

Investigation No. 516 – Hot dip galvanised steel angle exported from The People’s Republic of China

I. Introduction

The following exporters of hot dip galvanised steel angle (“steel angle”) have completed exporter questionnaire responses to be considered “cooperative” in Investigation 516:

- Yongkang Vincent Import and Export Co., Ltd (“Vincent”), and Jinhua Hongtuo Metal Product Co., Ltd (“Hongtuo”); and
- Tianjin Tarzan Technology Co., Ltd (“Tarzan”); and Tianjin Bison Technology Co., Ltd (“Bison”).

Hongtuo appears to be the producer of steel angle exported to Australia by Vincent. Bison is the manufacturer of goods exported to Australia by Bison.

There are therefore two manufacturers of the steel angle exported to Australia – Hongtuo and Bison.

Galintel Pty Ltd (“Galintel”) therefore anticipates that the Anti-Dumping Commission will conduct verification visits with the two manufacturers, Hongtuo and Bison.

II. Exporter verification – matter for consideration

(a) Vincent/Hongtuo

The Vincent/Hongtuo exporter questionnaire response (“EQR”) refers to Vincent exporting the goods that are “*produced by the related company Hongtuo*”¹. It further states that there are no other domestic or export sales – presumably of the goods the subject of investigation – than those to Australia.

It is noted that Hongtuo is a “manufacturer of “metal structure, stainless steel products, construction metal parts”. Hongtuo manufactures a number of product lines and therefore will allocate costs across a number of business items.

Hongtuo does not have any domestic sales of steel angle. The Commission will therefore examine Hongtuo’s costs of production and determine normal values under subsection 269TAC(2)(c). Hongtuo’s costs must reflect the fully-absorbed cost to make and sell the steel angle. The Commission will further assess Galintel’s claim that a market situation for steel angle is evident in China and that domestic hot rolled coil prices are influenced by the Government of China (“GOC”).

The Commission will exercise special care in validating the costs to make and sell steel angle at Hongtuo. Key considerations include:

1. The cost of the Hot Rolled Steel Coil
 - Note in Galintel’s experience, the cost of steel coil is the largest contributor to the cost of steel angle;
 - Galintel estimates that the steel coil represents approximately xxxxxx% of the cost of production of the solid base angle;
2. The cost of cold rolling the angle including the ribbing into the steel (by way of a roll-forming machine)
 - This process includes the costs of:
 - Setting up the coil feed onto the Roll Forming Machine;
 - Cold Roll forming the angle into the steel;

¹ Vincent/Hongtuo EQR, P. 16.

- The cutting process where the desired length of the steel angle is normally set manually;
- Stacking the various lengths at the end of the roll-forming process;
- The cost of applying the perforation (where applicable) into steel angle.

Galintel anticipates that there is scrap associated with the production process, and this cost must be included in the overall production cost.

A well-maintained Coil Roll-forming machine should be able to produce xx to xx tonnes per hour and be safely and efficiently operated by xx employees.

Depreciation associated with the rolling machine must also be included in the cost of the goods under consideration.

3. The cost of galvanising the steel angle

- Depending on how modern the galvanising plant is, this can be a very manual process.
 - Product moved to the galvaniser
 - Pickled (acid treatment)
 - Taken out of the acid bath, left to dry
 - Put into baskets or hung off a head frame for Galvanising
 - Taken out, stacked into Bundles

4. The cost of moving the steel angle through the various stages above

- There are many movements of the Steel Angle in the above processes, particularly between the Roll Forming Machine and the location of the Galvaniser and then back to a warehouse / holding point. This involves costs associated with fork lifts, racking, and transport.

5. Packing and then cost of transport from the place of manufacture to the port for export.

- Packing for Export is a reasonable cost as the product needs to be strapped / packed correctly so that the product does not move during the freight process. In addition, there is a cost of applying product labels which are put on in China.

In addition to the above, there are a number of other costs which need to be considered including;

- Cost of general selling and administrative activities (including sales and marketing) i.e. the sales team, freight team, quality / health and safety
- There may be commissions being paid to local salespersons.
- Chinese VAT is also applied and should be calculated based on the product type.

(b) Tarzan/Bison

It would appear from the Tarzan and Bison EQR responses that Tarzan does sell steel angle domestically. The Bison EQR states that Tarzan sells on the basis of “cost of raw materials and the market price of the goods”². On this basis, as hot rolled coil prices are suppressed and below prevailing global prices, the domestic prices for steel angle will also be suppressed.

It is claimed by Bison that there is no domestic packing for goods sold on Chinese market.

Raw materials are steel coil and hot rolled coil/plate (as per key considerations above).

Bison does not source raw materials from State-Invested Enterprises (“SIEs”). However, it cannot be assumed that the parties Bison does purchase from do not have some level of GOC ownership.

² Bison EQR, P. 13.

- Will need to reference cost breakdowns as above for Hongtuo.