵

- (a) In context of these statements, Customs and Border Protection requests the GOT to provide a full explanation of the extent and nature of its measures in respect of HRC during the period 1 July 2008 - 30 June 2011.
- (b) In particular, Customs and Border Protection requests a full description of any administrative measures by which DIT, or any other government authority, that sets, reviews or monitors HRC prices in Thailand.

4) In addition, in my letter of 17 April 2012, Customs and Border Protection requested the DFT provide, as soon as possible:

- (a) a copy of the notification (in both Thai and English) that is described in the Thai Government Questionnaire Response as being made on 2 February 2011 in respect of hot rolled coil, and whichever notification is currently in force in respect of hot rolled coil; and
- (b) an explanation of which provision(s) of the Act on Price of Goods and Service 1999 under which this notification in respect of hot rolled coil is made.

Customs and Border Protection would appreciate this information as soon as possible, noting that submissions to the SEF are due on or by **14 May 2012**.

It is considered this information is still required to assist Customs and Border Protection in its assessment of a particular market situation in Thailand. This information has not yet been received.

Customs and Border considers that the GOT is in the best position to assist Customs and Border Protection with its market situation inquiries. While the Thai exporters of HSS have assisted it seems that only the GOT can provide the necessary information to clearly and comprehensively inform Customs and Border Protection on this matter. It is within this context and with great respect, I request your continuing assistance and cooperation.

Should you have any questions concerning this matter, please do not hesitate to contact Ms Andrea Stone, the HSS Case Manager, directly on (+612) 6275 6173 or andrea.stone@customs.gov.au.

Yours sincerely



Geoff Gleeson
Director, Operations 3
International Trade Remedies Branch
Customs and Border Protection

26 April 2012

⁵ The Nation Newspaper, *Hike to be allowed if diesel prices rise*, accessed 23 April 2012

Thailand to prevent steel hoarding as prices rise

Monday, 19 May, 2008

The Nation reported that Thailand's internal trade department will soon dispatch officials around the country to check steel inventories in a bid to discourage hoarding, which could aggravate the pain already felt by the construction industry.

The report cited an internal trade department source as saying that "Some suppliers have declined to sell to construction companies saying they are running out of quota. Some steel makers have been stocking up on speculation that the Commerce Ministry will soon approve a THB 7 per kilogram hike in the steel price."

Thailand steel committee has proposed to raise the steel price by THB 3 early this month and by THB 4 in the middle of the month, but the move is still pending Mingkwan Sangsuan commerce minister's approval.

An industry source said the steel price did not deserve to go up by as much as THB 7. He said that "What steel makers told the Internal Trade Department was not true. They claimed their production cost rose more than USD 1,000 per tonne in line with the increase in billet prices. In reality, they did not use 100% billets as raw material, but mixed it with scrap steel, which is much cheaper. Therefore, the current price of THB 36 a kilogram does not reflect the real production cost. Those steel makers can make a profit even though they quote a price of THB 30."

As per report the price of construction steel has kept rising from THB 18,000 per tonne in August 2007 to THB 35,000 to THB 38,000 at present due mainly to speculation in the global market and high demand in China. Contractors have cried over the steep price increase, which is the major factor pushing up construction costs by 25% in 2008.

For more news visit at www.steelguru.com



Commerce Ministry: Steel prices still maintained

The Director-General of the Department of Internal Trade, Mr. Yanyong Phuangrach (ยงยุทธ พวงกริช), met with steel entrepreneurs to address the potential rising steel prices this afternoon (June 5th). He reiterated that the entrepreneurs are not allowed to increase their steel prices during this period.

Mr. Yanyong says the prices of steel are still the same despite the unofficial information claiming that the steel prices may rise to seven baht a kilogram. He says entrepreneurs are experiencing high production costs, and they need to reduce their outputs.

News ID : 255106050012

Reporter : RTI-Reporter02
News Date : 05 June 2008

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Hike to be allowed if diesel prices rise

**PETCHANET PRATRUANGKRAI
THE NATION**

Producers of construction materials will be allowed to hike their retail prices if the price of diesel increases another Bt5 a litre, the Commerce Ministry said yesterday.

The unavoidable increase of Bt5 a litre will directly affect transportation costs and the production costs of manufacturers, it said.

Construction materials are on a list of goods for which prices are controlled. The ministry recently extended price-control measures on the list of goods until the end of the year.

High on the ministry's agenda at present is the enhancement of domestic consumption in line with the government's Thai Khemkhaeng project.

Commerce Minister Pongtiva Nakasai said that the ministry would attempt to curb price increases for construction materials until the end of this year to help shoulder consumers' expenses.

"Money from the Thai Khemkhaeng project, which will soon be injected into public investment, will partly stimulate growth in the construction industry. The government will try to curb the retail prices of these products to ensure a lower burden on consumers, while traders will not take the opportunity to increase their retail prices," Pongtiva said.

After inspecting the prices of construction materials on Monday, the ministry found that most prices were within its recommendations.

As of September 2, the price of steel rod had increased slightly from Bt107.29 in August to Bt109.78, or from Bt21,500 to Bt22,000 per tonne. The retail price of mixed cement (Tiger brand) is quoted at Bt135 to Bt142 per 50-kilo bag, lower than the ministry's recommended price of Bt144 per bag. Portland cement (Elephant brand) is quoted at Bt145 to Bt156 per bag, while the recommended price is Bt161.

Internal Trade Department director-general Yangyong Phuangrach said the ministry would only consider allowing steel prices to increase if domestic diesel prices rose by another Bt5 per litre.

"The department will control prices as there are no serious negative factors to increase production costs for the remainder of this year," he said.

Moreover, he said the department would not allow any producers, in particular producers of condensed milk, soda and canned fruits, to increase their retail prices as sugar prices remain unchanged.

Commerce Minister Pongtiva Nakasai said that the ministry would attempt to curb price increases for construction materials until the end of this year to help shoulder consumers' expenses.

Source: The Nation

http://www.clickthaihome.com/news/news_detail.asp?nID=26032&p=1&s=15&t=17
Accessed 23 April 2012

Price Control Ordered for Election Run-up

UPDATE : 9 May 2011

The commerce minister has ordered strict price control on all goods during the period leading up to the next general election and said that the ministry is mulling whether to raise prices of construction materials, particularly steel.

Commerce Minister Pornthiva Nakasai said due to the government's announcement of House dissolution, the Commerce Ministry has decided to order strict price control on all goods during the period leading up to the next general election.

She also commented on construction materials, particularly steel, saying that the ministry is now mulling whether to raise their prices.

In addition, the commerce minister has ordered the Internal Trade Department to keep a close watch on food prices, especially pork, chicken and eggs.

The department will launch "Blue Flag" restaurants to offer low-price dishes in many low-income communities and will enforce 25 baht menus at shopping malls' food courts.

Meanwhile, the National Palm Oil Committee, headed by Deputy Prime Minister Suthep Thaugsuban, has announced that it will continue to maintain the price of raw palm oil at six baht per kilogram from now until the end of June.

As a result, the committee will not be able to lower the cooking palm oil price at this time and will revise the issue in July.

http://www.thailandoutlook.tv/tan/viewdata.aspx?DataID_1043510

Accessed 23 April 2012

Makers of range of products fail to win price hikes

By The Nation
Published on May 24, 2011

The Commerce Ministry has withheld approval of higher retail prices of soap, lubricants, steel, tyres and car batteries, fearing such increases would directly affect people's cost of living.

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Manufacturers of these products had proposed that the ministry approve higher prices, saying they had been hit by skyrocketing prices of raw materials.

Commerce Minister Pomtiva Nakasai said yesterday that a soap manufacturer and a lubricant producer were the latest to ask for price adjustments, though these were individual companies and not those industries as a whole.

The soap manufacturer, a leading company that produces 26 soap items, reasoned that its production costs, particularly for palm oil, had jumped from Bt24 per kilogram to Bt42, up by 74 per cent. As a result, the company wants to increase prices by 12.5-33.33 per cent to offset its higher costs.

Moreover, the lubricant producer proposed raising its prices by Bt3.74-Bt4.95 per product, reasoning that the cost of its lubricant base had surged by 70-80 per cent from US\$745 per tonne in 2009 to \$1,280 (Bt38,900) this March, up by 71 per cent.

Pomtiva noted that other soap and lubricant producers had not made similar price-increase requests.

Producers of steel, car batteries, electric wires and tyres earlier urged price increases, but these have not yet been approved.

Tyre manufacturers face higher production costs as the price of natural rubber price has increased from Bt59.23 per kilogram in 2009 to Bt159.44 now. So far, they have not proposed what the new retail prices should be, demanding only that the price should be higher than the current base of Bt3,100 per tyre.

In addition, producers of aluminium steel sheet, construction steel and coated steel have asked for higher prices, reasoning that production costs have risen in line with oil prices.

Pomtiva said these producers had not been allowed to raise prices as this would affect people, in particular, who had been affected by flooding.

The ministry will inspect stockpiles of all types of steel to ensure there has been no price speculation.

Higher retail prices of palm oil, soybean oil and fertiliser have been approved.

Pomtiva has ordered officials to study the structure and chronology of production-cost increases to determine their actual effects on manufacturers.

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<http://www.nationmultimedia.com/home/Makers-of-range-of-products-fail-to-win-price-hike-30156022.html>

Accessed 23 April 2012