



Application for the
continuation of a dumping
and/or
countervailing notice
or
continuation of an undertaking

**APPLICATION UNDER SECTION 269ZHC OF THE *CUSTOMS ACT 1901*
FOR THE CONTINUATION OF A DUMPING AND/OR COUNTERVAILING
DUTY NOTICE OR CONTINUATION OF AN UNDERTAKING**

I hereby request, in accordance with section 269ZHC of the *Customs Act 1901* (the Act) that the Minister:

- continue a dumping duty notice, or
- continue a countervailing duty notice, or
- continue the undertaking given under the Act by

AUSTUBE MILLS PTY LIMITED

in respect of the goods the subject of this application.

I believe that the information contained in this application:

- provides reasonable grounds for continuation of the anti-dumping measure; and
- is complete and correct to the best of my knowledge and belief.

Signature:

Name:

Position:

Company:

ABN:

Date

[Redacted Signature]

[Redacted Name]

Authorised agent and representative

Austube Mills Pty Ltd

21 123 666 679

31 October 2019

Authorisation at **Confidential Attachment A.**

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Signature requirements

Where the application is made:

By a company - the application must be signed by a director, servant or agent acting with the authority of the body corporate.

By a joint venture - a director, employee, agent of each joint venturer must sign the application. Where a joint venturer is not a company, the principal of that joint venturer must sign the application form.

On behalf of a trust - a trustee of the trust must sign the application.

By a sole trader - the sole trader must sign the application.

In any other case - contact the Commission's client support section for advice.

Assistance with the application

The Anti-Dumping Commission has published guidelines to assist applicants with the completion of this application. Please refer to the '*Instructions and Guidelines for applicants: Application for continuation*' on the Commission's website.

The Commission's client support section can provide information about dumping and countervailing procedures and the information required by the application form. Contact the team on:

Phone: 13 28 46

Fax: (03) 8539 2499

Email: clientsupport@adcommission.gov.au

Other information is available from the Commission's website at www.adcommission.gov.au

Small and medium enterprises (i.e., those with less than 200 full-time staff, which are independently operated and which are not a related body corporate for the purposes of the *Corporations Act 2001*), may obtain assistance, at no charge, from the Department of Industry, Innovation and Science's International Trade Remedies Advisory (ITRA) Service. For more information on the ITRA Service, visit www.business.gov.au or telephone the ITRA Service Hotline on +61 2 6213 7267.

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Required information

1. Provide details of the name, street and postal address, of the applicant seeking the continuation.

The applicant is Austube Mills Pty Ltd (Austube Mills), an Australian manufacturer of hollow structural sections (HSS).

Address and contract details are as follows:

Head office and street address

Austube Mills
Building 7
Industrial Drive
Mayfield, NSW 2304

Postal Address

Austube Mills
PO Box 156
Newcastle NSW 2300

2. Provide details of the name of a contact person, including their position, telephone number and facsimile number, and e-mail address.

Primary contact

Contact Name: [REDACTED]
Position: Authorised agent and representative
Telephone: [REDACTED]
Facsimile: N/A
E-mail address: [REDACTED]

Alternative contact

[REDACTED]
Manager Trade Development
Telephone: [REDACTED]
Facsimile: [REDACTED]
E-mail address: [REDACTED]

3. Provide the names, addresses, telephone numbers and facsimile numbers of other parties likely to have an interest in this matter e.g. Australian manufacturers, importers, exporters, users.

Australian Manufacturers

Orrcon Operations Pty Ltd (Orrcon)

121 Evans Road
SALISBURY QLD 4107
Tel: (07) 3274 0500

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Contact person:



Team Leader – Trade Affairs



Australian Pipe and Tube Pty Ltd (APT)

2-14 Independent Way
RAVENHALL VIC 3023
Tel: (03) 8361 8366

Exporters

Pacific Pipe Public Co., Ltd. (Pacific Pipe)

298/2 Suksawad Road, Amphur Prasamutjedee,
Samutprakarn, Thailand 10290
Tel: +66 (2) 6799 059

Samchai Steel Industries Public Company Limited (Samchai)

75/14, 75/17, 85 Moo 5,
Soi Watsopanaram, Ekkachai Rd.
Amphur Muang, Samutsakorn 74000 Thailand
Tel: +66 (34) 8338 913

Atlantic Pipe Company Limited (Atlantic Pipe)

96 Moo 6, Rama 2 Rd., Khok-Kham
Muang-Samutsakorn Samutsakorn 74000 Thailand
Tel: +66 (34) 8250 859

Sahathai Steel Pipe Public Company Limited (Saha Thai)

78 Moo 3 Poochao Road, Bangyapraek
Phrapradaeng, Samuthprakarn 10130 Thailand
Tel: +66 (2) 3859 023

Thai Premium Pipe Co.,Ltd. (Thai Premium Pipe)

45 Moo 2 T.Chaimongkol
A.MeungSamutsakorn 74000 Thailand
Tel: +66 (90)-9595 242

Importers

Name: Sanwa Pty Ltd
Address: 201/100 New South Head Road
Edgecliff NSW 2013
Telephone: 02 9362 3088
Facsimile: 02 9925 9844

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Name: ThyssenKrupp Mannex Pty Ltd
Address: Level 4, Tower B
799 Pacific Highway
Chatswood NSW 2064
Telephone: 02 8424 2000
Facsimile: 02 8424 2099

Name: Commercial Metals Pty Ltd
Address: Level 3
430 Forest Road
Hurstville NSW 2220
Telephone: 02 9585 6200
Facsimile: 02 9585 8680

Name: Stemcor Australia Pty Ltd
Address: Level 30
31 Market Street
Sydney NSW 2000
Telephone: 02 9284 5600
Facsimile: 02 9284 5601

4. The application must include a detailed statement setting out reasons for seeking continuation of the anti-dumping measure. Applicants must provide evidence addressing whether, in the absence of measures, dumped or subsidised imports would cause material injury to the local industry producing like goods. Applicants should refer to the “Guidelines for Preparing an Application for Continuation of Measures” for assistance.

The applicant, Austube Mills, seeks the continuation of the anti-dumping measures that were imposed on Hollow Structural Sections (“HSS”) exported from the Kingdom of Thailand (Thailand) following the completion of Investigation 254. It is Austube Mills’ firm view that the expiration of measures on HSS exported from Thailand would lead or likely lead to a recurrence of the dumping and material injury that they are intended to prevent.

The reasons supporting this view include the following:

- Following the imposition of measures, Pacific Pipe, one of the largest exporters found to be dumping in Investigation 254, sought a Review of Measures¹ and

¹ REV No. 445, extended to apply to all exporters from Thailand.

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two new exporters sought Accelerated Reviews of Measures², strongly signaling their intent to continue to or commence export of HSS to Australia.

- Exporters from Thailand have maintained their distribution channels to Australia and continued to export the goods from Thailand to the Australian market consistently since the imposition of measures.
- Steel exporters are being impacted by global overcapacity and trade distortions resulting from the unprecedented number of steel trade defence actions. Thai exports of pipe to the United States have dropped dramatically since the US introduced 25% tariffs on all steel products via a Section 232 proclamation.
- Austube Mills' domestic prices continue to be directly influenced by the price of the imported goods including those from Thailand.
- Thai exporters' behavior since the imposition of measures demonstrates that when the measures were either outdated or not effective in preventing ongoing dumping, the incidence of goods exported at dumped prices increased resulting in an increase in export sales volumes to Australia and increased market share in Australia.

4 (i)a Will the dumping continue or recur?

- **Actions by other countries**
- **Whether the exporter retains excess capacity that may be directed to Australia**

Summary

Overcapacity in world steel markets has triggered an unprecedented number of global trade defence mechanisms that include the United States' (US) Section 232 tariffs and the European Union's (EU) steel safeguard actions. These actions are affecting export markets for all countries including Thailand. It is expected that displaced export volumes will increasingly be diverted to open markets, making Australia an attractive destination for excess capacity of HSS, particularly in the absence of continued effective measures.

Discussion and Evidence

- **Overcapacity in steel markets**

The Commission's *Analysis of Steel and Aluminium Markets Report to the Commissioner of the Anti-Dumping Commission (2016 Steel Report)* found that ongoing excess capacity is a significant challenge for the global steel industry, particularly in Asia.³

The ongoing overcapacity in Steel markets was also noted by the EU in its notification to the WTO of provisional safeguard measures on steel products. (**Public File Attachment 1**)

² ACC REVs No. 382 and 451.

³ <https://adcommission.gov.au/adsystem/referencematerial/Documents/Steel.Aluminium.Report.31.August.2016.pdf> (accessed 26 October 2018)

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the nominal global steelmaking capacity has more than doubled since 2000, from a level of 1,05 billion tonnes in 2000 to 2,29 billion tonnes in 2016 and has remained at a very high level in 2017 (2,27 billion tonnes) (1). In addition, actual global steel production in 2016 (1,6 billion tonnes) was still 100 million tonnes higher than global steel demand (1,5 billion tonnes). Consequently, **there has been over the last years a major gap between nominal global capacity and production and between production and demand, generating an unprecedented overcapacity in the global steel market which has persisted despite the measures adopted to narrow it.** Moreover, looking forward, whereas global production in 2017 increased by more than 5 % due to an economic recovery, global steel demand in 2018 will show only moderate growth with further deceleration predicted for 2019. There was a sign of recovery in 2017, but important risks remain. (paragraph 31, **emphasis added**)

The OECD Steel Committee at its 86th session in March 2019 provided the following insight in relation to global steel capacity:

*The latest available data suggest that global steelmaking capacity (in nominal crude terms) remained nearly unchanged in 2018, at 2.234 billion metric tons, following declines in 2016 and 2017. Information on closures, as well as recent reports indicating that some planned investment projects were postponed, led to a slight downward adjustment in the estimate for global steelmaking capacity in 2018. **The gap between steel capacity and production is therefore expected to remain high, at 425.5 million metric tons in 2018. However, many new investments continue to take place around the world and others are in the planning stages, including in regions where excess capacity is most prevalent. Should these projects be realised, global steelmaking capacity could increase by 4-5% between 2019 and 2021, in the absence of closures.** The Secretariat's monitoring work shows that foreign investors are the source of a number of these projects.*

The Committee reiterated concern about persisting structural imbalances in the global steel sector, and emphasised the need to swiftly remove market-distorting policies that contribute to excess capacity.

The Committee also called for the Global Forum on Steel Excess Capacity to swiftly implement the agreed policy actions to eliminate excess capacity and the market distorting support measures that contribute to excess capacity, and expressed support for the continuation of the Forum's work.⁴ [emphasis added]

Indications are that global steel overcapacity shows no sign of abating and is likely to continue to grow.

- **Actions by other countries**

There are a number of different types of trade defence actions used by countries that are not limited to anti-dumping and countervailing actions. These include Safeguard actions and specific country legislative instruments, such as the US Section 232 and US Section 301.

⁴ <http://www.oecd.org/sti/ind/86-oecd-steel-chair-statement.htm>

US Section 232

Following an investigation by the US Department of Commerce under Section 232 of the *US Trade Expansion Act of 1962*, the publicly released report concluded that the quantities and circumstances of steel and aluminium imports “threaten to impair the national security” of the United States.⁵

On 8 March 2018 a Presidential Proclamation was signed imposing a tariff of 25 per cent on all imports of steel and 10 per cent on all imports of aluminium commencing 23 March 2018.⁶ As of 20 May 2019, tariffs apply to steel from all countries of origin except Argentina, Australia, Brazil, Canada, Mexico and South Korea.⁷

The United States has historically been Thailand’s largest export market for steel pipe and tube products and has been directly impacted by the US Section 232. The effect of the US Section 232 action reducing Thai imports of pipe and tube into the USA has been profound as highlighted by the US Steel Import Monitoring website SIMA. An extract from SIMA below shows that Thai exports of standard carbon and alloy pipe products have fallen from a high of 137,000 tonnes in CY 2017 to just 462 tonnes for the first 5 months of 2019.

U.S. Imports of Steel Mill Products

FOR Standard Pipe -- C & A
Quantity in Metric Tons

[Same Table - Average Unit Value](#)

[Same Table - Monthly Average U.S. Dollar](#)

'C & A' = Carbon and Alloy products, 'S' = Stainless products

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Country	Census Data									
	Annual Total Quantity 2011	Annual Total Quantity 2012	Annual Total Quantity 2013	Annual Total Quantity 2014	Annual Total Quantity 2015	Annual Total Quantity 2016	Annual Total Quantity 2017	Annual Total Quantity 2018	Total Quantity YTD Jan through May 2018	Total Quantity YTD Jan through May 2019
WORLD	754,906	876,992	792,881	823,013	928,288	757,798	1,056,932	802,429	401,185	273,700
CANADA	190,939	202,697	202,682	201,042	195,255	189,367	179,033	164,990	86,301	54,459
THAILAND	43,269	106,855	41,556	39,129	54,546	53,442	136,896	94,804	43,776	462.8

The significant loss of standard pipe export volumes to the US has meant that Thai exporters have excess capacity to export goods to open economies such as the Australian market.

As a direct result of the US Section 232, the EU imposed provisional safeguard actions on 28 product categories of steel products from 17 July 2018. HSS is included in the 28 product categories to which the provisional measures apply. The HS codes that are impacted by the EU safeguards include those that relate to Australian measures on Thailand.

Gas pipes : 7306 30 41, 7306 30 49, 7306 30 72, 7306 30 77

Hollow Sections : 7306 61 10, 7306 61 92, 7306 61 99

⁵ https://www.commerce.gov/sites/commerce.gov/files/the_effect_of_imports_of_steel_on_the_national_security_-_with_redactions_-_20180111.pdf

⁶ <https://www.whitehouse.gov/presidential-actions/presidential-proclamation-adjusting-imports-steel-united-states/>

⁷ <https://www.cbp.gov/trade/remedies/232-tariffs-aluminum-and-steel>

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Other Welded Pipes :7306 11 10, 7306 11 90, 7306 19 10, 7306 19 90, 7306 21 00, 7306 29 00, 7306 30 11, 7306 30 19, 7306 30 80, 7306 40 20, , 7306 50 20, 7306 50 80, 7306 69 10, 7306 69 90, 7306 90 00

Public File Attachment 1 refers.

On 4 January 2019 the EU notified the World Trade Organization that the measures will apply to 28 product categories and remain in place for a period of three years from 17 July 2018 to 16 July 2021. HSS is included in the product categories. **Public File Attachment 2** refers.

The safeguard measures impose a 25% tariff once the country-specific quotas for the defined six month periods have been reached.

The conclusion reached by the EU in regards to the measure was:

The Commission therefore concluded that the Union steel industry is in a situation of threat of serious injury for the product concerned, including the 26 product categories under assessment. The Commission also concluded that there was a causal link between increased imports of the product under assessment and the vulnerable situation of and threat of serious injury to the Union industry as the steel product categories produced by the Union producers are like or directly competing with the steel product categories concerned. (para 12)

Whilst Thailand is not a major exporter of HSS to the European union, the imposition of a definitive safeguard measure has a deflative effect on the global market for exporters of steel products including HSS. This deflative effect prevents Thai exporters from diverting displaced tonnes from the US Section 232 action into Europe.

In explaining the justification for the imposition of the safeguards, the EU noted such an effect due to the US Section 232 action.

The trend of increased imports in the Union, which is driven in part by the impact of the US Section 232 measures, is expected to be even more pronounced in the near future if no measures are taken. This is based on the fact that a high number of US producers of products covered by the US Section 232 measures have announced important production expansion plans and consequently, the US market will no longer be able to absorb an increased domestic production and the same level of imports as before. **Consequently, exporting producers will have to look for alternative markets and the Union market is then, in view of its size, an ideal substitute market.** (para 11, **emphasis added**)

Austube Mills submits that as a result of continuing global overcapacity and the broad defensive actions of the US and EU, it is expected that Thailand would continue to export HSS to Australia, and likely at increased volumes if the measures were allowed to expire.

Antidumping actions by other countries

- a. **US Measures on certain welded carbon steel pipes and tubes (pipe and tubes)**

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In addition to the 25% tariffs resulting from US Section 232, separate anti-dumping measures are in place for exports of pipe and tubes from Thailand (and six other countries). The goods were subject to a recent expiry review, concluded in January 2018, that resulted in the measures being continued for a further five years.

In recommending the continuation of the anti-dumping measures the US Department of Commerce found that:

*revocation of the antidumping duty... would likely lead to continuation or recurrence of dumping and material injury to an industry in the United States*⁸

The pipe and tube subject to the measures are:

certain circular welded carbon steel pipes and tubes from Thailand. The subject merchandise has an outside diameter of 0.375 inches (9.5mm) or more, but not exceeding 16 inches (406.4mm).

The product, sometimes referenced as standard pipe, is used in light load-bearing, mechanical, and structural applications and may be galvanized (zinc coated by dipping in molten zinc), lacquered (black finish), or painted (black) to provide corrosion resistance for storage in humid conditions or ocean transport.

The pipe and tube subject to the measures is classifiable under the Harmonized Tariff Schedule of the United States (HTSUS) at the six-digit level to 7306.30 and includes goods that are similar to those to which Australian measures apply.

The two most recent US Administrative Reviews of the pipe and tube measures found that Thai exporters had continued dumping. The Administrative Review for the period 1 March 2016 to 28 February 2017 found the following weighted average dumping margins: Saha Thai 28.00%, Pacific Pipe 30.61% and Thai Premium Pipe 30.98%.

The Administrative Review for the period 1 March 2017 to 28 February 2018 also found that the Thai exporters were still dumping: Saha Thai 5.32% and all other exporters 5.32%. Saha Thai and Pacific Pipe had both applied to be assessed for individual rates, but as Saha Thai accounted for the overwhelming majority of the export volume for the period it was selected as the sole exporter to determine a rate applicable for all exporters⁹.

b. Canadian Measures on Carbon Steel Welded Pipe (CSWP)

Anti-dumping measures are in place for exports of CSWP from Thailand (and six other countries). The goods were subject to a recent expiry review, concluded in May 2018, that resulted in the measures being continued for a further five years.¹⁰

A Period of Review (POR) of 1 January 2014 to 30 September 2017 was set for the expiry review.

⁸ <https://www.federalregister.gov/documents/2018/02/07/2018-02316/certain-welded-carbon-steel-pipes-and-tubes-from-india-thailand-and-turkey-certain-circular-welded>

⁹ USITC A-549-502, p.2

¹⁰ <https://www.cbsa-asfc.gc.ca/sima-lmsi/er-rre/cswp22017/cswp22017-de-eng.pdf> CSWP2 2017 ER

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The expiry review found that:

Based on evidence on the record in respect of Thailand exporters continuing to export subject goods to Canada at dumped prices during the POR; the anti-dumping measures concerning Thai steel pipe and tubular products in other jurisdictions; the domestic market conditions and CSWP capacity in Thailand, the CBSA determined that the expiry of the finding is likely to result in the continuation or resumption of dumping into Canada of certain carbon steel welded pipe originating in or exported from Thailand.¹¹

The pipes subject to the measures are:

Carbon steel welded pipe, commonly identified as standard pipe, in the nominal size range from 1/2 inch up to and including 6 inches (12.7 mm to 168.3 mm in outside diameter) inclusive, in various forms and finishes

Also commonly referred to as standard pipe, covers a wide range of pipe products generally used in plumbing and heating applications for the low-pressure conveyance of water, steam, natural gas, air, and other liquids and gases. CSWP, or standard pipe, may also be used in air conditioning systems, in sprinkler systems for fire protection, as structural support for fencing¹ as piling, as well as for a variety of other mechanical and light load-bearing applications.

Standard pipe may be sold with a lacquer finish, or a black finish as it is sometimes referred to in the industry. It may also be sold in a galvanized finish which means it has been treated with zinc.

The pipe and tube subject to the Canadian measures is classifiable at the six-digit level to 7306.30 and include products that are the same or similar to HSS subject to the Australian measures.

Anti-dumping measures were imposed on all exporters from Thailand in December 2012 with dumping margins determined for Saha Thai at 3.8%, Pacific Pipe 5.4% and all other exporters 54.2%.

Periodic reviews of the measures and the margins found are not publicly disclosed. However, in the expiry review it was noted that Thai exporters continued to export the pipe subject to the measures at dumped prices throughout the three years and nine months of the POR:

*During the POR, although imports of subject goods from Thailand were minimal in respect of the total Canadian market, anti-dumping duties were assessed on Thai imports. **The limited amount of imports may be attributed to exporters' inability to compete in the Canadian market at non-dumped prices.** Yet, the fact that duties were assessed demonstrates that the subject goods from Thailand were dumped during the POR and exporters continue to remain interested in the Canadian market for CSWP. **(emphasis added)***

¹¹ CSWP2 2017 ER, paragraph 202

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As discussed above, exporters of CSWP from Thailand continued to dump CSWP into Canada during the POR. As such, there is a strong likelihood that future exports to the Canadian market will be made at dumped prices if the CITT's finding were to be rescinded.

- **Excess capacity of HSS Thailand**

Austube Mills understands that the major Thai exporters of the goods to Australia, namely Pacific Pipe, Saha Thai, Sam Chai and Thai Premium Pipe have a combined annual capacity of over [REDACTED]¹²tonnes. Austube mills is not aware that any of the exporters have plans to reduce their production capacities despite being impacted by the US Section 232 tariffs.

Thai manufacturers have stated that they are export focused. A stated market goal of Thai Premium Pipe is "to supply steel pipe world wide"¹³. The Canadian expiry review noted that in regard to Pacific Pipe that:

In its 2016 annual report, Pacific Pipe, a producer of CSWP in Thailand, states that its company plans to expand its coverage to all over the world and to aggressively develop their product quality in order to be internationally recognized and accepted as a world class steel pipe manufacturer.¹⁴

Saha Thai accounted for the overwhelming majority of exports to the USA in the latest US Review.

The US Review noted that:

In prior reviews, the Commission found that the CWP industry in Thailand was export oriented, had substantial unused capacity, and faced trade barriers in third-country markets.

GTA data for HTS subheading 7306.30, a category that includes CWP and may also include out-of-scope merchandise, indicate that the U.S. market was the largest export market for CWP from Thailand during each year in the current period of review and accounted for 56.9 percent of exports from Thailand in 2016.¹⁵

To assist in understanding the impact of the US Section 232 tariffs on Thai excess capacity, Austube Mills has obtained via paid subscription, total export volumes of HSS exported from Thailand. It shows that prior to the global distortions precipitated by US Section 232 tariffs in March 2018, Thailand exported approximately [REDACTED] tonnes of pipe and tube products in CY2017. Since the imposition of the 25% tariffs on all steel products into the US, Thai exports of pipe and tube to the United States has fallen by over [REDACTED] tonnes.

Confidential Table Export Volumes

[REDACTED]

Source data: Conf Att 1 Export data

¹² Confidential Att 4 (pps 13-15) identified approximate production capacities of the 3 major Thai pipe producers were as follows [REDACTED]

¹³ <https://th1050336776.fm.alibaba.com/>

¹⁴ CSWP2 2017 ER, para 201

¹⁵ USITC PUB 4574, p.16

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Note that while the US SIMA extract included earlier in the application shows a higher import volume of 'Carbon and Alloy Standard Pipe' for CY2017, likely attributable to additional sizes excluded from our analysis (or the goods the subject of measures), a dramatic decline in volumes from Thailand following the imposition of Section 232 tariffs is a consistent trend across both data sources.

Despite having anti-dumping measures in place, the export data shows that Australia is one of the few countries that Thailand has directed its displaced pipe and tube products to. Since the imposition of the US measures, Thai exports of pipe and tube products to Australia have increased by [REDACTED].

Based on the above data, Thai exporters have excess capacity to continue to export the goods at substantial volumes. If the Australian measures were allowed to expire, it is likely that the Thai exporters would continue dumping in volumes that would cause material injury to the Australian industry.

Saha Thai and Pacific Pipe accounted for more than 95% of the volume of exports to Australia during REV 445¹⁶ and are likely to have the spare capacity to increase their exports to Australia.

4 (i)b Will the dumping continue or recur?

Summary

Based on the comparison of constructed normal values, published export prices and market intelligence, it is Austube Mills' understanding that exporters have not only retained distribution links to Australia but have continued to export the goods into the Australian market at dumped prices.

To prevent injury to the Australian industry it is important that the measures not only continue to apply, but that they be recalculated based on contemporary variable factors. It is also important that the form of measure imposed be the most effective form of duty method to prevent the recurrence of injury caused by dumped goods to the Australian industry. The applicant's view of the most effective form of measure to prevent the injurious effects of dumping is the combination method as it contains both a fixed and variable component.

Whether exports have continued following the imposition of the measure and estimates of the export price

- **Relevant evidence as to the current normal values in the exporting country**

Domestic price data for HSS in Thailand is not readily available and exporters are not known to publish monthly price lists. Austube Mills has therefore constructed normal values for the period 1 July 2013 to 30 June 2019 based on the published [REDACTED] hot-rolled coil (HRC) price. The HRC price has been used to calculate a domestic cost to make (CTM), given that HRC is a key input material constitutes approximately 90% of the CTM. SG&A, finance and profit have been applied using [REDACTED] published results.

Constructed normal value calculations are contained in **Confidential Attachment 2**.

¹⁶ REV 445, p.11.

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- **Whether the exporter has retained distribution links in Australia**

Thai producers of the goods have exported HSS to Australia nearly every month since the original investigation period and for nearly all of the months since the imposition of the measures, demonstrating that the exporters have retained distribution links in Australia.

Confidential Graph Thai Export Volumes to Australia



Evidence and Discussion

- **Evidence that dumping is likely to recur**

The original investigation concerning exports of HSS from Thailand, Anti-dumping Investigation 254 (**INV 254**), assessed whether the goods were dumped over the investigation period of 1 July 2013 to 30 June 2014. REP 254 found that the goods were dumped by all exporters from Thailand.

In support of its contention of the likelihood that dumping will continue or recur if measures were to expire, Austube Mills has provided an analysis of estimated dumping margins by Thailand for the period 1 July 2013 to 30 June 2019.

Austube Mills has used the data to estimate monthly dumping margins, the gap between HRC and HSS and a moving annual weighted average dumping margin for Thailand.

The calculation is conservative based on HRC costs and export data. The normal values are calculated on a HRC price to estimate the cost of painted HSS whilst the export data includes galvanised HSS. The constructed normal values and export prices do not take into account the mix of painted and galvanised HSS and as such the calculated margin is likely understated.

The workbook containing the source data, methodology and graphs is at **Confidential Attachment 2 Thai Dumping**.

The dumping margin has been calculated for every month since the end of the original investigation period and since the imposition of the measures and demonstrates that dumping has occurred for a significant proportion of the period since measures were imposed.

There has been only one general Review of Measures (REV 445) that resulted in the dumping margins being recalculated for the majority of exporters. The margins calculated in the confidential workbook for the Review period for REV 445 (1 October 2016 to 30 September 2017) are similar to those determined by the Commission indicating that Austube Mills determination of normal values is reasonable.

In addition, margins calculated for the most recent 12-month period ending June 2019 are similar to those determined by the Commission over the investigation period in

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INV 254 which suggests dumping margins have increased for all exporters since the last review to similar levels found in the original investigation. As noted in the previous section the two most recent US Reviews of applicable measures found that exporters from Thailand were exporting at dumped prices for a large part of the period analysed above.

The Canadian expiry review also found that exporters from Thailand were exporting at dumped prices during the expiry Period of Review, which also overlaps the period analysed above.

The facts that ;

- both the US and Canadian Reviews found that Thai exporters had continued to dump despite measures being in force;
- Thai exporters are likely to have excess capacity as a result of the US Section 232 restricting volume of HSS into the US and Europe due to retaliatory safeguards;
- Thai exporters have continued to maintain their distribution links to Australia; and
- Austube Mills' own assessment of what the dumping margins are likely to be

indicates that if the measures were to expire they would likely lead to a continuation of dumping by Thai exporters of HSS.

4.(ii) Will Material Injury recur?

Applicants must provide evidence that in the absence of the measures, the dumped or goods would cause, or be likely to cause, material injury to the Australian industry producing the goods in question. In considering this question applicants should provide information on key indicators such as profitability, price trends, and market share.

Summary

Austube Mills submits that in the event the measures on HSS exported from Thailand are permitted to expire there exists a very real likelihood that exporters and importers will lower prices in order to increase export volumes to Australia, resulting in a recurrence or continuation of dumping and associated material injury to the Australian industry in terms of lost revenue, volume and profitability.

As per the original Investigation 254 Austube Mills continues to negotiate its prices monthly with customers relative to the market movements of import offers, which include Thai offers, therefore dumped prices from Thailand directly contribute to price suppression and/or depression.

The Commission has established a connection between imports of HSS from Thailand at dumped prices and the fact that prices of HSS at dumped prices

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sold in Australia undercut the Australian industry prices of HSS throughout the investigation period.

The price undercutting and associated price pressures have contributed to price suppression for the Australian industry, which has resulted in negative profitability.

The Commission considers that other possible causes of injury do not detract from the assessment that dumping has caused material injury to the Australian industry.¹⁷

Discussion and Evidence.

If the measures are allowed to expire there exists a high probability that exporters from Thailand would seek to reduce their price and increase export volumes to Australia subsequently causing material injury to the Australian industry.

The basis for this concern includes:

- Thai exports of pipe and tube to the US have reduced by over 90,000 tonnes as a result of US Section 232 tariffs. This has generated excess capacity amongst Thai Steel producers.
- The EU safeguards on steel products that includes the type of goods subject to this Continuation Inquiry has restricted Thai exporters from sending excess capacity to Europe.
- Following the US Section 232 action, Thai exporters have increased exports to Australia by █ despite the fact that there are measures in place.
- Thai exporters have increased export volumes of HSS to Australia when the form of measure (floor price, or *ad valorem*) has not been effective enough to prevent dumping.
- strength in the Australian construction market and strong demand making it an attractive export destination.
- close geographical proximity means Australia is an attractive export destination for Thai exporters
- continuing distribution networks maintained by exporters;
- evidence of import price competition and undercutting of Australian Industry prices;
- Australia is an open market with zero import tariff rates applying to Thai exporters as a result of the Australian Free Trade Agreement with Thailand (TAFTA) and the ASEAN–Australia–New Zealand Free Trade Agreement (AANZFTA)

¹⁷ HSS Thailand – Report 254, p64

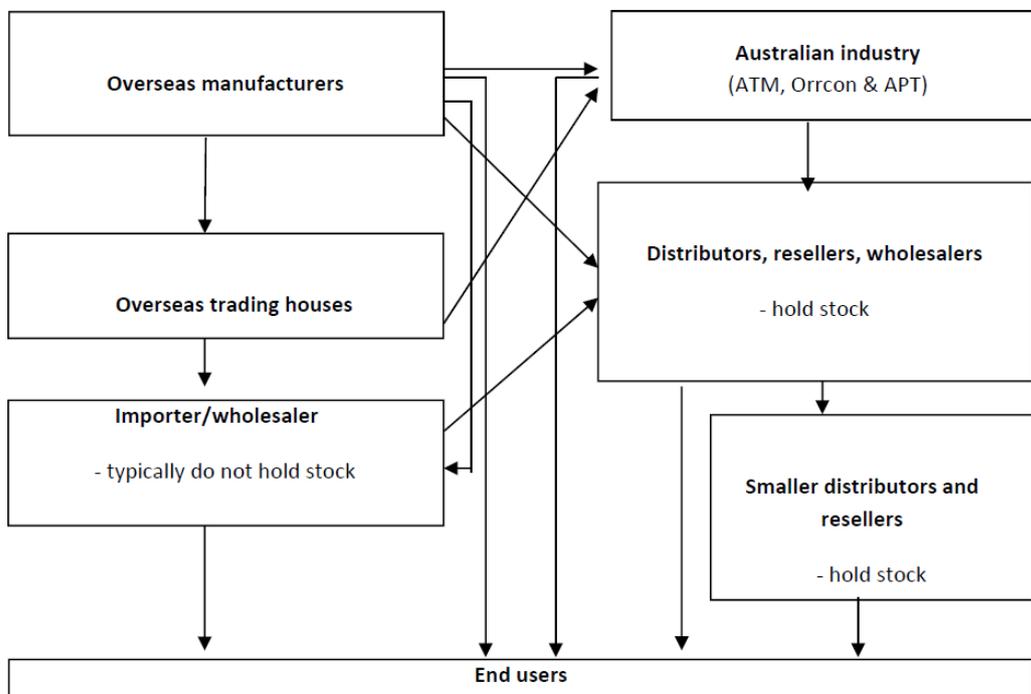
-Thailand steel producers are reportedly under significant pressure in their domestic market following China's 15 September 2018 revision of its tax rebate structure applying to 85 steel products including steel pipe.¹⁸

a. Australian market

The Commission's findings concerning the Australian market in Anti-Dumping Investigation 254 (**REP 254**) and Continuation Inquiry 379 (**CON 379**) for the measures applying to China, Korea, Malaysia and Taiwan are relevant to the current continuation inquiry application.

The Australian HSS market comprises local manufacturers, overseas suppliers, importers, wholesalers, distributors, resellers, and end-users.

The following table depicts the supply arrangements on the Australian market:



The Australian market for HSS contracted following the original investigation period of 1 July 2013 to 30 June 2014 before increasing in financial years 2015/16 and 2016/17, the market again declined in 2017/18 before showing strong growth in 2018/19.

Austube Mills estimates that the current market for HSS is approximately ■■■ higher than when last assessed in FY 2013/14.

Supporting data and information used for the market assessment (based on sourced export data, Austube Mills' sales and estimated sales of the other two Australian manufacturers of HSS) is at **Confidential Attachment 3 Australian HSS Market**.

¹⁸ <https://www.bangkokpost.com/business/1554474/steel-makers-demand-dumping-measures>

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Austube Mills imports of HSS have been included in Austube Mills sales and are listed in the Confidential appendices at Appendix A2

Confidential Graph M1 below shows Austube Mills' estimate of the Australian market for HSS from 2011 to 2019.

Confidential Graph M1. Estimated Australian market for HSS.



Locally produced non-alloy and imported non-alloy and alloyed HSS are used in a variety of applications across a range of sectors of the Australian economy including (but not exclusive to):

- engineering construction;
- manufacturing;
- mining, oil and gas;
- residential and non-residential construction;
- temporary fencing;
- transport;
- furniture and play equipment;
- rural applications; and
- automotive.

End-use applications for which HSS may be used include (but not exclusive to):

- scaffolding and fencing (fixed and temporary);
- trailer frames (boat and box);
- mining equipment;
- sign posts;
- playground equipment and shade provision in parks and public spaces;
- architectural finishes in large open span structures (airports, shopping centres, etc);
- major structural engineering applications;
- gates – domestic, industrial, commercial and rural;
- vehicle chassis (bus, truck, etc);
- light manufactured goods;
- gantries that support railway electrification cables;
- domestic, rural, commercial and industrial structures;
- sporting stadiums;
- light fabrication and maintenance work;
- truss systems for roofing within variable structure types; and
- agricultural equipment such as spray systems, hay feeders, cattle crushers, cattle yards, etc.

The Australian market for HSS is diverse (as indicated by the broad range of market sectors to which the goods are supplied). Expansion of the total market over recent years, along with an increase in the number of market participants indicates that product availability and pricing in the HSS market is generally transparent, irrespective of market segment.

Causes of demand variability in recent times have been heavily influenced by the government investment in infrastructure which has helped offset the downturn in the residential housing construction sector.

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Overall, demand for HSS is linked to the economic performance of the Australian economy. Alongside the identified historic reasons attributed to variability in the Australian market, there are factors which may be regarded as 'seasonal' which impact the market.

These include:

The construction cycle. There is widespread opinion in the industry that the months of December and January each year effectively aggregate to one normal month of sales given that the traditional construction industry holiday period falls at this time; and

A take up of sales to the rural sector in May and June each year. This is believed to be driven by the desire of the farming community to resolve any outstanding "repairs and maintenance" issues prior to the end of the financial year.

Other factors that may influence demand for HSS include:

Mining segment infrastructure and repair and maintenance spends are forecast to increase as the industry recovers off the back of higher commodity prices;

State and local governments are also anticipated to increase their 'repair and maintenance spends' to contribute to supporting the economy over the next years;

The East Coast drought will also impact demand for agricultural products until Australia moves through the current cycle of dry weather;

The Australian Dollar will also play a significant role of the demand within the manufacturing sector, which is a significant consumer of HSS; and

Forecast declines within the residential construction sector, combined with tightening of lending and therefore investment from within the private sector (eg commercial construction), are also anticipated to impact demand over the next 3-5 years.

b. Volumes of imports.

Imports from Thailand have accounted for between ■ annually of total imports for the period 2011 to 2019. (All years referred to are financial years July to June unless noted otherwise).

Imports from Thailand as a share of total imports began declining shortly after Investigation 254 commenced in July 2014 and continued to decline before increasing in 2017/18 and 2018/19.

Confidential Graph M 2, following, shows imports from Thailand share of total imports over the period 2011 to 2019. (Source data: Confidential Attachment 3.)

Confidential Graph M2. Thailand import share.



Confidential Graph M3 below shows annual export volumes for Thailand. (Source data: **Confidential Attachment 3**.)

Confidential Graph M3 Annual export volumes.



Export volumes from Thailand declined following the initiation of Investigation 254 and continued to decline following imposition of the measures.

Export volumes were at their lowest point during the review period for REV 445. REV 445 resulted in lower dumping margins for all exporters and export volumes have increased since that period.

Austube Mills notes that the analysis of dumping margins for Thailand showed a likewise significant increase in calculated dumping margins since the review period.

Austube Mills considers that the above demonstrates that the Thai exporters would (and are) prepared to export the goods at dumped prices if measures were discontinued (or ineffective) in order to secure increased sales volumes in the Australian market.

Pricing

Pricing in the Australian market is strongly influenced by export prices from countries subject to the measures. The exporters' export price to Australia is set by negotiations with the importers, the importers themselves are pricing in competition with other importers. Distributors and resellers use the purchase price of the imported HSS product to motivate the domestic producers to sell at a lower price. In addition, some of these imported products are sold into the end-use market place and the domestic manufacturers are forced to either reduce selling price to maintain market volumes via other distribution channels or forego the volume as the target selling price marginalizes the overall business attractiveness.

Austube Mills prices its products based on an import parity pricing (**IPP**) model, that is import price offers plus a local premium. Each month Austube Mills collates market intelligence regarding the price of competing imports and determines an import price based on the market intelligence to establish a competitive position. Whilst ATM aims to obtain a premium above delivered imports, its price is directly influenced by the price of imports, including those from Thailand.

Domestic customers are generally willing to pay a small premium for locally produced equivalent standard products for a number of reasons:

- shorter lead times offered by domestic producers compared to imported HSS allows customers to carry less stock.

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- customer confidence in the product quality (including ability to resolve quality issues in a timely manner and its compliance with the Australian Standard);
- engagement in the market (including its role in developing technology and infield support); and
- the research and development put into its HSS products and manufacturing technologies.

However the Australian HSS market shows significant price sensitivity and price is the major criteria in customers' purchasing decisions, product and brand differentiation is minimal as long as the products sold satisfy the Standards' (i.e. AS/NZS 1163) chemical, mechanical, quality and tolerance criteria.

Performance of Austube Mills and the Australian industry

The Australian industry comprises three manufacturers, Austube Mills, Orrcon and APT.

The following injury analysis is based solely on Austube Mills' financial data, except where noted. However, Austube Mills notes previous investigations that have found that injury experienced by Austube Mills is representative of injury experienced by the Australian industry as a whole.

The original investigation, (**INV 254**) into dumped HSS from Thailand noted:

It is estimated that ATM represent more than 60 per cent of the volume of sales of HSS manufactured by the Australian industry in the investigation period. Therefore, the Commission is of the view that the injury experienced by ATM can be considered to be injury experienced by the Australian industry as a whole.¹⁹

Investigation 320 into dumping of HSS from India and the United Arab Emirates also noted:

On the basis of ATM's reported production volume and estimates for Orrcon and APT, the Commissioner was satisfied that ATM represented a sufficient part of the Australian industry in accordance with the requirements of subsections 269TB(6)(a) and 269TB(6)(b).²⁰

Austube Mills is not aware of any changes in circumstances at Orrcon and APT that would prevent the Commission from assessing and being satisfied that injury to Austube Mills is representative of injury to the Australian industry.

Confidential Attachment 5 Injury contains the Confidential industry Appendices and the source data, graphs and indices for the following assessments:

Prices and CTMS

¹⁹ REP 254, p.44

²⁰ SEF 320, p.16

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Austube Mills prices are set relative to movements in landed import parity prices as noted above.

Import parity prices ■ used in price negotiations with customers. The effect of ■

Generally, an ■.

However, where the ■.

The IPP is also ■.

For example, ■.

Customers may negotiate on a ■ with Austube Mills, where Austube Mills can ■ based on the average IPP.

Pricing for ■.

[Commercial pricing mechanism discussion]

The worksheet for the Import Parity Pricing is at **Confidential Attachment 6 IPP**. Examples of lost volumes ■ are provided in **Confidential Attachment 6**.

Austube Mills unit selling prices and unit cost to make and sell (CTMS) since the imposition of the measures are shown in the indexed table below.

	FY2015/16	FY2016/17	FY2017/18	FY2018/19
Unit CTMS	100	101	113	118
Unit Sales Revenue	100	104	107	114

Austube Mills prices recovered following the imposition of measures in INV 254 but prices have been suppressed over a large part of the period since in FY 2017/18 and 2018/19 with Austube Mills unable to increase prices in line with increased costs.

As exporters lower their prices to secure additional volumes, Austube Mills is forced to reduce its price to its customers or risk losing substantial sales volumes.

Profits and Profitability

The effect of the price suppression resulting from exporters' pricing directly impacts Austube Mills's profits and profitability as shown below.

	FY2015/16	FY2016/17	FY2017/18	FY2018/19
Profits	100	182	-47	5
Profitability	100	174	-44	5

Market share and sales volumes

Market shares and volumes are based on Austube Mills sales and estimates of the other two industry members sales.

In a growing market Austube Mills estimates that the Australian industry has maintained sales volumes whilst losing market share.

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	FY2015/16	FY2016/17	FY2017/18	FY2018/19
Market	100%	110%	108%	112%
Market Share	100%	94%	94%	92%
Volumes	100%	103%	101%	103%

Other factors

Return on investment (ROI), capacity utilisation and employee numbers are shown in the indexed table below.

	FY2015/16	FY2016/17	FY2017/18	FY2018/19
Return on investment	100%	126%	-13%	-9%
Capacity utilisation	100%	109%	105%	94%
Employment	100%	100%	100%	102%

ROI has declined over the period, capacity utilisation increased following the imposition of measures but has since declined whilst employee numbers has remained stable.

Material injury in the absence of measures

Confidential Attachment 5 contains the calculations for material injury.

Austube Mills has calculated material injury continuing or recurring based on its unit prices, CTMS, volumes sold and profits and profitability achieved in FY 2018/19. This is the most recently completed financial year.

The changes in export prices from Thailand and the subsequent effect on import parity prices and Austube Mills has been calculated based on observed historical exporter behavior.

Thai Export Pricing and Import Parity Pricing

Confidential Attachment 6 contains data, calculations and graphs related to Import Parity Pricing. The period examined is from January 2016 to September 2019.

The Chart below shows import offers [REDACTED]. The Chart demonstrates that [REDACTED] and influence the prices in the Australian market.

Confidential IPP Chart 1



The following Chart below illustrates how closely aligned the import price of [REDACTED] are over the period examined.

Confidential IPP Chart 2



The influence of Thai prices on IPP pricing, [REDACTED] is shown in the next Chart below. For most of the period the prices of the [REDACTED]

Confidential IPP Chart 3

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[REDACTED]

Austube Mills has calculated a Thai import price based on the difference between current and historical dumping margins, calculations and methodology are at **Confidential Attachment 6**.

The calculated difference in dumping margins is [REDACTED] being the margins found for [REDACTED]. Austube Mills considers it is likely that [REDACTED] would reduce their export prices by such amounts to increase export volumes given the constraints noted in other markets noted above.

The Chart below illustrates the effect on Thai export prices and Import Parity Pricing if the measures were not to be continued.

Confidential IPP Chart 4

[REDACTED]

The Chart demonstrates for that nearly the entire period the Thai import price would [REDACTED]. It is also likely that exporters from other countries would also reduce their prices in response placing further price pressure on Austube Mills and the Australian industry.

Austube Mills has calculated a [REDACTED] reduction in import parity pricing would likely result from the reduction in Thai export pricing if the measures were not to continue. The reduction in IPP would result in similar reductions in Austube Mills HSS pricing and revenue.

Prices and profits

A [REDACTED] reduction in prices as outlined above would reduce profits by [REDACTED].

Such amounts are material and are representative of material injury that would recur or continue if the measures were to expire.

Sales Volumes and market share

Austube Mills has provided evidence of lost sales volumes due to Thai import pricing at **Confidential Attachment 6**.

Whilst Austube Mills may reduce prices to maintain sales volumes there is a limit as to how far prices can be reduced to maintain volumes as shown in the attachment.

The historical Thai export data provided shows that export volumes to Australia have increased by almost [REDACTED] tonnes on an annualised basis from calendar year 2017 to calendar year 2019. Additionally, an examination of the Thai export data and spare capacity provided at **Confidential Attachment 1** demonstrates that Thai exporters could increase their export volumes to Australia in 2018/19 by almost [REDACTED] tonnes to match the historical high level of exports in 2010/11 and still have available spare capacity.

Austube Mills considers it is likely that Thai exporters would reduce their export prices to increase export volumes by a conservative estimate of [REDACTED] tonnes (or [REDACTED] of the difference in historical levels) if measures were not to continue.

The resulting increase in Thai export volumes would likely see a reduction in Austube Mills and industry sales volumes and market shares.

Austube Mills has calculated a reduction in industry sales volumes of over [REDACTED] and a reduction in industry market share of almost [REDACTED] from the increase in Thai export volumes.

Such amounts are material and are representative of material injury that would recur or

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continue if the measures were to expire.

Revenue and capacity utilisation

The loss of ■■■ tonnes of HSS sales to increased exports from Thailand would likely result a reduction in revenue of over ■■■.

The decrease in sales volumes would likely result in a decrease in production volumes and reduced capacity utilisation of almost ■■■.

Such amounts are material and are representative of material injury that would recur or continue if the measures were to expire.

5. The applicant must provide details of the current anti-dumping measure(s) the subject of this continuation application, including:

The goods the subject of this continuation application to which the current anti-dumping measures apply (**the goods**) are:

Certain electric resistance welded pipe and tube made of steel, comprising circular and non-circular hollow sections in galvanised and non-galvanised finishes, whether or not including alloys.

The goods are normally referred to as either CHS (circular hollow sections) or RHS (rectangular or square hollow sections). The goods are collectively referred to as HSS (hollow structural sections).

Finish types for the goods include pre-galvanised, hot-dipped galvanised (HDG), and non-galvanised HSS.

Sizes of the goods are, for circular products, those exceeding 21 mm up to and including 165.1 mm in outside diameter and, for oval, square and rectangular products those with a perimeter up to and including 950.0 mm.

CHS with other than plain ends (such as threaded, swaged and shouldered) are also included within the goods coverage.

Excluded goods

The following categories of HSS are excluded from the measures:

conveyor tube made for high speed idler rolls on conveyor systems, with inner and outer fin protrusions removed by scarfing (not exceeding 0.1mm on outer surface and 0.25mm on inner surface), and out of round standards (i.e. ovality) which do not exceed 0.6mm in order to maintain vibration free rotation and minimum wind noise during operation);

precision RHS with a nominal thickness of less than 1.6 mm (i.e. not used in structural applications); and

stainless steel CHS and RHS sections.

Tariff classification

The goods are classified to the following tariff subheadings in Schedule 3 to the *Customs Tariff Act 1995*:

7306.30.00 (statistical codes 31, 32, 33, 34, 35, 36 and 37), circular hollow sections.;

7306.50.00 (statistical code 45), other circular cross-sections of other alloys of steel;

7306.61.00 (statistical codes 21, 22, 25 and 90), rectangular or square hollow

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sections;

7306.69.00 (statistical code 10), other non-circular cross-sections; and

7306.90.00 (statistical code 12), other.

The countries or companies

Exports from Thailand are subject to the measures and apply to all exporters.

The specified date of publication of the measure

Notice of the Parliamentary Secretary to the Minister for Industry decision was published in *The Australian* newspaper and the *Commonwealth of Australia Gazette* on 19 August 2015.

The anti-dumping measures were initially imposed by the then Parliamentary Secretary to the Minister for Industry following consideration of *Anti-dumping Commission Report No. 254*, and amended for:

- exports relating to Thai Premium Pipe Co Ltd, effective from 19 October 2016, following *Accelerated Review Inquiry No. 382*, ADN 2017/13 published 28 February 2017 refers; and
- exports relating to all exporters, effective from 27 June 2018, following *Review No. 445*, ADN 2018/88 published 27 June 2018 refers.

6. Model Control Codes (MCCs)

Austube Mills has provided proposed MCCs for the review of measures on HSS from Thailand at **Public File Attachment 3**.

Provision of data

Industry financial data must, wherever possible, be submitted in an electronic format.

- The data should be submitted on a media format compatible with Microsoft Windows.
- Microsoft Excel, or an Excel compatible format, is required.
- If the data cannot be presented electronically please contact the Commission's client support section for advice.

Industry financial data is contained in electronic format in the Confidential Appendices submitted with this application.

Lodgement of the application

This application, together with the supporting evidence, must be lodged in the manner approved by the Commissioner under subsection 269SMS(2) of the Act. The Commissioner has approved lodgement of this application by either:

- preferably, email, using the email address clientsupport@adcommission.gov.au, or

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- post to:
The Commissioner of the Anti-Dumping Commission
GPO Box 2013
Canberra ACT 2601, or
- facsimile, using the number (03) 8539 2499.

Public Record

During an investigation all interested parties are given the opportunity to defend their interests, by making a submission. The Commission maintains a public record of these submissions. The public record is available on the Commission's website at www.adcommission.gov.au.

At the time of making the application both a confidential version (for official use only) and non-confidential version (public record) of the application must be submitted. Please ensure each page of the application is clearly marked "FOR OFFICIAL USE ONLY" or "PUBLIC RECORD". The non-confidential application should enable a reasonable understanding of the substance of the information submitted in confidence. If you cannot provide a non-confidential version, contact the Commission's client support section for advice.

Attachments

Confidential Attachments

- Conf Att A – Authority to represent
- Conf Att 1 – Thai Export data
- Conf Att 2 – Thai dumping
- Conf Att 3 – Australian HSS market
- Conf Att 4 – Thai market report
- Conf Att 5 – Injury
- Conf Att 6 – Import Parity Pricing
- Conf Att 7 – Austube Mills Financial Appendices
- Conf Att 8 – A4 data
- Conf Att 9 – Pipe and Tube to standards

Public File Attachments

- Public File Att 1 – EU Safeguards provisional
- Public File Att 2 – EU Safeguards final
- Public File Att 3 – Proposed Model Control Codes