



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

## INVESTIGATION INTO HOLLOW STRUCTURAL SECTIONS (HSS)

### RECORD OF MEETING

#### ***CUSTOMS AND BORDER PROTECTION AND MOULIS LEGAL AND STEELFORCE TRADING (STEELFORCE)***

**Date:** Monday, 30 April 2012

**Attendees:**

Moulis Legal

Daniel Moulis  
*Moulis Legal*

Alistair Bridges  
*Moulis Legal*

Steelforce Trading

Rod Corkill  
*CEO, Steelforce Trading*

Vic Patterson  
*General Manager, Steelforce Trading*

Matt Gerrard  
*Senior Accountant, Steelforce Trading*

Customs and Border Protection

Geoff Gleeson  
*Director, Operations 3*

Andrea Stone  
*Manager, Operations 3*

Michelle Gibson  
*Manager, Operations 3*

Rebecca Higgins  
*Supervisor, Operations 3*

**Discussed:**

Steelforce stated that it does not accept the wider assumptions adopted by Customs and Border Protection in relation to particular market situation and reasonableness of costs. The following summary of Steelforce's submissions are provided in the context of this qualification.

Treatment of VAT in the uplift of HRC costs

- Steelforce submitted that the 17% VAT applicable to HRC purchases in China should be included in the 'total HRC cost' as it is a cost of goods sold.
- Steelforce submitted that, therefore, the HRC uplift should be amended to take account of the VAT inclusive HRC cost in China.
- Steelforce considers that the issue of the unfavourable 8% "Export VAT adjustment" is an entirely separate issue.

Benchmark used to substitute HRC is higher than a competitive market cost

- Steelforce asserted that any HRC substitute cost should be the next lowest country HRC cost, taking into account the comparative advantages enjoyed by Chinese manufacturers, including low labour cost.
- Steelforce asserted that any benchmark used must be a real cost from a single country, not a blended average from separate markets.

The benchmark HRC substitute range for black and pre-galvanised is not accurate

- Steelforce submitted that the difference between the benchmark HRC cost for black and galvanised is vastly understated, such that it appears the cost of black HRC is too high.
- Steelforce and its representatives suggested that this could be because of the product mix, and in particular the thickness gauges of the products used.
- Customs and Border Protection stated that it would review the benchmark HRC cost for various finishes and the factors driving cost differences.

Double counting of delivery costs

- Steelforce stated that, in its view, there was an error in the HRC uplift calculations regarding whether the benchmark HRC cost was delivered or ex-works.

Profit treatment

- Steelforce submitted that there is no commercial market for Australian standard HSS in China and therefore no profit should be included in the constructed normal value.

Customs and Border Protection undertook to consider the issues that are specific to Steelforce and provide feedback on these matters promptly. Customs and Border Protection advised that in relation to issues that will affect multiple parties, these will be considered in the ordinary course of its investigation time frames and made available to all interested parties as appropriate.