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18 May 2020

The Director
Investigations 1
Anti-Dumping Commission

By Email: investigations1@adcommission.gov.au

Dear Director,

REVIEW OF MEASURES No. 529 (REV 529)- 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)

Austube Mills Pty Ltd (**Austube Mills**) provides the following submission to the Anti-Dumping Commission (the **Commission**) for REV 529 concerning HSS exported from Thailand by Pacific Pipe Public Co Ltd (**Pacific Pipe**).

Austube Mills has concerns and requests clarification in the following areas as noted in this submission:

- Cost of coil
- Domestic sales of like goods
- Export adjustments

1. Cost to make (CTM)

Austube Mills notes that the verification report for Pacific Pipe states that:

It is involved in the production of hollow structural sections (HSS, or the goods), which it sells domestically in the Kingdom of Thailand (Thailand) and export markets, excluding Australia.¹

Austube Mills observes that there does not appear to be any provision of or verification of costs for the different markets, domestic and export, for HSS.

Reporting a single cost of coil for the export and domestic markets, regardless of whether such costs are down to a product level, gives an erroneous cost as imported coil used to make domestic HSS is subject to import duties, including anti-dumping and safeguard duties, whilst imported coil used to make exported HSS is not subject to the same duties.

The resulting single cost for markets leads to the cost of domestic HSS being understated as the full cost of import duties has not been correctly allocated to the coil used to make the domestic HSS.

¹ EPR REV 529/049, p.3

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This issue was addressed in the verification report for Saha Thai in the original investigation, Investigation 254 (INV254) where the verification team stated:

We noted that although Saha Thai's CTMS is calculated down to the product code level, it does not differentiate between the costs of domestic and export HSS and that import duties paid is applied equally between domestic and export HSS. The visit team considered that as exported HSS is exempted from import duties and only HSS sold domestically attracts import duty, a reallocation of imported duty to the cost of domestic HSS is required.²

Austube Mills notes that Thailand's most recent reports³ for the period ending 31 December 2019 to the *World Trade Organisation (WTO)* shows that:

- anti-dumping duties continue to apply to Hot Rolled Coil (HRC) and hot rolled steel not in coils imported into Thailand from 19 countries;
- Anti-dumping duties continue to apply to Cold Rolled Coil (CRC) and cold rolled steel not in coils imported into Thailand from three countries; and
- Anti-dumping duties continue to apply to zinc and galvanised steel from four countries.

The above products subject to anti-dumping duties can be used to manufacture HSS subject to the measures.

In addition, Austube Mills notes that Thailand reports to the WTO state that safeguard measures continue to apply to imports of HRC. The safeguard measures were first imposed in June 2014 and extended for a further three years in June 2017 to June 2020. The measures do not apply to developing countries so long as their share of imports do not exceed 3%. The safeguard measures also do not apply to products that will be processed into a finished product that will be exported from Thailand.

The relevant safeguard duty for the period of review for REV529 was 20.87% of the c.i.f. (cost insurance and freight) price for 7 June 2018 – 6 June 2019 and 20.74% of the c.i.f. price for 7 June 2019 to 6 June 2020. It appears that the safeguard measures are in addition to any anti-dumping duties that apply.

Austube Mills requests that the Commission re-examine the cost of coils in Pacific Pipe's data and allocate all import duties solely to the cost of coil used to manufacture HSS for the domestic market to ensure accurate and correct CTM, OCOT, specification adjustments and constructed normal values are applied.

2. Domestic sales of like goods

Austube Mills notes that the verification excluded domestic sales of RHS transactions with a thickness less than 1.6mm as these sales were considered not the good⁴s.

² EPR INV 254/031, p.25

³ https://www.wto.org/english/thewto_e/countries_e/thailand_e.htm

⁴ EPR REV 529/049, pps. 7,13

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Austube Mills draws to the Commissions' attention that the minimum nominal thickness for RHS under AS/NZS1163:2016 is 1.6mm. AS/NZS1163:2016 has a thickness tolerance of +/-10% that would allow for RHS with a nominal thickness of 1.6mm to have an actual thickness of 1.44mm, or less than 1.6mm.

Austube Mills also notes that Pacific Pipe manufactures and sells HSS on its domestic market to international standards that it identifies as "Standard Steel Piping" as stated in its 2019 annual report.

2.1 Standard Steel Piping

The steel pipes are sold under the brand " ", which **they are certified under the international standards that are generally accepted both domestically and overseas**. The Company's production has passed the production procedures and been inspected for its quality products. This is in accordance with the set standards in terms of raw materials, size, thickness and other attributes, e.g., pressure tolerance, etc. Standard steel pipe grades are mostly used in construction work or systematic work that requires high quality products and are **recognized both domestically and overseas for the benefit of safety**⁵. (emphasis added)

Austube Mills submits that "identical" sales of RHS less than 1.6mm thick sold under the Standard Steel Piping brand should be considered like goods and included as domestic sales of like goods where the thickness referred to is a nominal thickness less than 1.6mm.

Austube further notes that that Pacific Pipe also manufactures and sells HSS on its domestic market that would not meet the tests for "Standard Steel Piping" that it identifies as "Commercial Piping".

2.2 Commercial Piping

The steel pipes are sold under the brand "TMZ", which the production process has the same quality as the standard pipes but different in the quality of the raw materials. The quality of the standard pipes **will not pass the tests defined in various criteria**. Thus, the quality of the standard pipes **will be used in work that does not require standardization**, e.g., plumbing, railing, fencing, etc⁶. (emphasis added)

Austube Mills further submits that sales of HSS under the TMZ (Tamose) brand, whilst being considered like goods could not be considered as identical goods as they would not pass the tests required in standards and will only be used in work that does not require standardisation.

3. Adjustments

Export adjustments

Austube Mills notes that export adjustments were based on other Thai exporters as Pacific Pipe did not export HSS to Australia during the review inquiry period⁷.

⁵ Pacific Pipe Annual Report, p.16

⁶ Pacific Pipe Annual Report, p.16

⁷ EPR REV 529/049, pps. 15,19.

PUBLIC RECORD

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Austube Mills brings to the Commission's attention submissions⁸ it has made to the two other Thai exporters verification reports in the areas of export adjustments, including export payment terms, foreign exchange gains and losses, export packing, export inland transport and export free on board charges.

Austube Mills requests that the Commission review the adjustments for Pacific Pipe in the event that changes are made to the two other Thai exporters export adjustments following consideration of the submissions on those adjustments.

For and on behalf of Austube Mills

⁸ EPR 529/040 and 042.