

Austube Mills Pty Ltd
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09 June 2020

The Director
Investigations 1
Anti-Dumping Commission

By Email: investigations1@adcommission.gov.au

Dear Director,

CONTINUATION INQUIRY No. 532 (CON 532) AND REVIEW NO. 529 (REV 529) – CONCERNING ANTI-DUMPING MEASURES APPLYING TO HOLLOW STRUCTURAL SECTIONS (HSS) EXPORTED FROM THE KINGDOM OF THAILAND (THAILAND)

Austube Mills Pty Ltd (**Austube Mills**) provides the following submission to the Anti-Dumping Commission (the **Commission**) for CON 532 in response to Statement of Essential Facts No. 532 (**SEF 532**) and to the ongoing REV 529.

Whilst most points in this submission focus on Saha Thai Steel Pipe Public Company Limited (**Saha Thai**), Austube Mills notes that the issues raised, including coil costs, may be common to all exporters of HSS from Thailand.

A. Coil costs

Import duties on coil

In its submission of 20 April 2020 to REV 529, Austube Mills drew the Commission's attention to concerns over the coil costs reported by Saha Thai and accepted by the Commission in the Saha Thai verification report.¹

Austube Mills repeated its concerns over the treatment of coil costs in submissions in response to the verification reports for the other two Thai exporters, Thai Premium Pipe Company Limited (**TPP**)² and Pacific Pipe Public Co Ltd (**Pacific Pipe**)³.

The concerns stated by Austube Mills included that:

single cost of coil for the export and domestic markets 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.

¹ EPR REV 529/040

² EPR REV 529/042

³ EPR REV 529/050

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*The resulting single cost 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. (emphasis added)*

Austube Mills noted that this same issue had been correctly addressed in the original investigation, Investigation No. 254 (**INV 254**) with all relevant import duties allocated to the cost of domestic HSS only⁴ at the verification visit and confirmed in Report 254⁵.

The Commission in SEF 532 stated that:

*The Commission **confirms** that Saha Thai **does not undertake costing on the basis of market**, due to the similarity of products sold domestically and for export. Therefore the Commission **considers** that Saha Thai's **costs were not unreasonable in being presented as a single cost to make**. (emphasis added)*

Austube Mills submits that the Commission's statement that **costs were not unreasonable in being presented as a single cost to make** is not in compliance with the legislation and the regulations.

Subsection 269TAAD(4)(a)⁶ states in regard to exporter costs that:

*The cost of goods is worked out by adding:
the amount determined by the Minister to be the cost of production or manufacture of those goods in the country of export;*

Subsection 269TAAD(5) states that such costs amounts:

must be worked out in such manner, and taking account of such factors, as the regulations provide in respect of those purposes.

The regulations referred to above, *Customs (International Obligations) Regulation 2015*, notes that where such costs:

*reasonably reflect competitive market costs associated with the production or manufacture of like goods*⁷

Then, the Minister must work out the amount by using the information set out in the records.

The regulations also state that:

*the Minister may disregard any information that he or she considers to be unreliable.*⁸

Austube Mills repeats its statement that:

⁴ EPR INV 254/031 p.25

⁵ REP 254, p.27-28

⁶ All references to legislation are to the *Customs Act 1901*, unless stated otherwise.

⁷ Subsection 43(2)(b) (ii)

⁸ Subsection 43(8)

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*The resulting single cost 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.*

Austube Mills notes that the fact that hot-rolled coil does incur import duties is not under dispute, with the Commission stating that:

... the Commission can confirm that the cost to make is complete and inclusive of all relevant import duties.⁹

Austube Mills also notes that the Dumping and Subsidy Manual (the **Manual**) states for cost items that fall within the cost to make under Australian and International standards:

Cost of purchase means the aggregate of:

- Purchase price
- Import duties and other taxes (**other than those subsequently recoverable** by the entity from the taxing authorities)¹⁰ (**emphasis added**)

The Manual makes it clear that import duties should be included in the purchase cost of imported coil used to produce HSS for the domestic market and should not be included in the purchase cost of imported coil used to produce HSS for the export market.

Austube Mills further notes that:

- Austube Mills advised the Commission in its application that imported coil was subject to anti-dumping duties;¹¹
- Austube Mills added 14% to the cost of imported coil to account for anti-dumping duties to bring coil costs to a domestic coil price¹² (as that is the intent of any anti-dumping duties), noting that this was the lowest rate with the next lowest rates ranging from 25%;
- Pacific Pipe has previously stated that "import duty payable on HRC used in the production of HSS as market prices of HRC in Thailand are essentially import parity prices"¹³
- Anti-dumping duties continue to apply to imports of Hot Rolled Coil (HRC) and steel from 19 countries, cold rolled coil (CRC) and steel from three countries and imports of zinc and galvanised steel from four countries¹⁴;
- Safeguard duties apply to certain coils since June 2014 and at rates of 20.274% to 20.87% during the review period¹⁵; and
- Anti-dumping and safeguard duties do not apply to coil and steel that will be processed into a finished product for export¹⁶.

⁹ SEF 532, p.36

¹⁰ Manual, p.43

¹¹ Confidential Attachments 2 and 4 to the Application.

¹² Confidential Attachment 2 to the Application.

¹³ EPR 254/052, p.38

¹⁴ EPR 529/040, p.2

¹⁵ EPR 529/040 p.

¹⁶ Thai safeguards statement, p.4

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It is quite clear that imported coil or steel used to make HSS for sale on the domestic market incur anti-dumping and/or safeguard duties and such duties are part of the cost of production.

It is also quite clear that imported coil or steel used to make HSS for sale on the export market does not incur anti-dumping and/or safeguard duties and such duties are not part of the cost of production.

The Thai notification to the World Trade Organisation on the proposal to extend safeguards on Non Alloy Hot Rolled Steel Flat Products in Coils and Not in Coils states:

*In addition, **the exemption from the imposition of the proposed extended safeguard measures will be granted to certain importers importing the products concerned into Thailand for special grade steels; for the production of spiral pipe products; and import for export, i.e., imports of products that are intended to be manufactured, further processed or incorporated into a finished product that will be exported from Thailand***¹⁷ (emphasis added)

The Commission also noted in INV 254 in regard to import duty on coil for Saha Thai that:

*Products that are sold in the Thai domestic market cost more to produce than those sold in export markets because they are either made **using imported HRC that is not exempt from the normal Thai customs duty; or they are made using domestically produced HRC that are higher priced because of the duties.***¹⁸ (emphasis added)

And for Coil for Pacific Pipe that:

*Most **imported HRC is used in exported product and locally produced HRC is used in product sold on the domestic market. No import duty is paid in either case. We did not allow the adjustment claimed for duty drawback.***⁴¹ *The Commission calculated in the current investigation that Pacific Pipe's import volume of HRC is almost identical to its export volume of HSS. That calculation suggests that Investigation 177's findings remain valid and Pacific Pipe is still not paying any duties for the HRC it uses for its domestically sold or exported HSS.*¹⁹ (emphasis added)

It is therefore also quite clear that the Commission's acceptance of Thai exporters' coil costs as a single cost regardless of market is unreasonable as:

- the cost of coil used to manufacture HSS for the export market will be overstated in having the cost of duties included in that cost; and
- the cost of coil used to manufacture HSS for the domestic market will be understated in not having the full cost of duties included in that cost.

¹⁷ Thai Safeguard notification, p.4

¹⁸ EPR 254/052, p.25

¹⁹ EPR 254/052, p.38

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Importantly, the cost of coil used to manufacture HSS for the domestic market will not “*reasonably reflect competitive market costs associated with the production or manufacture of like goods*” as required by the legislation and regulations.

The competitive market cost or price of imported coil or steel, that incurs anti-dumping and/or safeguard duties, used to manufacture HSS for sale on the Thai domestic would include the full applicable rate of duties. A cost of coil that does not include the full applicable rate does not reasonably reflect a competitive market cost.

Austube Mills refers to the latest publicly available information on Saha Thai to demonstrate how the allocation of import duties for coil across all coil can understate domestic HSS coil costs. The information in the Independent Financial Advisor Report (the **IFA Report**) covers the last three reporting periods for calendar years 2016-2018 and includes part of the current review period of October 2018 to September 2019²⁰.

Saha Thai’s Profit and Loss and Current and Non-Current Liabilities are shown in the next two pages.

²⁰ https://sahathaiterminal.com/wp-content/uploads/2019/09/ENG-PORT_IFA-report-.pdf

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Saha Thai, Profit and Loss Statement, page 109.

7.2 Statement of Profit or Loss

Statement of Profit or Loss	Consolidated Financial Report for Year ended					
	Dec. 31 st , 2016		Dec. 31 st , 2017		Dec. 31 st , 2018	
	Audited		Audited		Audited	
	M Baht	%	M Baht	%	M Baht	%
Sales revenue	4,200.73	90.88	4,729.40	87.74	4,304.81	79.86
Shipping revenue	189.82	4.11	355.38	6.59	178.46	3.31
Revenue from rental and warehouse service	94.57	2.05	158.30	2.94	238.08	4.42
Revenue from compensate on duty-dumping tax in USA	0.43	0.01	-	-	-	-
Profit from sales of investment properties	105.34	2.28	-	-	-	-
Gain (loss) from foreign exchange	(11.96)	(0.26)	120.71	2.24	31.22	0.65
Other incomes	43.51	0.94	26.72	0.50	40.17	0.75
Total revenue	4,622.45	100.00	5,390.51	100.00	4,792.75	100.00
Cost of sales	(3,845.24)	(83.19)	(4,271.69)	1,415.2	(3,877.71)	1,284.69
Cost of shipping	(174.55)	(3.78)	(338.17)	2	(166.72)	55.24
Cost on rental and warehouse service	(62.83)	(1.36)	(77.24)	12.04	(92.01)	30.48
Total cost of sales and services	(4,082.62)	(88.32)	(4,687.10)	(86.95)	(4,136.44)	(86.31)
Selling expenses	(32.71)	(0.71)	(52.48)	17.39	(67.55)	22.38
Administrative expenses	(256.21)	(5.54)	(249.36)	82.61	(279.79)	92.69
Total expenses	(288.92)	(6.25)	(301.84)	(5.60)	(347.34)	(7.25)
Financing costs	(126.58)	(2.74)	(154.46)	(62.50)	(164.62)	(66.62)
Profit before tax	124.32	2.69	247.11	4.58	144.35	3.01
Income tax	(25.49)	(25.79)	(61.59)	(33.20)	(34.15)	(18.40)
Net profit (loss)	98.83	2.14	185.53	3.44	110.21	2.30

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Saha Thai, Current and Non-Current Liabilities, page 107.

Balance Sheets	Consolidated Financial Report for Year ended					
	Dec. 31 st , 2016		Dec. 31 st , 2017		Dec. 31 st , 2018	
	Audited		Audited		Audited	
	M Baht	%	M Baht	%	M Baht	%
<u>Liabilities and Shareholders' Equity</u>						
CURRENT LIABILITIES						
Bank overdraft and short-term loan from financial institutions	3,056.50	42.08	2,380.63	32.82	2,950.91	34.62
Short-term loan from related people and companies	-	-	100.00	1.38	330.00	3.87
Trade accounts and other payables	378.92	5.22	925.59	12.76	1,201.59	14.10
Current portion of Long-term loans from financial institution						
Liabilities under finance lease agreements	0.88	0.01	2.33	0.03	5.77	0.07
Long-term loans from financial institution	152.28	2.10	152.28	2.10	188.28	2.21
Post-employee benefits	2.09	0.03	2.00	0.03	4.60	0.05
Deposit received from lessee	89.09	1.23	49.28	0.68	39.72	0.47
Deposit received from building contractors	34.97	0.48	0.56	0.01	1.90	0.02
Accrued income tax	0.69	0.01	-	-	22.78	0.27
Accrued expense	8.17	0.11	34.89	0.48	7.72	0.09
Import duties and other related taxes payables	136.28	1.88	82.85	1.14	21.31	0.25
Other current liabilities	0.92	0.01	0.86	0.01	21.28	.25
Total Current Liabilities	3,860.79	53.15	3,731.28	51.44	4,795.85	56.26
NON-CURRENT LIABILITIES						
Liabilities under finance lease agreements - net	0.18	-	5.92	0.08	17.39	0.20
Long-term loans from financial institution - net	1,690.82	23.28	1,589.54	21.91	1,401.26	16.44
Post-employee benefits - net	40.33	0.56	35.79	0.49	37.78	0.44
Deferred income tax liabilities - net	59.09	0.81	119.72	1.65	180.83	2.12
Deposit received from lessee - net	21.63	0.30	20.41	0.28	32.30	0.38
Total non-current liabilities	1,812.04	24.95	1,771.37	24.42	1,669.56	19.59
TOTAL LIABILITIES	5,672.83	78.10	5,502.65	75.86	6,465.40	75.85

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Saha Thai produces and sells five products according to the IFA Report²¹.

1. Black Steel Pipe – The company produces and sells black steel pipes by using hot-rolled steel sheet.
2. Galvanised Steel Pipe - Beside primer spray black steel pipes, the company may coat the pipe with galvanize.
3. Blue Painted Steel Pipe - Blue coated steel pipe with anti-rust is a black steel pipe that has been passed the spray-coating process to prevent rust using automatic machinery through the process. ... high quality, durable, colorful, rust-free, and suitable for structural and general industrial applications. It could be use for building pillars, beams, scaffolding, fences, doors, roof structures, and other general decoration works.
4. Furniture Pipe - ... The goods are produced using cold rolled coil as the main raw material.
5. Metal Sheet - Coated steel sheet is generally for roofing and exterior wall that wants to be bright.

Austube Mills observes that anti-dumping and/or safeguard duties would likely apply to coil and steel imported and used to manufacture all of the five products for domestic consumption.

Austube Mills notes that “Import duties and other related taxes payable” amounted to 21.3 Million Baht for the year ended 31 December 2018 as a current liability. It could be reasonably assumed that the amount applied for the month of December 2018 as a payable due. Austube Mills has therefore assumed that Saha Thai incurs import duties and other taxes payable of 255.7 Million Baht over the full year.

Austube Mills notes that Saha Thai operates in a “Free Zone” where there is relief from import duties taxes and tariffs on materials for exported production²². As such the import duties, taxes and tariffs would be only applicable to coil and steel used for domestic production.

Cost of Sales for the year is stated at 3,877.7 Million Baht, the import duties, tariffs and other taxes payable amount for the full year on the cost of sales is 6.6%. This is not an insignificant amount.

Austube Mills further notes that Saha Thai has previously stated that HRC comprise 90% of manufacturing costs²³. The import duties and other taxes on 90% of the cost of sales is 7.3%.

This figure of 7.3% is on the cost of all sales, both export and domestic. Austube Mills notes that some Thai exporters, such as Saha Thai have a strong export focus²⁴, with a confidential market research report estimating that Saha Thai exported up to 70% of its production²⁵.

Austube Mills recognises that the amount for import duties and other taxes may not be comprised solely of anti-dumping and/or safeguard duties, but also notes that Saha Thai gets relief from other import taxes as noted above.

²¹ Report, pps 103 - 104

²² Attachment 4 to Application, p.38

²³ REP 254, p.59

²⁴ EPR CON 532/002, p.13

²⁵ Attachment 4 to Application, p.14

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Austube Mills also recognises that Saha Thai’s export market has been impacted by anti-dumping actions by the United States (**US**), Canada and Australia, safeguard actions by the European Union, the US Section 232 tariffs and the overcapacity in world steel markets since the report’s estimation of up to a 70% export focus, as noted in Austube Mills’ application²⁶.

For the purposes of this example Austube Mills has used a 50% split between Saha Thai’s export and domestic markets.

Allocating the cost of import duties and other taxes to the cost of sales for domestic market only therefore means such duties would represent **14.6%** of the cost of sales. Austube Mills notes that anti-dumping rates start at 14% with the next lowest rates ranging from 25% and greater.

The difference between allocating import duties across all coil and solely to coil used for the domestic market is **7.3%** of the production cost. This is a significant amount and would have a significant effect on the Ordinary Course of Trade (OCOT) tests, any constructed normal values and the calculated dumping margin.

Austube Mills has calculated a gross margin and net profit margin for Saha Thai’s sales from the information in the Report. The calculations are shown in the table below.

Table 1 - Calculations of Saha Thai’s Gross and Net Profit margins

Summary Sales Revenue			
Item	2016	2017	2018
Sales revenue	4,200.73	4,729.40	4,304.81
Cost of sales	-3,845.24	-4,271.69	-3,877.71
Gross margin	355.49	457.71	427.10
Gross %	8.46%	9.68%	9.92%
SG&A expense %	-6.44%	-5.76%	-7.36%
SG&A	-270.60	-272.27	-316.70
Finance costs %	-2.82%	-2.95%	-3.49%
Finance costs	-118.55	-139.33	-150.10
Profit before tax	-33.66	46.12	-39.69
Profit %	-0.80%	0.98%	-0.92%

²⁶ EPR CON 532/002, pps 7-14

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Notes on calculations:

Gross margin calculated on cost of sales over revenue.

SG&A % calculated on Sales and Administrative expense over Sales, Shipping and Rental warehouse revenue.

Finance cost % calculated on Financing costs over Sales, Shipping and Rental warehouse revenue.

The calculations show that Saha Thai has a gross margin of 9.92% and a negative profit margin of **-0.92%** for 2018 that would be significantly impacted if duties were to be solely allocated to domestic production and sales.

A profit margin of negative -0.92% could mean that like goods may not pass OCOT and a constructed normal value may be used.

Austube Mills recognises that the Sales revenue and costs includes the five product groups stated in the Report and may not necessarily represent the performance in regard to HSS. The purpose of the calculations is to show the effect of allocation of duties across all coil.

Calculations are set out below for allocating duties solely to domestic production and sales.

Table 2 – Effect of allocating duties solely to domestic production and sales.

Summary Sales Revenue	
Item	2018
Sales revenue	2,152.41
Cost of sales	-2,066.72
Gross margin	85.69
Gross %	3.98%
SG&A expense %	-7.36%
SG&A	-158.35
Finance costs %	-3.49%
Finance costs	-75.05
Profit before tax	-147.71
Profit %	-6.86%

Notes on calculations:

Sales revenue 50% of 2018 revenue.

Cost of sales 2018 cost less calculated duties, then 50% of those costs plus estimated duties.

SG&A % calculated on Sales and Administrative expense over Sales, Shipping and Rental warehouse revenue.

Finance cost % calculated on Financing costs over Sales, Shipping and Rental warehouse revenue.

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The effect of allocating duties only to coil and steel used for domestic production is significant. The gross margin before Sales, General and Administrative and Financing costs is 3.98% whilst the Net Profit margin is negative **-6.86%**.

A net profit margin of negative -6.86% would mean it was probable that like goods would not pass OCOT tests and that a constructed normal value would be used that incorporated the anti-dumping duties. This would have a significant effect on normal values and the calculated dumping margin.

Austube Mills submits that anti-dumping duties on imported coil and steel used to produce like goods to HSS by all Thai producers should be allocated solely to that coil to reasonably reflect a competitive market cost for such coil and steel.

Austube Mills notes the Commission's statement in SEF 532 that:

Saha Thai did not claim a downwards adjustment to the normal value in relation to import duty differentials, such as a duty drawback, ...²⁷

Austube Mills further notes that the above is not relevant to the consideration of determining cost of production and whether costs reasonably reflect competitive market costs.

Coil costs for identical goods sold on the domestic market

Another area of concern in relation to the Commission's treatment of coil costs is whether coil costs for the HSS sold on the domestic and export markets have been properly examined and allocated.

HSS exported to Australia by the Thai exporters is mainly exported to the Australian standard, AS/NZS1163 and coil for such HSS would invariably be imported.

Austube Mills notes that Commission found identical sales of like goods sold on the domestic market, such identical sales would use invariably use imported coil that would be subject to the import duties noted above. Coil used to produce AS/NZS1163 pipe and tube should include the full import duties associated with that coil when used to produce HSS for domestic consumption. As coil used to produce HSS for export consumption does not incur any duties then no such duties should be allocated to coil used to produce AS/NZS1163 pipe and tube for export.

Austube Mills request that the Commission re-examine the exporters data and ensure that any duties on coil are only allocated to the coil used to produce HSS for domestic consumption.

Table 2 MCCs.

The Commission noted in SEF 532 that:

ATM requested that Saha Thai's verification report be updated to include "Table 2: MCC sub-category determination". The Commission confirms that the MCCs were verified against source documents and is

²⁷ SEF 532 p.36

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satisfied that the MCCs listed in Saha Thai's sales and cost data were accurate, including the sub-category for yield strength. The MCC's were verified to source documents in accordance with ADN No. 2016/30.²⁸

Austube Mills notes that ADN No. 2016/30 referred to in SEF 532 notes the following:

Feedback from interested parties has indicated that less focus on detailed process and greater focus on analysing important verification issues would represent an improvement in verification reporting.

The verification reports will also provide details on contentious issues in a manner that makes clear the claims of the interested party and the approach taken by the verification team ...

Exception-based reporting in exporter visit reports will, where relevant, continue to include outlines of key analysis and findings, including those in relation to model and period matching

Austube Mills notes that "Table 2" has still not been provided, the Commission is aware that the matching of MCCs and raw materials used for like identical MCCs has been a contentious issue in HSS and other cases. Austube Mills also provided an exporter briefing on the matching of HSS models and the raw materials used for such models²⁹.

Austube Mills submission on this issue stated that:

Austube Mills notes that the verification report refers to Table 2: MCC sub-category determination and **Table 2 below outlines how the standard/grade is mapped to the yield strength³⁰**. Austube Mills observes that there does not appear to be any Table 2 in the verification report on the EPR and requests that the report and EPR be updated to include Table 2³¹. **(emphasis added)**

Austube Mills further notes that "Table 2" displaying the relationship between the standards and model control category was provided for the other Thai exporter TPP³², and again requests that the Commission provide "Table 2" for Saha Thai.

B. FOREX gains and losses

Austube Mills requested that the Commission review forex gains and losses noting that:

changes in exchange rates between the date of transaction (date of invoice) and the date of payment can result in decreased revenue from exports (HSS) and increased costs for imports of raw material (HRC). As there is no evidence of foreign exchange hedging activities (i.e. forward contracts), any gains or loss are directly relevant to sales revenues realised or material cost expenses incurred following currency conversion for the settlement of ordinary business transactions.³³

²⁸ SEF 532, p.35

²⁹ EPR REV 529/024

³⁰ EPR REV 529/035, pps 4-5

³¹ EPR REV 529/040, p.8

³² EPR 529/038, pps4-5

³³ EPR 529/040, p.7

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The Commission responded in SEF 532 that:

The Commission's practice is to treat relevant forex gains and losses (i.e. not just losses) as selling, general and administrative (SG&A) expenses in the calculation of the CTMS, thus forex gains and losses are included in the CTMS calculation. The Commission can confirm that Saha Thai's relevant forex gains and losses were included in the SG&A calculation in accordance with the Commission's standard practice.

In addition, the Commission does not consider, nor did ATM provide any reasoning in its submission, that forex gains and losses affect price comparability. Therefore, the Commission considers that there is no reasonable justification to assert that an adjustment in relation to forex gains or losses to the normal value is warranted.³⁴

Forex on export sales

The Manual notes in regard to Selling expenses.

Concerning the term 'reasonably reflect' selling, general and administrative expenses associated with the sale of the like goods, used in Regulation 44(2), whether a cost is reasonable requires the Commission to consider all available evidence on the proper allocation of costs including methods that have been historically used by the exporter. Where other information is available about an allocation method for any cost item, the Commission may take account of that information, or compare the methods, as part of being satisfied that the costs reasonably reflect the cost of the like goods.

allocate the net transaction foreign exchange gains/losses to the goods on a reasonable basis;³⁵

Austube Mills notes that Saha Thai would only incur any foreign exchange gains/losses in relation to selling expenses for its export sales of HSS.

Austube Mills further notes the Commission's statement in relation to the inclusion of foreign exchange gains and losses in SG&A in the cost to make and sell.

Austube Mills also notes that as Saha Thai would only incur foreign exchange gains and losses for selling expenses in relation to export sales then such expenses should only be included in the export SG&A. This will result in a difference in SG&A expenses for domestic sales and SG&A expenses for export sales and will require an adjustment to the normal value by deducting domestic SG&A expenses and adding export SG&A expense to ensure the normal value is comparable to the export price.

Austube Mills again requests that the Commission review foreign exchange gains and losses and further requests that such gains and losses relate only to the production and export of the identified identical HSS to ensure a proper allocation of those expenses.

³⁴ SEF 532, pps 36 -37.

³⁵ The Manual, pps 47-48

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C FINANCE COSTS

Austube Mills asked the Commission to review finance costs in its submission, noting that there was no mention of finance costs in the Saha Thai exporter report.³⁶

Austube Mills notes that the Commission has not addressed this issue in SEF 532.

Austube Mills further notes that the IFA Report shows significant financing costs of 164.62 Million Baht for the year ended 2018 and that such costs are a significant expense at 3.5% of revenue.

Austube Mills also notes that the IFA Report shows short terms loans from related parties of 330 Million Baht, which is a significant amount.

Austube Mills requests that the Commission reviews Saha Thai's finance costs in regard to HSS and the short-term loans from related parties to ensure such reflect competitive market rates³⁷.

For and on behalf of the Australian industry member, Austube Mills.

³⁶ EPR REV 529/040, p.10

³⁷ IFA Report, p.107