



**Australian Government**  
**Department of Industry,  
Innovation and Science**

**Anti-Dumping  
Commission**

**Public File**



Application for the publication of  
dumping and  
countervailing duty notices  
Precision Pipe & Tube Steel

Exported from the People's Republic  
of China, the Republic of Korea,  
Taiwan, and the Socialist Republic of  
Vietnam

March 2020

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APPLICATION UNDER SECTION 269TB OF THE *CUSTOMS ACT 1901* FOR THE PUBLICATION OF DUMPING AND/OR COUNTERVAILING DUTY NOTICES

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**DECLARATION**

I request, in accordance with section 269TB of the *Customs Act 1901* (the Act), that the Minister publish in respect of goods the subject of this application:

- a dumping duty notice, or
- a countervailing duty notice, or
- a dumping and a countervailing duty notice.

This application is made on behalf of the Australian industry producing like goods to the imported goods the subject of this application. The application is supported by Australian producers whose collective output comprises:

- 25% or more of the total Australian production of the like goods; and
- more than 50% of the total production of like goods by those Australian producers that have expressed either support for, or opposition to, this application.

I believe that the information contained in this application:

- provides reasonable grounds for the publication of the notice(s) requested; and
- is complete and correct.

*Please note that giving false or misleading information is a serious offence.*

Signature:

Name: [REDACTED]

Position: [REDACTED]

Company: Orrcon Manufacturing Pty Ltd

ABN: 15 113 998 066

Date: 16 March 2020

# IMPORTANT INFORMATION

## 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 following guidelines for additional information on completing this application:

- *Instructions and Guidelines for applicants on the application for the publication of dumping and/or countervailing duty notices*
- *Instructions and Guidelines for applicants on the examination of a formally lodged application*

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

**Email:** [clientsupport@adcommission.gov.au](mailto:clientsupport@adcommission.gov.au)

Information is available from the Commission's website at [www.adcommission.gov.au](http://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 International Trade Remedies Advisory (ITRA) Service. For more information on the ITRA Service, visit [www.business.gov.au](http://www.business.gov.au) or telephone the ITRA Service Hotline on +61 2 6213 7267.

## Important information

To initiate an investigation into dumping and/or subsidisation, the Commission must comply with Australia's international obligations and statutory standards. This form provides an applicant industry with a framework to present its case and will be used by the Commission to establish whether there appear to be reasonable grounds for the publication of a dumping duty or countervailing duty notice and initiate an investigation. To assist consideration of the application it is therefore important that:

- all relevant questions are answered; and

- information that is reasonably available be supplied.

The Commission does not require conclusive evidence to initiate an investigation, but any claims made should be reasonably based. An application will be improved by including supporting evidence and where the sources of evidence are identified. Simple assertion is inadequate to substantiate an application.

To facilitate compilation and analysis, the application form is structured in 3 parts:

1. **Part A** seeks information about the Australian industry. This data is used to evaluate industry trends and assess claims of material injury due to dumping/subsidisation. Where an Australian industry comprises more than one company, each should separately prepare a response to Part A to protect commercial confidentiality.
2. **Part B** relates to evidence of dumping.
3. **Part C** is for supplementary information that may not be appropriate to all applications. However some questions in Part C may be essential for an application, for example, if action is sought against subsidisation.

All questions in Parts A and B must be answered, even if the answer is 'Not applicable' or 'None'. Where appropriate, applicants should provide a short explanation about why the requested data is not applicable. This will avoid the need for follow up questions by the Commission.

The application form does not specifically address all the information required when making a claim that the establishment of an Australian industry producing like goods has been or may be materially hindered. If you are considering making such a claim, please contact the Commission to discuss information requirements.

The application form requests data over several periods ( $P^1, P^2, \dots, P^n$ ) to evaluate industry trends and to correlate injury with dumped or subsidised imports. The labels  $P^1 \dots P^n$  are used for convenience in this application form. Lodged applications should identify the period relevant to the data. This form does not specify a minimum period for data provision. However, sufficient data must be provided to substantiate the claims made. If yearly data is provided, this would typically comprise a period of at least four years (for example the current financial year in addition to three prior years). Where information is supplied for a shorter period, applicants may consider the use of quarterly data. Data must also be sufficiently recent to demonstrate that the claims made are current.

When an investigation is initiated, the Commission will verify the claims made in the application. A verification visit to the Australian industry usually takes several days.

Applicants should be prepared to substantiate all Australian industry financial and commercial information submitted in the application. Any worksheets used in preparing the application should therefore be retained to facilitate verification.

During verification, the Commission will examine company records and obtain copies of documents relating to the manufacture and sale of the goods.

<b>Appendices</b>	Some questions require attachments to be provided. The attachment numbering sequence should refer to the question answered. For example, question A2.2 requests a copy of an organisation chart. To facilitate reference, the chart should be labelled <u>Attachment A2.2</u> . If a second organisation chart is provided in response to the same question, it should be labelled <u>Attachment A2.2.2</u> (the first would be labelled <u>Attachment A2.2.1</u> ).
<b>Provision of data</b>	Industry financial data must, wherever possible, be submitted in an electronic format. <ul style="list-style-type: none"> <li>• The data should be submitted on a media format compatible with Microsoft Windows.</li> <li>• Microsoft Excel, or an Excel compatible format, is required.</li> <li>• If the data cannot be presented electronically please contact the Commission’s client support section for advice.</li> </ul>
<b>Lodgement of the application</b>	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: <ul style="list-style-type: none"> <li>• preferably, email, using the email address <a href="mailto:clientsupport@adcommission.gov.au">clientsupport@adcommission.gov.au</a>, or</li> <li>• post to: The Commissioner of the Anti-Dumping Commission GPO Box 2013 Canberra ACT 2601, or</li> <li>• facsimile, using the number (03) 8539 2499.</li> </ul>
<b>Public Record</b>	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 <a href="http://www.adcommission.gov.au">www.adcommission.gov.au</a> .  At the time of making the application both a confidential version (for official use only) and non-confidential version (public record) of the application <u>must</u> 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, clearly showing the reasons for seeking the publication of a dumping duty or countervailing duty notice, or, if those reasons cannot be summarised, a statement of reasons why a summary is not possible.

# **PART A**

## **INJURY**

### **TO AN AUSTRALIAN INDUSTRY**

#### **IMPORTANT**

All questions in Part A should be answered even if the answer is 'Not applicable' or 'None'. If an Australian industry comprises more than one company/entity, each should separately complete Part A.

## A-1 Identity and communication

Please nominate a person in your company for contact about the application:

Contact Name:	[REDACTED]
Company and position:	Manager – Trade Affairs
Address:	Five Islands Rd, PORT KEMBLA, NSW, 2500
Telephone:	[REDACTED]
Facsimile:	[REDACTED]
E-mail address:	[REDACTED]
ABN:	15 113 998 066

### Alternative contact

Name:	[REDACTED]
Position in company:	[REDACTED]
Address:	29 Morrow Road, O’SULLIVAN BEACH, SA, 5166
Telephone:	[REDACTED]
Facsimile:	[REDACTED]
E-mail address:	[REDACTED]

If you have appointed a representative to assist with your application, provide the following details and complete Appendix A8 (Representation).

Name:	John O’Connor
Business name:	John O’Connor & Associates
Address:	P.O. Box 329, COORPAROO, QLD, 4151
Telephone:	+61 7 3342 1921
Facsimile:	+61 7 3342 1931
E-mail address:	jmoconnor@optusnet.com.au
ABN:	39 098 650 241

## A-2 Company information

1. **State the legal name of your business and its type (e.g. company, partnership, sole trader, joint venture). Please provide details of any other business names you use to manufacture/produce/sell the goods that are the subject of your application.**

This application for anti-dumping and countervailing measures is made by Orrcon Manufacturing Pty Ltd (hereafter referred to as "Orrcon"), an Australian manufacturer of hollow structural sections and precision pipe & tube products (ABN No. 15 113 998 066). Orrcon is a local manufacturer and supplier of structural and precision pipe & tube to the building and construction industry.

Specific to this application, Orrcon manufactures a range of precision pipe & tube products at its O'Sullivan Beach, Adelaide, facility. These products are then distributed nationally via Orrcon's distribution networks.

Orrcon is part of BlueScope Steel, a leading steel producer in Australia, New Zealand, the Pacific Islands, North America, and Asia.

2. **Provide your company's internal organisation chart. Describe the functions performed by each group within the organisation.**

Orrcon has included a copy of its internal organisation chart at Confidential Attachment A-2.2. The Applicant specialises in the manufacturer of precision tube, which complies with the Building Code of Australia, and other relevant Australian Standards.

3. **List the major shareholders of your company. Provide the shareholding percentages for joint owners and/or major shareholders.**

Orrcon is ultimately owned by BlueScope Steel Limited. Please refer Non-Confidential Attachment A-2.3 for a copy of Orrcon's current ASIC company extract.

4. **If your company is a subsidiary of another company list the major shareholders of that company.**

BlueScope Steel Limited is the 100 percent owner of Orrcon Manufacturing Pty Ltd.

5. **If your parent company is a subsidiary of another company, list the major shareholders of that company.**

Not applicable.

6. **Provide an outline diagram showing major associated or affiliated companies and your company's place within that structure (include the ABNs of each company).**

Please refer to Confidential Attachment A-2.6 which identifies each of the companies that is owned by BlueScope Steel Limited (including Orrcon).

7. **Are any management fees/corporate allocations charged to your company by your parent or related company?**

Not applicable.

8. **Identify and provide details of any relationship you have with an exporter to Australia or Australian importer of the goods.**

Orrcon does not have a relationship (commercial or otherwise) with an exporter to Australia, or an Australian importer, of the goods the subject of this application.



9. **Provide a copy of all annual reports applicable to the data supplied in appendix A3 (Sales Turnover). Any relevant brochures or pamphlets on your business activities should also be supplied.**

BlueScope Steel Limited's annual report for fiscal year 2019 is included at Non-Confidential Attachment A-2.9. Copies of earlier annual reports are available from the company's website at [www.bluescope.com](http://www.bluescope.com).

10. **Provide details of any relevant industry association.**

Through its parent company BlueScope Steel Limited, Orrcon is a member of the Australian Industry Group ("AiGroup"), the Australian Steel Institute ("ASI"), and the Bureau of Steel Manufactures Australia ("BOSMA").

### **A-3 The imported and locally produced goods**

1. **Fully describe the imported product(s) the subject of your application:**
- **Include physical, technical or other properties.**
  - **Where the application covers a range of products, list this information for each make and model in the range.**
  - **Supply technical documentation where appropriate.**

(i) **Goods Description:**

**The goods the subject of this application ("the goods") are:**

*Certain electric resistance welded pipe and tube made of carbon steel, whether or not including alloys, comprising circular, rectangular and square hollow sections in metallic coated and non-metallic coated finishes. Metallic finish types for the goods include galvanised and aluminised. Non-metallic finishes included hot-rolled and cold-rolled.*

*Sizes of the goods are, for circular products, those equal to or less than 21 millimetre ("mm") in outside diameter. Also included are air heater tubes to Australian Standard (AS) 2556, up to and including 101.6 mm outside diameter.*

*For rectangular and square products, those with a thickness of less than 1.6 mm (being a perimeter up to and including 260 mm).*

*Included within the goods are end-configurations such as plain, square-faced and other (e.g. threaded, swaged and shouldered).*

*The goods include all electric resistance welded pipe and tube made of steel meeting the above description of the goods (and inclusions), including whether the pipe or tube meets a specific structural standard or is used in structural applications.*

*Oval and other shaped hollow sections which are not circular, rectangular or square, are excluded from the goods.*

(ii) **Specifications:**

***Technical Parameters***

The subject goods are covered by a range of Australian Standards, including but not limited to: AS1450 'Tube for Mechanical Purposes', AS2556 'ERW Steel Air Heater Tubes', and AS/NZS 2053.1 'Conduits and fitting for electrical installations – General requirements'. Precision pipe and tube is a light gauge product, with tight dimensional

tolerances used in structural customised applications, such as gates and fencing, furniture, racking and shelving, automotive components, conduit, and heat exchangers.

**2. List the tariff classification(s) and statistical code(s) of the imported goods.**

The goods are classified under the following tariff classifications and statistical codes:

- 7306.30.00 (statistical code 30);
- 7306.50.00 (statistical code 45);
- 7306.61.00 (statistical code 21); and
- 7306.69.00 (statistical code 10).

Imports of the goods the subject of this application attract the following rates of general duty:

- China: 0 percent;
- Korea: 0 percent;
- Taiwan 0 percent; and
- Vietnam: 4 percent

Please refer to Non-Confidential Attachment A-3.2 for the Customs Tariff extract.

The nominated tariff classifications and statistical codes include goods that are both subject and not subject to this application. The subject goods can be most readily identified with reference to detailed import documentation stipulating the product as being of precision pipe & tube in nature.

**3. Fully describe your product(s) that are 'like' to the imported product:**

- **Include physical, technical or other properties.**
- **Where the application covers a range of products, list this information for each make and model in the range.**
- **Supply technical documentation where appropriate.**
- **Indicate which of your product types or models are comparable to each of the imported product types or models. If appropriate, the comparison can be done in a table.**

Precision pipe and tube is manufactured in Australia by Orrcon Manufacturing Pty Ltd. Orrcon therefore manufactures equivalent goods to the imported precision tube. For the purposes of this application, the subject goods can be understood as either the 'subject goods' or 'precision pipe & tube'.

Orrcon manufactures precision pipe and tube in bright, semi-bright, galvanised, and mild steel (black and aluminium). This range is produced at Orrcon's manufacturing site at O'Sullivan Beach, Adelaide.

Copies of Orrcon's precision product guide is included at Non-Confidential Attachment A-3.3.

**4. Describe the ways in which the essential characteristics of the imported goods are like to the goods produced by the Australian industry.**

Orrcon considers precision pipe and tube manufactured in Australia possesses essential characteristics similar to imported equivalents for the following reasons:

1. Physical likeness:

Australian industry manufactures a wide variety of precision pipe and tube, available in multiple shapes or profiles, and in various finishes and standards. There is no discernible physical difference between imported precision pipe and tube and the locally produced

goods (other than producer markings). The only way to distinguish is by chemical analysis. The goods are produced in similar grades, weights, standards, and appearance.

2. Commercial likeness:

Australian industry precision pipe and tube competes directly with imported equivalents in the Australian market and are interchangeable. The pricing behaviour in the market indicates that the imported goods, and those produced by the Australian industry, are completely interchangeable. Imported precision pipe and tube is sold through the same distribution channels and on the same terms as those goods locally produced.

Specific to non-circular precision pipe & tube, Orrcon's 1.6mm thick product range competes with [*confidential competitive market dynamics*].

3. Functional likeness:

Both imported and Australian produced precision pipe and tube have comparable or identical end-uses. The goods are used to perform the same function, and have the same end-use.

4. Production likeness:

Australian industry precision pipe and tube is manufactured via a similar process to the imported goods.

On the basis of the above, it can be concluded that Australian industry-produced precision pipe and tube, whilst not identical, has characteristics closely resembling the imported goods.

**5. What is the Australian and New Zealand Standard Industrial Classification Code (ANZSIC) applicable to your product.**

The ANZSIC code applicable to precision pipe and tube is category 2713 (steel pipe and tube manufacturing).

**6. Provide a summary and a diagram of your production process.**

The precision pipe and tube manufacturing process may be summarised as follows:

- Raw material feed hot-rolled coil ("HRC") (i.e. the master coil) (including cold-rolled and pre-galvanised HRC) is purchased at arms-length from [*supplier*];
- The master coil is un-wound into the slitter, where steel blades cut the coil into predetermined widths, at speeds of up to 125 metres a minute;
- After slitting, the coils are re-wound on the re-coiler which "pulls" the strip through the blades. The slit coils are then strapped and moved to one of four Mills for rolling into steel tube;
- The tube forming process starts with the slit coil being placed on the un-coiler, which feeds the coil into the mill. The strip runs through a series of forming rolls that form the strip edges into a circular shape ready for welding;
- An induction welder heats the edges of the coil strip to 1,250 degrees and the edges are "forged" together;
- The tubular product is then sized and formed into circular, rectangular, square and other steel shapes;
- The manufacturing process is tightly controlled, and product is verified by up to eighteen different quality checks, repeated throughout production;
- Once the tube forming process is complete, the tube is cut to size and de-burred as required;
- The product goes through final quality checks, is formed into packs and restrained with steel strapping;

- Finished product is despatched to Orrcon Steel's national distribution network via road and rail transport.

Please refer to Non-Confidential Attachment A-3.6 for a precision pipe and tube production process schematic.

- 7. If your product is manufactured from both Australian and imported inputs:**
- describe the use of the imported inputs; and
  - identify that at least one substantial process of manufacture occurs in Australia (for example by reference to the value added, complexity of process, or investment in capital).

Orrcon purchases its raw material hot rolled coil from [*supplier*].

- 8. If your product is a processed agricultural good, you may need to complete Part C-3 (close processed agricultural goods).**

Precision pipe and tube is not a close-processed agricultural product.

- 9. Supply a list of the names and contact details of all other Australian producers of the product.**

Orrcon is the only Australian manufacturer of precision pipe & tube steel products.

- 10. If different models can be established for the goods subject to the application:**
- What are the differences in physical characteristics that give rise to distinguishable and material differences in price?
  - Provide supporting documentation or analysis supporting the differences in physical characteristics that affects price comparability. Unit costs may also be used to demonstrate differences in physical characteristics where it affects price comparability.
  - In providing the list of physical differences, identify the characteristics in order of significance.
  - Identify key characteristics where the physical differences are significantly different and it is not meaningful to compare models with different physical characteristics.
  - Identify the physical characteristics that can be reported in relation to sales and cost data respectively. This should be reflected in the sales data provided in appendices A4 and A6.
  - Complete the table below having regard to the information provided above. The Commission will consider this information in establishing a model control code structure for the investigation.

The following Table details the proposed model control codes for precision pipe and tube:

Item	Category	Sub-Category	Identifier	Sales Data	Cost Data
1	Prime	Prime	P	Mandatory	Not applicable
		Non-Prime	N		
2	Steel Base/Type Precision Quality	Hot Roll – Black (HRBL) Hot Roll – Picked/Oiled (HRPO)	H	Optional	Mandatory
		Cold roll (Semi Bright)	C		
		Galvanised (Batch HDG, EG, CG or MSGB) <sup>1</sup>	G		
		Other (e.g. alloy steel)	A		
3	Coating Mass	N/A	0	Mandatory	Mandatory
		>20 g/m <sup>2</sup> to <=100 g/m <sup>2</sup>	1		
		>100 g/m <sup>2</sup> to <= 275 g/m <sup>2</sup>	2		
		>275 g/m <sup>2</sup> to <= 350 g/m <sup>2</sup>	3		
4	Surface Protection	Oiled	O	Mandatory	Mandatory
		Clear or painted	P		
		No oil or paint	N		
5	Shape	Circular	C	Mandatory	Mandatory
		Square	S		
		Rectangular	R		
		Oval	O		
		Other	T		
5.1	Circular Size	<=16 mm	1	Mandatory	Mandatory
		>16 mm to 21 mm	2		
		>21 mm to 101.6mm (Air Heater Tubes)	3		
5.2	Rectangular/Square/Oval Size	<=20 x 20 mm	1	Mandatory	Mandatory
		20 x 20mm to 40 x 40mm	2		
		>40 x 40mm to 150 x 150mm	3		
6	Thickness	<=1.5mm	A	Mandatory	Mandatory
		>1.5mm to 1.6 mm	B		
		>1.6mm to 2 mm	C		
		>2mm to 3.2 mm	D		
		>3.2 mm	E		
7	Length	<= 4m	1	Optional	Optional
		4m to <6.1 m	2		
		6.1 m to 8.0 m	3		
		>8 m to 12.1 m	4		
		>12.1 m	5		
8	Steel Grade	C200	A	Optional	Mandatory
		C250	B		
		C350	C		
		C450	D		
		Other	E		
9	End configuration	Plain end	P	Mandatory	Mandatory
		Square faced (equal to pack-cut for OSB)	S		
		Other	O		

<sup>1</sup> Batch Hot Dipped Galvanised abbreviated as 'Batch HDG'. Electro Galvanised abbreviated as 'EG'. Continuously Galvanised abbreviated as 'CG'. Mild Steel Galvabond abbreviated as 'MSGB'.

## A-4 The Australian market

### 1. Describe the end uses of both your product and the imported goods.

The Australian market for precision pipe and tube is supplied from local production (i.e. Orrcon) and imports (including from China, Korea, Vietnam, and Taiwan). The estimated size of the Australian market for precision pipe and tube for the twelve months ending September 2019 was [XXX] tonnes. The goods are generally sold to distributors and end-users.

Locally produced non-alloy and imported non-alloy and alloyed precision pipe and tube are used for a range of purposes including fencing, furniture manufacturing, shelving and racking, heat exchangers, outdoor patio structures, exhaust systems and other general mechanical or manufactured end-use applications.

### 2. Describe the Australian market for the Australian and imported product and the conditions of competition within the overall market. Your description could include information about:

- sources of product demand;
- marketing and distribution arrangements;
- typical customers/users/consumers of the product;
- the presence of market segmentation, such as geographic or product segmentation;
- causes of demand variability, such as seasonal fluctuations, factors contributing to overall market growth or decline, government regulation, and developments in technology affecting either demand or production;
- the way in which the imported and Australian product compete; and
- any other factors influencing the market.

#### (i) Sources of product demand

Demand for precision pipe and tube is from a range of sectors in the Australian economy (see Section A-4.1 above).

#### (ii) Marketing & Distribution

The Australian precision pipe and tube market comprises Orrcon as the local manufacturer, overseas suppliers, importers, wholesalers, distributors, re-sellers, and end-users.

#### (iii) Typical customers/users/consumers of Precision pipe & tube

Typical end-users of precision pipe and tube are reflected in the various end-use segments identified in Section A-4.1.

#### (iv) Presence of market segmentation, such as geographic or product segmentation

The goods under consideration are supplied to a range of market sectors as identified in Section A-4.1 above.

In terms of geographic segmentation, Orrcon sells and distributes across Australia. Similarly, imported precision pipe and tube is sold and distributed across Australia.

The Australian market for precision pipe and tube is diverse. 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 subject goods market is generally transparent, irrespective of market segment.

(v) Causes of demand variability

Historic growth in the pool fencing, general fencing (permanent and temporary), and patio tube markets were a catalyst for increased demand for precision pipe and tube and a consequent increase in the overall size of the Australian market in the most recent three year period.

Alongside the identified historic reasons attributed to causing variability in the Australian market, there are factors which may be regarded as 'seasonal' which impact the market. These include:

- The construction cycle – widespread consensus in the industry that the months of December and January effectively aggregate to one month of normal sales per the traditional construction industry holiday period falling at this time; and
- Rural sector sales in May/June each year – understood to be driven by the desire of the farming community to resolve any outstanding “repairs and maintenance” issues prior to the end of financial year.

(vi) The way in which imported and Australian products compete

Precision pipe and tube is used in various end-use applications per A-4.1 above. Alternate after-market applications may include handyman work, repair work where the owner takes risk of structural integrity of the repair, etc.

In terms of imported versus domestically-produced competition, it is the responsibility of the manufacturer to assure the purchaser (i.e. distributor, reseller, end-user etc) that the product meets the standard it was specified to. Orrcon therefore supplies the subject goods to the relevant Australian standard and has quality assurance systems in place to evidence that the product can be traced to appropriately specified steel feed material.

Some sources of imported precision pipe and tube cannot demonstrate this same level of traceability, the market offers to Australian distributors and resellers of which are therefore at a lower price. Such offers are then used to motivate the domestic producer to sell at a lower price for the locally produced goods (often below full cost recovery).

The end-use market is also attractive to lower priced imports, similarly requiring that price offers for domestic manufacture are lowered to maintain volumes via other distribution channels, or sales are completely foregone.

(vii) Other factors influencing the market

The growth in imported market share has predominately been driven by price – prices at which the Australian industry considers in the majority of instances to be below that of the price sold in the country of origin and/or below the cost of raw materials plus a fully absorbed cost value-add margin in the country of origin.

Economically, the manufacture of precision pipe and tube is a comparatively simple process:

1. Producers (foreign and domestic) must utilise appropriate feedstock (HRC), which is a globally traded steel commodity (prices are set internationally, and index tracked, monitored and published);
2. HRC feedstock must be slit into appropriate widths to align with the target finished product;
3. If the target finished product is galvanised, the feed coil must be galvanised prior to manufacture into precision pipe and tube. The “widths” of coil (referred to as “mults” – i.e. multiples of the wider master coil) are then cold-formed into the finished product.

On the basis of this cost and sell price structure, Orrcon contends that the imported like-good forces Australian industry to either:

- a) Compete directly at a price point for many precision pipe and tube products that results in significant margin erosion to either (1) unacceptable return on investment (ROI) levels, or (2) which results in sell prices being less than the fully-absorbed cost-to-make-and-sell. Either outcome eventually and inevitably requires cessation of supply to the target domestic market if sound commercial principles and logic are applied; or
- b) Choose not to pursue the low-margin business and forgo volume as a consequence. The resultant lower volume across the Australian industry's fixed cost base results in an increase in the unit costs of remaining production – impacting the ongoing viability of the business.

**3. Identify if there are any commercially significant market substitutes for the Australian and imported product.**

There are no commercially significant market substitutes for the subject goods.

**4. Complete appendix A1 (Australian production). This data is used to support your declaration at the beginning of this application.**

Orrcon has completed Confidential Appendix A1 for the goods the subject of this application.

**5. Complete appendix A2 (Australian market).**

Orrcon has completed Confidential Appendix A2 – Australian market for precision pipe & tube.

The import data represented in Confidential Appendix A-2 is based on official published information from the Australian Bureau of Statistics (“ABS”), and from [*confidential data source*].

**6. Use the data from appendix A2 (Australian market) to complete this table:**

*Indexed table of sales quantities\**

Period	(a) Your Sales	(b) Other Aust <sup>n</sup> Sales	(c) Total Aust <sup>n</sup> Sales (a+b)	(d) Dumped Imports	(e) Other Imports	(f) Total Imports (d+e)	Total Market (c+f)
2015/16	100.00	100.00	100.00	100.00	100.00	100.00	100.00
2016/17	100.26	100.00	100.26	148.39	213.51	171.47	148.97
2017/18	109.49	100.00	109.49	237.30	101.53	189.18	164.00
2018/19	113.98	100.00	113.98	220.02	125.37	186.48	163.57

Notes:

1. Period is the twelve months ending September.

The Australian market for precision pipe and tube has increased year on year since 2015/16. Whereas there has been an approximate 60 per cent increase in the size of the Australian market over this period, Orrcon's sales volumes have increased by a mere 14 per cent.

The dumped imports from China, Korea, Taiwan and Vietnam have more than doubled in aggregate since 2015/16, imports from other source countries have increased by only 25 per cent over the four-year period.



## A-5 Applicant's sales

### 1. Complete appendix A3 (sales turnover).

Orrcon has completed Confidential Appendix A3 for all sales of precision pipe and tube. Please refer to Confidential Appendix A3.

### 2. Use the data from appendix A3 (sales turnover) to complete these tables.

*Indexed table of Applicant's sales quantities\**

Quantity	2015/16	2016/17	2017/18	2018/19
<b>All Products</b>				
Aust. Market	100.00	101.41	107.73	107.53
Export Market	100.00	100.00	100.00	100.00
Total	100.00	101.41	107.73	107.53
<b>Like Goods</b>				
Aust. Market	100.00	100.26	109.49	113.98
Export Market	100.00	100.00	100.00	100.00
Total	100.00	100.26	109.49	113.98

Orrcon's domestic sales volumes for precision pipe & tube have remained relatively stable in 2017/18 and 2018/19 as the market has experienced growth of up to 60 percentage points.

*Indexed table of Applicant's sales values\**

Revenues	2015/16	2016/17	2017/18	2018/19
<b>All Products</b>				
Aust. Market	100.00	109.05	114.35	115.13
Export Market	100.00	100.00	100.00	100.00
Total	100.00	109.05	114.35	115.13
<b>Like Goods</b>				
Aust. Market	100.00	108.29	116.31	121.68
Export Market	100.00	100.00	100.00	100.00
Total	100.00	108.29	116.31	121.68

### 3. Complete appendix A5 (sales of other production) if you have made any:

- internal transfers; or
- domestic sales of like goods that you have not produced, for example if you have imported the product or on-sold purchases from another Australian manufacturer.

Confidential Appendix A5 has been completed by Orrcon highlighting sales to related parties.

### 4. Complete appendix A4 (domestic sales).

Orrcon has completed Confidential Appendix A4 for the twelve months to September 2019.

### 5. If any of the customers listed at appendix A4 (domestic sales) are associated with your business, provide details of the association. Describe the price effect of the association.

Orrcon makes sales of precision pipe & tube to associated parties. These sales are readily identifiable in Confidential Appendix A4.

**6. Attach a copy of distributor or agency agreements/contracts.**

Not applicable.

**7. Provide copies of any price lists.**

Orrcon provides at Confidential Attachment A-5.7 both a current subject goods price list (against which all discounts are determined), and an example copy of a customer-specific and branch-specific price list (after the application of discounts) against which the customer makes reference on placement of orders.

**8. If any price reductions (for example commissions, discounts, rebates, allowances and credit notes) have been made on your Australian sales of like goods provide a description and explain the terms and conditions that must be met by the customer to qualify.**

- **Where the reduction is not identified on the sales invoice, explain how you calculated the amounts shown in appendix A4 (domestic sales).**
- **If you have issued credit notes (directly or indirectly) provide details if the credited amount has not been reported appendix A4 (domestic sales) as a discount or rebate.**

Orrcon have a list price framework in place for all manufactured tubular product. States/branches then use a pricing group discount structure or customer specific contract price structure to manage market offers.

The list price sits high relative to the average selling price for Australian precision sales. Feedback on prevailing imported market rates impacting market offers necessitate adjustment to price via State operations at the local level.

Rebates (where paid) are initially accrued, then either remitted to the customer or are offset against the customer's future purchases.

Rebates and discounts are included in sales per Confidential Appendix A4.

**9. Select two domestic sales in each quarter of the data supplied in appendix A4 (domestic sales). Provide a complete set of commercial documentation for these sales. Include, for example, purchase order, order acceptance, commercial invoice, discounts or rebates applicable, credit/debit notes, long or short term contract of sale, inland freight contract, and bank documentation showing proof of payment.**

Orrcon has included two complete sets of commercial documentation for two customers in each of the four quarters to 30 September 2019. Please refer to Confidential Attachment A-5.9 for Orrcon's sample commercial documentation.

**10. Provide a list of model control codes from appendix A4.**

Appendix A4 has been completed incorporating the proposed Model Control Code structure per A-3(10) above.

## **A-6 General accounting/administration information**

### **1. Specify your accounting period.**

Orrcon's financial year is 1 July to 30 June.

### **2. Provide details of the address(es) where your financial records are held.**

The financial records for Orrcon are maintained at 121 Evans Road, Salisbury, Queensland.

### **3. To the extent relevant to the application, please provide the following financial documents for the two most recently completed financial years plus any subsequent statements:**

- **chart of accounts;**
- **audited consolidated and unconsolidated financial statements (including all footnotes and the auditor's opinion);**
- **internal financial statements, income statements (profit and loss reports), or management accounts, that are prepared and maintained in the normal course of business for the goods.**

*These documents should relate to:*

- 1. the division or section/s of your business responsible for the production and sale of the goods covered by the application, and**
- 2. the company overall.**

A copy of Orrcon's chart of accounts is included at Confidential Attachment A-6.3.1.

The Annual Report for BlueScope's 2019 year is included at Non-Confidential Attachment A-2.9.

### **4. If your accounts are not audited, provide the unaudited financial statements for the two most recently completed financial years, together with your taxation returns. Any subsequent monthly, quarterly or half yearly statements should also be provided.**

The accounts of BlueScope Steel Limited (the parent company of Orrcon) are audited annually. This question is therefore not applicable.

### **5. If your accounting practices, or aspects of your practices, differ from Australian generally accepted accounting principles, provide details.**

The accounting practices of Orrcon are maintained in accordance with Australia's generally accepted accounting principles.

### **6. Describe your accounting methodology, where applicable, for:**

The below responses reflect, where applicable, those as relating to Orrcon in the manufacture of the subject goods. All others are as-applicable to Orrcon's ultimate parent entity, BlueScope Steel Limited.

BlueScope's accounting methodologies comply with Australian Accounting Standards issued by the Australian Accounting Standards Board (AASB), and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

- **The recognition/timing of income, and the impact of discounts, rebates, sales returns warranty claims and intercompany transfers;**

Revenue is recognised by Orrcon when the significant risks and reward of the ownership of the goods have passed to the buyer. This occurs when legal title of the product is transferred to the

customer and Orrcon is no longer responsible for the product. The point at which the title is transferred is dependent on the specific terms and conditions of the contract under sale.

Sales discounts are recognised at invoice date. Rebates and warranty claims are provided for a monthly basis. Sales returns are recognised once the goods have been received into Orrcon inventory.

– **provisions for bad or doubtful debts;**

Collectability of trade receivables are reviewed regularly. Debts that are known to be uncollectable are written-off by reducing the carrying amount directly.

– **the accounting treatment of general expenses and/or interest and the extent to which these are allocated to the cost of goods;**

General expenses are allocated on an absorption basis.

– **costing methods (eg by tonnes, units, revenue, activity, direct costs etc) and allocation of costs shared with other goods or processes;**

Orrcon's costing system is designed to enable:

- Actual process costs to be reported monthly;
- Cost detail reported at the cost element level;
- Actual fully absorbed product cost per unit of output (e.g. per tonne) at a product group level. Where standard cost methodologies are applied, standard product costs are updated for actuals on a monthly basis;
- Product costs to be broken down into components such as feed, conversion, yield, support costs etc; as well as
- The distinguishing of the underlying cost-behaviour (e.g. fixed, variable, etc).

– **the method of valuation for inventories of raw material, work-in-process, and finished goods (eg FIFO, weighted average cost);**

Raw materials, work-in-progress, and finished goods are stated at the lower of cost and net realisable value.

– **valuation methods for scrap, by-products, or joint products;**

At the lower of cost and net realisable value.

– **valuation methods for damaged or sub-standard goods generated at the various stages of production;**

At the lower of cost and net realisable value.

– **valuation and revaluation of fixed assets;**

Regular acquisitions and disposals of financial assets are recognised on trade-date; i.e. the date on which Orrcon commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs, for acquired financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed.

Financial assets on disposal are derecognised (progressively or otherwise) when the rights to receive cash flows have expired, or have been transferred and where Orrcon has transferred substantially all the risks and rewards of ownership.

- **average useful life for each class of production equipment, the depreciation method and depreciation rate used for each;**

Depreciation on assets other than land is calculated on a straight-line basis, to allocate cost over estimated useful life. The estimated useful lives of property, plant and equipment (including buildings) is up to 40 years.

- **treatment of foreign exchange gains and losses arising from transactions and from the translation of balance sheet items; and**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges, or are attributable to part of the net investment in a foreign operation.

Translation difference on available-for-sale financial assets are included in equity until such time as the available-for-sale asset is sold and the translated amount is reported in the profit and loss.

- **restructuring costs, costs of plant closure, expenses for idle equipment and/or plant shut-downs.**

Not applicable.

7. **If the accounting methods used by your company have changed over the period covered by your application please provide an explanation of the changes, the date of change, and the reasons.**

Not applicable.

## A-7 Cost information

### 1. Complete appendices A6.1 and A6.2 (cost to make and sell) for domestic and export sales.

Orrcon has completed Confidential Appendices A6.1 and A6.2 for the four-year period to 30 September 2019.

### 2. Provide a list of model control codes from appendix A6.1 and A6.2.

The full list of Model Control Codes is provided above at A-3(10). Specific to cost, Orrcon's Appendix A6.1 details full cost to make and sell data specific to steel base/substrate type (item number 3 of the proposed MCC structure), these being either:

- Hot Rolled;
- Cold Rolled; or
- Other (e.g. alloy).

## A-8 Injury

The principal indicators of injury are price, volume and profit effects – although not all of these must be evident. For this application, profit refers to amounts earned. Profitability is the ratio of profit to sales revenue. Where the application includes a claim of threat of material injury you must also complete question C.2.

### 1. Estimate the date when the material injury from dumped and/or subsidised imports commenced.

The injury from the imports of precision pipe and tube at dumped prices commenced in the Orrcon financial year 2017/18, immediately following the upsurge in imports from the nominated countries (that was in the 2016/17 year).

### 2. Using the data from appendix A6 (cost to make and sell), complete the following tables for each model control code of your production. P<sup>n</sup> is the most recent period.

Orrcon's increase in production volumes since 2015/16 are materially insignificant when contrasted with the 60 per cent increase in the precision pipe and tube market over the same period.

*Index of production variations (model control code)*

Model Categories	2015/16	2016/17	2017/18	2018/19
MSGB	100.0	104.6	117.1	126.7
SEMB	100.0	90.1	93.6	92.0
MSBL/HRSB	100.0	118.1	107.1	53.2
ACMS	100.0	86.0	86.8	78.1
Other	100.0	111.2	184.2	20.4
Total	100.0	100.3	109.5	114.0

Notes:

1. Data from label A of appendix A6.1.
2. Years ending September.

Orrcon's production volumes have not benefited from the growth in the Australian market. Orrcon has the available capacity to increase production levels from the current volumes represented in Appendix A6.1, to [XXX] tonnes per annum.

*Index of cost variations (model control code)*

<b>Model Categories</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
MSGB	100.0	113.6	120.5	124.5
SEMB	100.0	114.0	121.3	125.7
MSBL/HRSB	100.0	113.9	120.3	125.6
ACMS	100.0	115.2	126.8	131.4
Other	100.0	105.4	109.1	113.8
<b>Total</b>	<b>100.0</b>	<b>113.8</b>	<b>121.0</b>	<b>125.2</b>

Notes:

1. Data from label J of appendix A6.1.
2. Years ending September.

Orrcon's production costs have increased year-on-year since 2015/16 with increases in global HRC prices impacting precision pipe and tube producers.

*Index of price variations (model control code)*

<b>Model Categories</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
MSGB	100.0	108.3	106.6	106.7
SEMB	100.0	109.8	108.4	110.8
MSBL/HRSB	100.0	104.6	105.1	110.1
ACMS	100.0	108.8	111.7	130.1
Other	100.0	94.8	97.1	98.4
<b>Total</b>	<b>100.0</b>	<b>108.0</b>	<b>106.2</b>	<b>106.8</b>

Notes:

1. Data from label L of appendix A6.1.
2. Years ending September.

Orrcon has been unable to increase selling prices for precision pipe & tube over the last three years to reflect comparative increases in production costs.

*Index of profit variations (model control code)*

<b>Model Categories</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
MSGB	100.0	37.4	-79.6	-131.1
SEMB	100.0	97.6	71.4	68.0
MSBL/HRSB	100.0	69.2	46.6	50.7
ACMS	100.0	81.0	45.8	124.3
Other	100.0	21.0	14.1	-9.0
<b>Total</b>	<b>100.0</b>	<b>71.4</b>	<b>13.4</b>	<b>-8.8</b>

Notes:

1. Data from label N of appendix 6.1.
2. Years ending September.

Orrcon has experienced price depression in 2018/19 as it has been unable to increase selling prices to recover production cost increases – primarily for higher HRC costs. The coinciding sharp decline in unit profit as selling prices retreated despite higher production costs was at a time when there was an overall, increase in imports from China, Korea, Taiwan and Vietnam.

*Index of profitability variations (model control code)*

Model Categories	2015/16	2016/17	2017/18	2018/19
MSGB	100.0	34.5	-74.7	-122.9
SEMB	100.0	89.0	65.9	61.3
MSBL/HRSB	100.0	66.2	44.3	46.0
ACMS	100.0	74.4	41.0	95.6
Other	100.0	22.2	14.5	-9.2
Total	100.0	66.1	12.6	-8.2

Notes:

1. Data from label O of [appendix A6.1](#).
2. Years ending September.

The profitability for Orrcon’s precision pipe & tube business has reflected the trend in Orrcon’s profit – declining in consecutively years 2016/17 and 2017/18, before falling sharply in 2018/19 as the dumped imports have suppressed selling prices on the Australian market.

3. **Complete [appendix A7](#) (other injury factors).**

**Where applicable to injury claims, prepare an indexed table for other injury factor(s) in the format above.**

*Index of return on investment*

Note: Appendix A7 has been prepared on a calendar year basis.

Period	CY2016	CY2017	CY2018	CY2019
Index	100.0	135.0	80.8	73.4

\*use data from [appendix A7](#)

*Index of productivity*

Period	CY2016	CY2017	CY2018	CY2019
Index	100.0	96.9	99.2	116.0

\*use data from [appendix A7](#)

*Index of employment*

Period	CY2016	CY2017	CY2018	CY2019
Index	100.0	103.4	110.3	98.3



## A-9 Link between injury and dumped or subsidised imports

To establish grounds to initiate an investigation there must be evidence of a causal relationship between the injury and the alleged dumping or subsidisation. This section provides for an applicant to analyse the data provided in the application to establish this link. It is not necessary that injury be shown for each economic indicator.

1. Identify from the data at appendix A2 (Australian market) the influence of the volume of dumped and/or subsidised imports on your quarterly sales volume and market share.

Following from the base year of 2015/16, imports from China and Korea increased in 2016/17 and 2017/18 by approximately [XX] per cent and a further approximate [XX] per cent respectively, with imports from Taiwan at stabilised levels. Most notably, imports from China increased by a further [XX] per cent in 2017/18, whilst Korean volumes declined to 2015/16 levels and Taiwan again remained stable. Vietnam emerged in 2017/18 with a dramatic increase. In 2018/19, imports from China declined, although remained at significant levels accounting for more than [XX] per cent of the total approximate [XX] tonnes from the four countries. Imports from Korea increased by nearly [XX] per cent.

Import volumes from China, Korea, Taiwan and Vietnam increased by [XX] per cent from 2015/16, whereas Orrcon's sales volumes [*trend*] in a growing market over the same period. As a result, Orrcon's market share has declined from approximately [XX] per cent in 2015/16 to approximately [XX] per cent in 2018/19.

2. Use the data at appendix A2 (Australian market) to show the influence of the price of dumped and/or subsidised imports on your quarterly prices, profits and profitability provided at appendix A6.1 (costs to make and sell). If appropriate, refer to any price undercutting and price depression evident in the market.

As indicated, Orrcon has experienced a reduction in market share in each of the three years subsequent to 2015/16. This has been due to increasing imports from China, Vietnam, Korea and Taiwan at prices that have undercut Orrcon's selling prices.

Orrcon has been able to identify the following examples where it has lost volumes and/or reduced prices to match the injurious imports in 2018 and 2019.

### Price Undercutting Example No.1 – FY2019 [Country]: [Customer]

During financial year 2019, Orrcon maintained a commercial arrangement with [*customer*] for the supply of a range of precision tube products. [*Customer*] uses Orrcon's precision tube in the manufacture of [*application*]. [*Customer*] previously sourced approximately [XX] tonnes of precision tube from Orrcon per annum. During the majority of 2019, Orrcon was unable to supply [*customer*] per its sourcing of equivalent feed material from [*foreign like-goods producer*].

During [*date*], Orrcon entered into negotiations with [*customer*] for supply of precision tube for [*date*] delivery. On [*date*], Orrcon met with [*customer*] to discuss this commercial supply. [*Customer*] advised that Orrcon's quoted prices (as follows, for the noted products) were too expensive compared to imports:

Product	Specifications	Orrcon Price (Free-Into-Store)
Square Precision Tube	[Product specifications]	AU\$[XXX] <sup>2</sup>
Rectangular Precision Tube	[Product specifications]	AU\$[XXX] <sup>3</sup>
Circular Precision Tube	[Product specifications]	AU\$[XXX] <sup>4</sup>

[Customer] furnished an import offer for the equivalent precision tube product supplied ex [foreign like-goods producer]. On a Free-Into-Store basis, [foreign like-goods producer] offer for the above-noted [product specifications] was AU\$[XXX]/tonne, and AU\$[XXX]/tonne for the [product specifications].

At this point during 2019, Orrcon was not supplying [customer] due to its price point. The O'Sullivan Beach mill conversion cost had risen to >AU\$[XXX]/tonne due to low volume on the plant. Orrcon needed this additional volume to ensure ongoing manufacturing viability.

On [date], Orrcon provided an import competing offer to [customer], as follows:

Product	Current Import Price (AUD/t)	Full Truck Loads of any product mix despatched from Orrcon [facility]	Less than full truck loads despatched from Orrcon [facility]	Nett Buy Price	
[Product specifications]	\$[XXX]	\$[XXX]	\$[XXX]	\$[XXX]	\$[XXX]
[Product specifications]	\$[XXX]	\$[XXX]	\$[XXX]	\$[XXX]	\$[XXX]
[Product specifications]	\$[XXX]	\$[XXX]	\$[XXX]	\$[XXX]	\$[XXX]
[Product specifications]	\$[XXX]	\$[XXX]	\$[XXX]	\$[XXX]	\$[XXX]
[Product specifications]	\$[XXX]	\$[XXX]	\$[XXX]	\$[XXX]	\$[XXX]

Orrcon was successful in securing the business at these heavily discounted price points. This was marginal business for Orrcon, and covered only variable costs.

Orrcon provides at Confidential Attachment A-9.2(a) correspondence evidencing the above-noted pricing negotiations during the period of investigation.

Provision of the above-noted [pricing details] to ensure the volumes were secured represents a conservative level of price undercutting of [XX]%-[XX]%. Realised invoice prices in the absence of dumped imports would have otherwise been higher, and would have otherwise covered full cost.

### **Price Undercutting Example No. 2 – FY2019 [Country]; [Customer]**

In [month/year], Orrcon advised its customers of an [XX]% price increase across the full range of its manufactured steel products, including the subject goods. [Customer] were advised of this price increase [month/year].

[Customer] advised Orrcon that they were unhappy with the price increase, and that they were able to source equivalent [country] precision tube material; firstly over the short term per actual import offers [import offer details], and over the medium term per [country] import supply channels.

In response to this [month/year], Orrcon advised that [customer's] price increase [level]. Over the proposed POI, this [differential] to what would have otherwise been [price level] in the absence of equivalent dumped and injurious imports from [country] equated to AU\$[XXX] lost sales revenue.

<sup>2</sup> [Confidential pricing information].

<sup>3</sup> Ibid.

<sup>4</sup> Ibid

Orrcon provides at Confidential Attachment A-9.2(b) correspondence evidencing the above-noted pricing negotiations during the period of investigation.

### **Price Undercutting Example No. 3 – 2018/19 [Country]; [Customer]**

Orrcon has maintained a long-term arrangement with [customer] for supply of a range of precision tube products. These products are manufactured by Orrcon at the O'Sullivan Beach (Adelaide) facility and Salisbury mill in Brisbane. [Customer] use this tube in the manufacture of [application]. [Customer] sources approximately [XXX] tonnes of precision tube from Orrcon per annum, and an additional [XXX] tonnes of Salisbury structural pipe and tube.

During [year], Orrcon's price negotiations for the full range of precision products were heavily influenced by [customer's] supply-chain capability to procure cheap equivalent precision tube from overseas, which Orrcon believed to be from [country] (either via the Australian steel trader, [trader] or ordering directly from the mill). These negotiations during [period] can be represented as follows:

#### **1. [Month/Year]**

Based on the previous risk of loss of the account after discussions regarding price increases in [month], Orrcon Steel continued to supply [customer] at discounted rates to retain the business resulting in a negative margin and subsequent losses on sale of precision product to the account.

#### **2. [Month/Year]**

Orrcon sought to increase precision pricing based on an increase in coil costs. [Customer] however rejected the increase, indicating its need to remain competitive, and that it couldn't sustain a price increase. For the requisite range of size and gauge precision tube for supply through to [month/year], Orrcon held its sell prices (AU\$[XXX]-\$[XXX]/tonne) against the suggested option of direct import price alternatives provided by [customer] (within the range AU\$[XXX]-\$[XXX]/tonne). Refer Confidential Attachment A-9(2)(a). At these rates, Orrcon continued to generate negative margin resulting in significant losses on the account.

During the [period], Orrcon supplied [XXX] tonnes of precision product to [customer] at the above prices.

#### **3. [Month/Year]**

Orrcon sought to increase pricing to [customer] based on a further increase in feed-coil costs, with a revised supply agreement. Orrcon proposed a [pricing details] for supply over the [period]. This overall [XX]% increase was necessary for Orrcon to cover the cost of increased flat steel coil feed from its supplier. In addition, Orrcon sought to recover the freight costs from [freight cost recovery details].

Again, [customer] did not accept this revised pricing structure and Orrcon's price remained at suppressed levels.

#### **4. [Month/Year]**

[Customer] continued sourcing [country]-based feed material, both through Australian based traders, and mill-direct. [Customer] purchases from Orrcon declined in [period], indicating it had an alternative import supply option arranged.

Orrcon met with [customer] in [month] to table alternative supply options and seek confirmation of pricing that [customer] believed was needed to ensure it remained competitive, and outline options for supply.

[Customer] stipulated its desire and capability to procure the full range of its precision tube requirements for 2019 from an overseas mill and were intending to [customer sourcing arrangements].

[Customer] also provided an outline of offers from overseas mills for [price] across the range of AU\$[XXX]/tonne.

Orrcon provided, and [customer] accepted, a counter-offer [price] of AU\$[XXX]/tonne across the majority of the precision tube range for free-into-store supply. Dependent on product specifications, this sell-price was AU\$[XXX]-\$[XXX] below what Orrcon would achieve except for the presence of the low-priced [country] imports.

The AU\$[XXX]/tonne was determined via a rework of Orrcon's [customer] supply model; with direct delivery from the mill to [customer location]. This removed [freight cost details].

This revised sell-price however only covered approximately [XX]% of the fixed costs of the O'Sullivan Beach manufacturing facility attributed to the production of [customer] material, and was commercially unsustainable.

#### 5. [Month/Year]

The above-noted AU\$[XXX]/tonne price arrangement continued during the [period]. Pricing for [product] was agreed to at an AU\$[XXX]/tonne [price movement] – a price of AU\$[XXX]/tonne – in [period].

#### 6. [Month/Year]

In [month], [customer] expressed its disappointment with the above AU\$[XXX]/tonne [price movement], and advised that they would reduce spend with Orrcon in order to remain competitive. Orrcon understood that [customer] would seek to import either [country] or [country] precision tube material.

In [month], Orrcon agreed to eliminate the surcharge and secure [customer's] business for the remainder of fiscal year 2019 and quarter one of fiscal year 2020.

Orrcon provides at Confidential Attachment A-9.2(c) correspondence evidencing the above-noted pricing negotiations during the period of investigation.

### **Price Undercutting Example No. 4 – FY2019 [Country]; [Customer]**

Orrcon has maintained a long-term commercial relationship with [customer] for supply of a range of precision tube products. [Customer] is [customer industry and market].

In [month], [customer] enquired whether Orrcon could match their import offers for precision tube [product type] from Taiwan, Korea, China and Vietnam. If so, Orrcon would secure the business for a [period] (at [XXX] tonnes per month).

During [period], Orrcon and [customer] entered into and finalised supply negotiations for this. The salient details can be best understood in chronological order as follows:

#### 1. [Month/Year] – [Customer] Proposal

- [Customer] provided the precision product details against which they sought Orrcon to compete against; this being rectangular, square and circular Mild Steel Galvabond ("MSGB") precision product as follows:

Product	Dimension	Import Price Benchmark
Rectangular MSGB	[Product specifications]	\$\$[XXX]
Circular MSGB	[Product specifications]	\$\$[XXX]
Square MSGB	[Product specifications]	\$\$[XXX]

- [Customer] assessed the above as equating to an average price across the full range of ~AU\$[XXX]/tonne.

**2. [Month/Year] – Orrcon Offer**

- Orrcon responded to [customer] with the below prices for the [month] 2019 to [month] 2019 period.
- Delivered either from the Orrcon Precision O’Sullivans Beach (“OSB”) facility, or via Orrcon Distribution, to the [customer] facility in [location]:

Product	Dimension	Via OSB	Via Orrcon Dist.
Rectangular MSGB	[Product specifications] <sup>5</sup>	\$(XXX)	\$(XXX)
Circular MSGB	[Product specifications]	\$(XXX)	\$(XXX)
Square MSGB	[Product specifications]	\$(XXX)	\$(XXX)

- At the outset, the above represents a [XX]% quantum of price undercutting, as a comparison between the lowest above-noted offer price (AU\$[XXX]) to what Orrcon could otherwise achieve in the absence of dumped imports (AU\$[XXX]).<sup>6</sup>

**3. [Month/Year] – [Customer] Response**

- [Customer] responded advising that they were using [country] as the primary price benchmark, but that [customer] also cross-referenced [alternative Vietnamese, Chinese and Taiwanese pricing].
- [Customer] advised that Orrcon’s price needed to be ~AU\$[XXX]/tonne; any price higher would be unviable for them vis import supply.

**4. [Month/Year] – [Customer] Volume Requirements**

- [Customer] advised Orrcon of their monthly volume requirement (across the relevant product range); being the above-noted [XXX] tonnes.
- [Customer] again reiterated that Orrcon’s price need to be ~AU\$[XXX]/tonne (which represented a [XX]% premium of current import prices.

**5. [Month/Year] – Orrcon’s Counter-Offer & Finalisation**

- In order to secure the volume, Orrcon revised its offer down to a headline invoice price of AU\$[XXX]/tonne, offset by a \$(XXX)/tonne rebate (delivered ex. OSB).
- [Customer] accepted this counter-offer.
- This price was transacted against for the above-noted [regularity] supply period.

**6. Injury Quantification**

- A conservative minimum estimate of the price-suppression injury from this example can be summarised as:

*In the absence of dumped imports*

Ave. Price	Supply Period Volume	Net Revenue
AU\$[XXX] <sup>7</sup>	[XXX] tonnes	AU\$[XXX]

*Competing against dumped imports*

Ave. Price	Supply Period Volume	Net Revenue
AU\$[XXX]	[XXX] tonnes	AU\$[XXX]

<sup>5</sup> [Confidential product specification and market details].

<sup>6</sup> Ibid.

<sup>7</sup> Ibid.

*Price Suppression Injury*

<b>Ave. Price Diff.</b>	<b>Supply Period Volume</b>	<b>Net Revenue Diff.</b>
AU\$[XXX]	[XXX] tonnes	AU\$[XXX]

Orrcon highlights the critical commentary aspects of this example, and provides all other supporting information, at Confidential Attachment A-9.2(d).

**Price Undercutting Example No. 5 – FY2019 [Country]; [Customer]**

Orrcon maintains a commercial relationship with [customer] for supply of a range of precision tube products. [Customer] use Orrcon’s precision tube in [application]. [Customer] had previously sourced only [XXX] volumes of precision tube from Orrcon per annum. Orrcon hence viewed this account as a new long-term commercial supply opportunity for Australian made precision pipe & tube. However, during FY2019, Orrcon was unable to supply [customer] per its sourcing of equivalent feed material from [country] producers.

For 2019, Orrcon estimates that it was unsuccessful in securing [XXX] tonnes of sales volumes to [customer], equating to lost revenue of AU\$[XXX], per the presence of dumped and injurious imports.

In [month/year], Orrcon presented [customer] with a new supply offer and new [other supply offer parameters]. Orrcon offered an average price of AU\$[XXX] per tonne for precision material to meet [customers] feed manufacturing requirements. At that stage, [customer] advised that they could source equivalent import feed material for ~AU\$[XXX] per tonne and did not place orders with Orrcon.

In [month/year], Orrcon approached [customer] seeking clarification on its feed sourcing position and committed to provide a revised pricing offer competitive with [customer’s] import benchmarks. In [month/year], Orrcon provided the following offer:

- Rectangular precision tube [product parameters];
- Delivered Free-into-Store (“FIS”); at
- AU\$[XXX]/tonne sell price.

[Customer] advised that they could source the same feed material from its import supply channel (ex [country]) at AU\$[XXX]/tonne, delivered. At a [XX]% price variance to imports, Orrcon was unable to revise its pricing lower.

Given this lost business, lower overall volumes on the precision mill, and escalation of volume-weighted units costs, Orrcon sought business from [customer] for the similar above-noted product range.

Orrcon secured business with [customer] in early 2019 at AU\$[XXX] - \$[XXX] per tonne (delivered FIS), following similar price negotiations vis-a-vis [country] alternatives. Business at this level is fundamentally unsustainable for Orrcon.

Orrcon provides at Confidential Attachment A-9.2(e) correspondence evidencing the above-noted pricing negotiations during the period of investigation.

**Price Undercutting Example No. 6 – [Customer]**

Orrcon maintains a commercial relationship with [customer] for supply of a range of precision tube products. [Customer] is [customer industry and markets] and manufacture [products] at [location] using both Orrcon’s and imported precision feed material. [Customer] has a [supply chain capability].

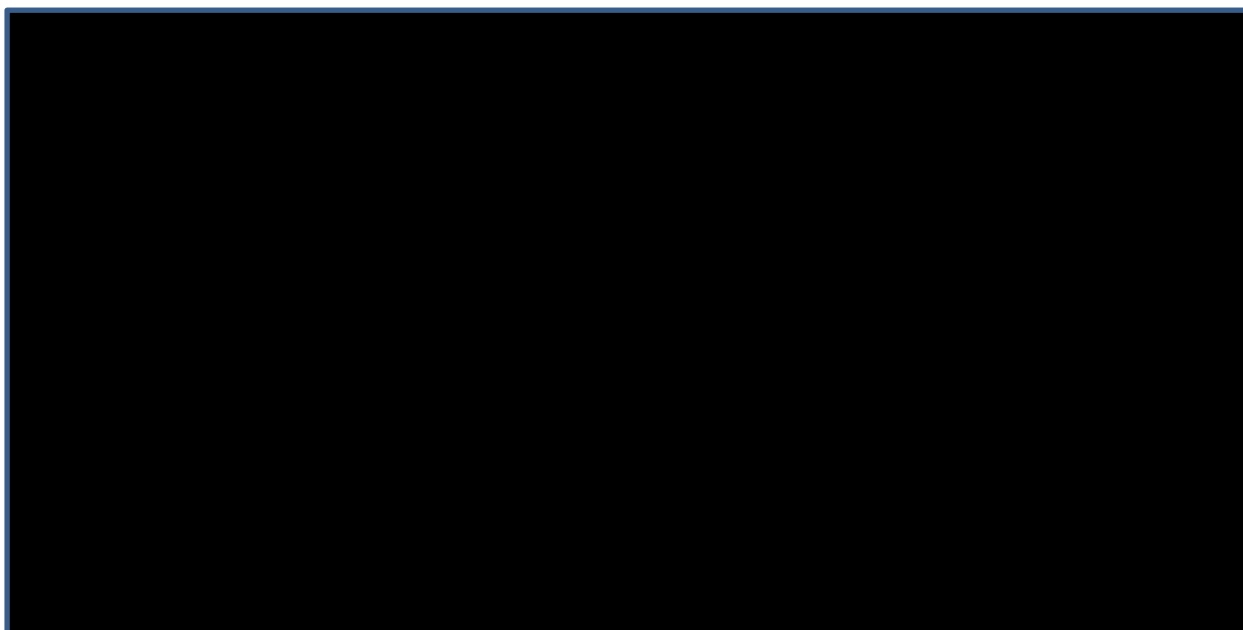
[Customer’s] supply chain capability is to procure cheap like-goods precision tube from overseas. The consequent materially injurious impact to Orrcon can be understood as follows:

### **1. Import Supply Chains**

[Customer] imports precision pipe & tube steel from both Vietnam and Taiwan. Orrcon can evidence, via [confidential sources], that [customer] purchased from the following Vietnamese steel producers in recent periods:

1. [Producer #1];
2. [Producer #2]; and
3. [Producer #3]

[Customer] also imports from [Taiwanese steel producer], as evidenced from the below [evidence]:



Orrcon understands that the Australian steel trader [trader name] facilitates [customer's] imports of precision pipe and tube.

### **2. Purchasing Patterns**

[Customer] procure a [proportion] of its precision feed requirements from the above-noted offshore sources. [Customer] also procures from Orrcon on [regularity], and only when Orrcon furnishes a price offer that is competitive with import supply (see below).

Orrcon understands that [customer] purchases approximately [regularity of import volumes]. [Customer] seeks supply from Orrcon [regularity], on short lead-times.

### **3. 2018/19 Injury Assessment**

Over the injury analysis period, Orrcon's sales to [customer] have declined as imports from the above-noted sources have increased (see table below). During this time, Orrcon has consistently failed to recover its full cost of production on sales made to [customer], given the requirement to benchmark against injurious import price offers. At best, variable cost recovery is sought as Orrcon looks to maintain volumes to [customer] to ensure the short-term ongoing viability (albeit unsustainably) of the O'Sullivan's Beach facility.

<b>[Customer]</b>	<b>CY2016</b>	<b>CY2017</b>	<b>CY2018</b>	<b>CY2019 (YTD)</b>
Annual Tonnes Sold	[XXX]	[XXX]	[XXX]	[XXX]

[Customer and import offer details] for Orrcon to price-match against. Instead, Orrcon provides a price offer (finalised after [customer] is satisfied that it aligns with import price levels) for a stipulated delivery/supply period.

Supply negotiations and the resultant injury to Orrcon during Calendar Year 2018 (“CY18”), and throughout the proposed POI, can be summarised as follows:

- i. In [month/year], Orrcon and [customer] finalised an offer for [period] supply, at AU\$[XXX]/tonne across the full precision product range;
  - This was a materially significant [XX]% below Orrcon’s full cost to make and sell of AU\$[XXX] for the twelve months ending September 18 (Confidential Appendix A6.1 refers).
- ii. [Customer] purchased at this price point throughout [period], until [month/year], at which time Orrcon advised a price increase to \$[XXX]/tonne;
  - This new price point still failed to recover Orrcon’s full cost to make and sell during the twelve months ending September 19 of AU\$[XXX].
- iii. As per the above volume table, [customer’s] purchases declined during the POI post this price increase. The decline in orders placed is indicative of their increased procurement from Taiwan and Vietnam, at dumped prices.

Orrcon also highlights that [customer] is active in [other distribution activities, and Orrcon injury impact].

Orrcon provides at Confidential Attachment A-9.2(f) correspondence evidencing the above-noted details and injury assessment.

The above examples demonstrate that Orrcon has experienced price undercutting from imports that have suppressed selling prices, resulted in lost sales volumes and prevented Orrcon from increasing sales at customers due to the increasing availability of injurious imports at dumped prices from China, Korea, Taiwan and Vietnam.

**3. Compare the data at appendix A2 (Australian market) to identify the influence of dumped and/or subsidised imports on your quarterly costs to make and sell at appendix A6.1 (for example refer to changes in unit fixed costs or the ability to raise prices in response to material cost increases).**

As imports from the nominated countries increased by [XX] per cent in 2017/18, and Orrcon was experiencing at the same time further cost increases of [XX] to [XX] percent, Orrcon could not raise its prices in the face of the growing import volumes at unfair prices. At this time, Orrcon’s prices were held at the same level as prices in 2016/17. Again in 2018/19, Orrcon’s prices were held flat as costs increased by a similar magnitude.

In each of 2017/18 and 2018/19, Orrcon encountered price suppression and was unable to raise prices. This impacted Orrcon’s profit and profitability in both years with sharp declines in profit in 2018/19.

Orrcon was significantly hampered by the presence of dumped imports in both 2017/18 and 2018/19 and was unable to secure increased market share growth due to the lower-priced dumped imports from China, Korea, Taiwan and Vietnam.



- 4. The quantity and prices of dumped and/or subsidised imported goods may affect various economic factors relevant to an Australian industry. These include, amongst other things, the return on investment in an industry, cash flow, the number of persons employed and their wages, the ability to raise capital, and the level of investment in the industry. Describe, as appropriate, the effect of dumped and/or subsidised imports on these factors and where applicable use references to the data you have provided at appendix A7 (other economic factors). If factors other than those listed at appendix A7 (other economic factors) are relevant, include discussion of those in response to this question.**

The impacted of the dumped precision tube from China, Vietnam, Korea and Taiwan has been significant in terms of both volume and price-effect injury. Orrcon is able to demonstrate (refer Confidential Appendix A7) that it has also experienced injury in other forms, including:

- Deterioration in Return on investment (ROI);
- Reductions in productivity; and
- Decline in employment levels.

It is Orrcon's view that the deterioration in each of the identified 'other' indicators can be readily attributed to the increase in imports from the above-noted countries, and a subsequent deterioration in sales of locally produced precision tube.

- 5. Describe how the injury factors caused by dumping and/or subsidisation and suffered by the Australian industry are considered to be 'material'.**

The injury experienced by Orrcon in each of the years 2017/18 and 2018/19 is considered 'material' to Orrcon's business as the business has seen profit deteriorate from [XX] per cent (in 2015/16) and [XX] per cent (2016/17) respectively to [XX] per cent (2017/18) and [XX] per cent (2018/19).

Orrcon's turnover in 2015/16 was \$[XXX] and in 2016/17 \$[XXX]. Whilst turnover modestly improved in 2017/18 and 2018/19, cost increases resulted in a subsequent sharp fall in profit and profitability.

Realised returns by the Orrcon precision pipe and tube business have deteriorated sharply in 2018/19. Coinciding with this profit deterioration has been the previously-noted upsurge in dumped imports from China, Korea, Taiwan and Vietnam (commencing in 2016/17) at prices that have undercut Orrcon's selling prices. Orrcon's market share has deteriorated [XX] per cent over the two-year period, representing a further material impact on the business.

Orrcon submits that the declines in market share, profit and profitability that it has experienced in a rapidly expanding market commenced in 2017/18 and deteriorated sharply in 2018/19, and is considered 'material' in nature relative to past years' profit and profitability, and market share levels.

- 6. Discuss factors other than dumped and/or subsidised imports that may have caused or may threaten to cause injury to the industry. This may be relevant to the application in that an industry weakened by other events may be more susceptible to injury from dumping and subsidisation.**

Orrcon, along with other industries in Australia, is not immune to recent energy cost increases. Orrcon has been unable to pass on higher energy costs as it has experienced price undercutting from rapidly increasing imports of dumped precision pipe and tube from China, Korea, Taiwan and Vietnam.

Orrcon does not consider there are any 'other' factors that may have contributed to Orrcon's injury, other than increasing energy costs. Higher energy costs do not detract from the reality that a [XX] per cent increase in dumped imports at prices that have undercut Orrcon's selling prices have had an impact that is considered 'material' in nature to Orrcon's profit and profitability.

7. **This question is not mandatory, but may support your application. Where trends are evident in your estimate of the volume and prices of dumped and/or subsidised imports, forecast their impact on your industry’s economic condition. Use the data at appendix A2 (Australian market), appendix A6 (cost to make and sell), and appendix A7 (other economic factors) to support your analysis.**

Orrcon is the sole manufacturer of precision pipe and tube in Australia at its O’Sullivan’s Beach facility in South Australia. The company value adds locally sourced raw material HRC steel products to produce precision pipe and tube sold to the Australian market.

The recent growth in the construction industry (from 2016 to 2019) has led to increased demand for precision pipe used in construction projects. The market has increased by almost [XX] per cent since 2015/16, however, Orrcon has been unable to benefit from this market growth.

Orrcon notes that the *Ministerial Direction on Material Injury 2012* specifically addresses the slowing of an industry’s rate of growth. However, in Orrcon’s circumstances, the company has experienced a significant deterioration of profits and profitability that has coincided with a dramatic expansion of the Australian market for precision pipe & tube.

Orrcon has transitioned from a business with a reasonable return in 2016/17 to an underperforming operation that is [2018/19 financial performance assessment]. This change in circumstances can be directly linked to the rapid and dramatic increase in dumped imports from China, Korea, Taiwan and Vietnam over the same two-year period. The injury from the dumping in the form of price suppression, price undercutting, loss of market share, deterioration in profits and profitability can be directly attributed to the dumped imports.

Orrcon requests that the Commissioner commence an investigation into the dumping of precision pipe & tube exported to Australia from China, Korea, Taiwan and Vietnam. Orrcon further requests that the Commissioner consider publishing a preliminary affirmative determination (“PAD”) at Day 60 or, immediately thereafter, to minimize further material injury to Orrcon’s precision pipe & tube business.

# PART B

## DUMPING

### IMPORTANT

All questions in Part B should be answered even if the answer is 'Not applicable' or 'None' (unless the application is for countervailing duty only: refer Part C). If an Australian industry comprises more than one company/entity, Part B need only be completed once.

## **B-1 Source of exports**

### **1. Identify the country(ies) of export of the dumped goods.**

The countries of export of the dumped goods are The People's Republic of China ("China"), The Republic of Korea ("Korea"), Taiwan and the Socialist Republic of Vietnam ("Vietnam").

### **2. Identify whether each country is also the country of origin of the imported goods. If not, provide details.**

The applicant understands that the country of export is also the country of origin of the goods.

### **3. If the source of the exports is a non-market economy, or an 'economy in transition' refer to Part C.4 and Part C.5 of the application.**

The countries of export in this application are not considered economies in transition countries under Australia's Anti-Dumping provisions.

### **4. Where possible, provide the names, addresses and contact details of:**

- **producers of the goods exported to Australia;**
- **exporters to Australia; and**
- **importers in Australia.**

The exporters of the goods to Australia are understood to be as follows:

(i) China

- Dalian Steelforce Hi-tech Co., Ltd  
A-7, Dd 2 Street  
Dd Port  
Dalian Hi-Tech Industrial Zone  
Dalian, Liaoning, China 116600  
Tel: +86 411 87549531, 1390  
Fax: +86 411 87549537
- Shanghai Metals and Minerals Import & Export Corporation  
No. 757 Guangfu Lu  
Zhabei Qu  
Shanghai China 200070
- Hengshui Jinghua Steel Pipe Co., Ltd  
1 Xiangsu East Road  
North Ind Base Taocheng District  
Hengshui China 05300  
Tel: +86 318 6018-112  
Fax: +86 318 6018-113
- Huludao City Steel Pipe Industrial Co., Ltd  
Beigang Industrial Park  
Changjiang Road Huludao,  
Liaoning China  
Tel: +86 429 2065655  
Fax: +86 429 2058809
- Qingdao Xiangxing Steel Pipe Co Ltd  
No 48, No 204 Road  
Chengyang District, Qingdao City  
Shandong Province China

Tel: +86 532 8776 1199  
Fax: +86 532 8786 1212

- Tianjin Youfa Steel Pipe Co Ltd  
Office Location: RM 1502-1509  
15F, No.4 Anshun Building  
Dafeng Road  
(Aqua City) Hongqiao Tianjin City, China 300120  
Tel: +86 22 5833 8800-812

(ii) Korea

- Kukje Steel Co. Ltd  
135 Donggyo-ro, Mapo-gu  
Seoul Republic of Korea 121842  
Tel: +82 2314 23493

(iii) Taiwan

- Shin Yang Steel Co., Ltd  
No. 297, Yuliao Road,  
Qiaotou District  
Kaohsiung City 82544, Taiwan
- Ta Fong Steel Co. Ltd  
6, Kung His 2nd Road,  
Shen Kang Hsiang  
Chang Hua Hsien, Taiwan
- Femco Pipes & Tubings  
Address: No.752  
Chung Hsiao Rd.,  
Chiayi, Taiwan  
Tel: 886-5-2766171  
Website: <http://d400.femco.com.tw/>

(iv) Vietnam

- Nam Kim Steel  
Lot A1, D2 Street, Dong An 2 Industrial Park,  
Hoa Phu Ward, Thu Dau Mot City,  
Binh Duong Province, Vietnam.  
Tel: +84 973 765 730
- Nguyen Minh Steel Corporation; and  
D6/31 Hamlet 4, Tan Tuc Town  
Ho Chi Minh City, Vietnam  
Tel: +84 28 7301 2345
- JSC Manufacture Steel Vina One  
Highway 1A, Voi La, Long Hiep Commune,  
Ben Luc District, Long An Province, Vietnam  
Tel: +84 27 2398 9898

The importers of the goods are understood to include:

- GS Global  
Suite 3801, Level 8 Northpoint Building  
100 Miller St, North  
Sydney NSW 2060  
Tel: 02 9954 0911  
Fax: 02 9954 0919
- Croft Steel Pty Ltd  
Unit 1/26 Newheath Drive  
Arundel QLD 4214  
Tel: (07) 5500 0260
- Mitsui & Co. (Australia) Ltd.  
Level 15, 120 Collins Street  
Melbourne VIC 3000  
Tel: (03) 9605 8823  
Fax: (03) 9605 8895
- Link Metals  
Suite 3, 100 A Douglas Pde  
Williamstown VIC 3016
- Mac Steel International Trading  
Level 1, 40 Burwood Road  
Hawthorn, Victoria, 3122  
Tel: (03) 9805 0400
- DITH (Duferco) Australia  
Level 30, 31 Market Street  
Sydney NSW 2000
- Hyundai Corporation  
Level 5, 815 Pacific Highway  
Chatswood NSW 2067  
Tel: 02 9413 2314
- Steelforce Australia Pty Ltd and Steelforce Trading Pty Ltd  
W7, 5-7 Osprey Drive,  
Port of Brisbane, QLD 4178  
PO Box 8267 Wynnum North Qld 4178  
Tel: 1300 661 635  
Fax: 1300 961 535

**5. If the import volume from each nominated country at Appendix A.2 (Australian Market) does not exceed 3% of all imports of the product into Australia refer to Part C.6 of the application.**

The import volumes from each of the nominated countries exceed the 3 per cent negligible volume thresholds in 2018/19. Table B-1.5 below demonstrates actual import volumes in 2018.

**Table B-1.5 – Precision Pipe import volumes from China, Korea, Taiwan and Vietnam (tonnes)**

Country	2015/16	2016/27	2017/18	2018/19	% 2018/19
China	9,663	16,735	24,771	20,744	42.9%
Korea	2,561	3,909	3,843	6,542	13.5%
Taiwan	4,471	4,165	3,681	2,758	5.7%
Vietnam	48	35	7,435	6,794	14.1%
India	74	274	1,666	4,809	9.5%
Thailand	1,106	2,941	4,171	4,299	8.9%
Other	8,011	16,409	3,494	2,415	5.4%
<b>Total</b>	<b>25,934</b>	<b>44,468</b>	<b>49,061</b>	<b>48,361</b>	<b>100.0%</b>

Source: Refer Confidential Appendix A2.

6. **In the case of an application for countervailing measures against exports from a developing country, if the import volume from each nominated country at Appendix A.2 (Australian Market) does not exceed 4% of all imports of the product into Australia refer to Part C.6 of the application.**

This application includes an application for countervailing measures in respect of exports from China and Vietnam. Both country’s imports during the proposed investigation period exceed the 4 per cent threshold.

## **B-2 Export price**

Possible sources of information on export price include export price lists; estimates from the Australian Bureau of Statistics; a deductive export price calculation from the Australian selling price of the imported goods; export sales quotations or invoices; foreign government export trade clearances.

1. **Indicate the FOB export price(s) of the imported goods. Where there are different model control codes or levels of trade involved, an export price should be supplied for each.**

Orrcon has obtained import data from Australian Bureau of Statistics (“ABS”) and [*import data source*] for the nominated tariff classifications. Orrcon has relied on some assumptions to identify the import volumes of the goods as the tariff classifications for certain countries (e.g. China, Korea and Taiwan) that are the subject of anti-dumping measures for structural pipe and tube (i.e. hollow structural sections).

In determining import volumes for subject-goods precision pipe & tube, Orrcon has relied upon its assessment as to the goods classified under 7306.30.00 statistical code 30 and 7306.61.00 statistical code 21 (circular and rectangular/square hollow sections, respectively). Orrcon estimates that approximately [XX] per cent of imports in these categories are precision pipe & tube in nature, but of which are currently subject to HSS anti-dumping measures – with the balance considered to be precision pipe & tube currently not covered by measures. Orrcon has made this assessment based upon its knowledge and participation as a supplier in both the HSS and precision pipe & tube markets.

In respect of imports from Vietnam, it is noted that some HSS is imported into Australia – again with the balance considered to be precision pipe and tube. Orrcon has not encountered an upsurge in HSS pipe & tube imported from Vietnam in its competitive offers, and considers the increased import volumes are more likely to be for precision pipe & tube. Irrespective, Orrcon has reduced the import volumes from Vietnam in both categories by [XX] per cent to allow for any HSS imports from Vietnam.

Orrcon further understands that some HSS pipe & tube the subject of anti-dumping measures has been [*confidential import classification details*].

**2. Specify the terms and conditions of the sale, where known.**

Export prices for the imported goods the subject of this application are represented at the FOB level, as sourced from ABS and [*import data source*] data.

**3. If you consider published export prices are inadequate, or do not appropriately reflect actual prices, please calculate a deductive export price for the goods. Appendix B1 (Deductive Export Price) can be used to assist your estimation.**

Orrcon considers published import data (ABS and [*import data source*]) for export prices for precision pipe & tube from China, Korea, Taiwan and Vietnam is reliable for calculating dumping margins.

**4. It is important that the application be supported by evidence to show how export price(s) have been calculated or estimated. The evidence should identify the source(s) of data.**

Please refer to Confidential Attachment B-2.4 for import details for the goods the subject of this application.

### **B-3 Selling price (normal value) in the exporter's domestic market**

Possible sources of information about domestic selling prices in the country of export include: price lists for domestic sales (with information on discounts); actual quotations or invoices relating to domestic sales; published material providing information on the domestic selling prices; or market research undertaken on behalf of the applicant.

**1. State the selling price for each model control code of like goods sold by the exporter, or other sellers, on the domestic market of the country of export.**

**A. China**

Orrcon does not have access to domestic selling price information for precision pipe and tube in China, Vietnam, Taiwan or Korea as precision pipe prices are not published in industry newsletters or journals. In respect of both China and Vietnam, Orrcon asserts that a particular market situation applies for the subject goods that are manufactured from raw material flat steel. The Commission has previously determined for certain products manufactured in China where locally-sourced flat steel is the raw material input, that a 'market situation' exists for the value-added product<sup>8</sup>.

For Vietnam, Orrcon has detailed below a comprehensive position evidencing the existence of a particular market situation in the Vietnamese steel industry.

**B. Market Situation – China**

Orrcon submits that during the proposed investigation period (i.e. 1 October 2018 to 30 September 2019) there is a particular market situation in the Chinese domestic market for precision pipe that renders sales in that market unsuitable for determining normal values under subsection 269TAC(1), due to the influence of the Government of China ("GOC") in the Chinese Iron and Steel Industry.

The GOC interventions in the Chinese iron and steel industry were recently addressed in Anti-Dumping Commission Report No. 441 on steel pallet racking exported from China. In that case the applicant – Dematic Pty Ltd – asserted that the Commission's findings in earlier investigations including in particular Trade Measures Report No. 177<sup>9</sup> and more recently in Anti-Dumping Commission Report No. 379, identified GOC interventions in the Chinese market for steel products, including HRC and HSS (which is made from HRC). HRC is the major raw material input to the production of steel pallet racking (Report No. 441) and also into precision pipe (this application).

<sup>8</sup> Refer Trade Measures Reports No. 177, 190, 285, 379, 419 and 441.

<sup>9</sup> Trade Measures Report No. 177 – HSS Exported from China, Korea, Malaysia and Taiwan.



As was argued by the steel pallet racking industry – based upon HRC accounting for a significant proportion of the overall production cost for steel pallet racking – Orrcon contends that Chinese domestic prices for precision pipe are artificially low and are not suitable for determining normal values under subsection 269TAC(1).

A number of recent dumping investigations by the Commission has determined that a particular market situation exists in relation certain steel and steel related products in China. The following cases are particularly relevant to this application as they all involve HRC as the key raw material used in the manufacture of the subject goods (as is the case with precision pipe):

- Investigation No. 177 (2012) – hollow structural sections;
- Investigation No. 190 (2013) – galvanised zinc and aluminium zinc coated steel;
- Investigation No. 203 (2013) – hollow structural sections;
- Continuation Inquiry No. 379 (2017) – hollow structural sections;
- Review Investigations (No. 456/457) (2018) – galvanised zinc and aluminium zinc coated steel; and
- Investigation No. 441 (2018) – steel pallet racking.

In the recent Investigation No. 441<sup>10</sup> the Commissioner “*considered that the GOC’s involvement in the Chinese steel industry to be a primary cause of the prevailing structural imbalances within both the broader steel industry and the HRC market. Some of the examples of the GOC’s involvement in the steel market includes the GOC’s planning guidelines and directives along with provisions of direct and indirect financial support.*”

Report No. 441 discussed the GOC influence in Chinese steel markets including referencing of recent OECD studies which identified that Chinese steelmaking capacity more than doubled between 2006 and 2015, from 488 million metric tonne (mmt) to 1,150 mmt.<sup>11</sup> The OECD Economic Survey for China (2017) confirmed that as the Chinese economy adjusts for “lower but higher-quality growth” a reduction in overcapacity (including in steel and coal) and less-energy intensive production via “market-oriented mechanisms” is required. In addressing the structural imbalances requiring address, the Commission noted some of the specific initiatives announced in recent years, including<sup>12</sup>:

- the Central Government ‘supply-side reform’ initiative;
- advice on addressing excessive capacity and relieving hardship for the steel industry;
- ‘the opinions of the State Council on reducing overcapacity in the Iron and Steel Industry’;
- proposals that SOE capacity be reduced by 100 to 150 million tonnes by 2020, via the banning of new steel projects and elimination of ‘zombie mills’;
- in 2016 the central government also pledged an RMB 100 million fund for employee compensation, social security payments, and plant closure incentives in the coal and steel sectors;
- the ‘opinions of the State Council on reducing overcapacity in the Iron and Steel Industry’ strictly forbids the registration of new production capacity in any form and demands that any production that does not meet environmental, energy consumption, quality, safety or technical standards be taken offline.

It is the Commission’s view that the GOC’s interventions to address existing structural imbalances has so far been of limited success. The Commission noted<sup>13</sup>:

*“Constraints on the effectiveness of these initiatives not only relate to the extent of the imbalances but also the difficulties in coordinating activities between central, provincial and local levels of government. The resistance of provincial and local governments to closing down mills relates to their role as major employers, source of tax revenue and providers of social services within their respective regions. Specific examples of these*

<sup>10</sup> Report No. 441 – steel pallet racking exported from China, May 2019, P.114.

<sup>11</sup> Report 441 at P. 114 referencing OECD Report on ‘Recent developments in steelmaking capacity, OECD 2018’.

<sup>12</sup> Report No. 441, P.114.

<sup>13</sup> Ibid, P. 115.

*include the reliance of their tax systems on business revenue (including production based VAT) and GDP oriented performance measures which encourage over investment in capacity.*

*The effectiveness of the GOC's attempts to address overcapacity has also been constrained by its desire to promote the replacement of older mills with new larger and more efficient mills. It is the Commissioner's view that while this initiative is likely to improve the industry's structure over the longer term, its current impact has been to increase production and exacerbate the existing structural imbalances. The difficulties faced by the GOC in achieving these objectives are also reflected in the reality that many smaller mills need to be shut down to offset the commissioning of new larger mills and the difficulties in ensuring that once mills are closed, they are not brought back on line as market conditions improve."*

In recent Report 441, the Commissioner considered that the GOC distorted the conditions within the Chinese steel industry, including the demand for, and markets for, major raw materials through the following mechanisms:

- the role and operation of SOEs;
- industry planning guidelines and directives;
- the provision of direct and indirect financial support; and
- taxation and tariff policies.

#### Role and Operation of SOEs

In Report No. 441 the Commissioner noted the following:

*"In a recent document published by the European Commission, the European Commission noted that Chinese SOEs represent approximately 49 per cent of the total Chinese steel production. It is the Commissioner's view that these entities continue to receive significant direct and indirect financial support from central, provincial and local levels of government as a means to increase tax revenues, expand employment and maintain social stability.*

*The World Bank has found that state enterprises have close connections with the GOC. SOEs are more likely to enjoy preferential benefit such as access to bank loans at preferential terms and conditions (including reduced interest rates) and access to other key raw material inputs, access to business opportunities, and protection against competition to name a few<sup>14</sup>.*

*While the Commission does not consider that the presence of these entities alone causes markets distortions, it does consider that their presence increases the likelihood that the GOC's plans and directives will be adhered to. The Commission also considers that the support provided to these entities by the GOC has enabled many of them to be operated on non-commercial terms (operating at losses) for extended periods, significantly impacting supply and pricing conditions within the domestic Chinese market<sup>15</sup>.*

*Some of the examples that support these mechanisms include government subsidies, support from associated enterprises (through direct subsidy, interest-free loans or provision of loan guarantees) and loans from state-owned banks<sup>16</sup>."*

The Commission considered these mechanisms supported *"the rapid expansion of steel production capacity in the SOE segment, in spite of repeated attempts by the Central Government to reduce the scale of steel production. It is also the Commissioner's view that these support mechanisms have created rigidities in the way recipient firms...respond to*

<sup>14</sup> World Bank, *China 2030: Building a Modern, Harmonious, and Creative Society*, Report No. 96299 (March 2013), p25.

<sup>15</sup> Anti-Dumping Commission, *Analysis of Steel and Aluminium Markets Report to the Commissioner of the Anti-Dumping Commission August 2016* (Commissioner's Steel Report), P. 47.

<sup>16</sup> Liu. H & Song. L, 2016, P. 348.

*price and profit signals and hence have significantly contributed to the excessive investment in capacity, excess steel production and distorted prices.”*

*“...[direct] government subsidies, support from associated enterprises...and loans from state-owned banks”<sup>17</sup> facilitated the rapid expansion of steel production capacity in the SOE segment in spite of repeat central government directives to reduce the scale of steel production.*

#### Industry Planning Guidelines & Directives

The Commissioner considered that through the various planning guidelines and directives the GOC has contributed to the overcapacity, oversupply and distorted structure in the Chinese steel industry. The Commission identified numerous planning guidelines and directives targeted at the Chinese iron and steel industry, including<sup>18</sup>:

- National Steel Industry Development Policy (2005);
- Blueprint for the Adjustment and Revitalisation of the Steel Industry (2009);
- 2011-2015 Development Plan for the Steel industry (2011);
- Steel Industry Adjustment Policy (2015 Revision);
- Advice on Addressing Excess Capacity and Relieving Hardship for the Steel industry (2016);
- The Opinions of the State Council on Reducing Overcapacity in the Iron and Steel Industry of Gain Profit and Development (2016); and
- The Iron and Steel Industry Adjustment and Upgrade Plan (2016-2020).

The Commission further identified certain broader restructuring and reorganising directives as follows (which were targeted at multiple industries including the Chinese steel industry)<sup>19</sup>:

- Notice of Several Opinions on Cutting Overcapacities and Redundant Constructions in Certain Industries and Guiding the Healthy Development of Industries (2009);
- Guiding Opinions on Pushing Forward Enterprise M&A and Reorganisation in Key Industries (2013);
- Guiding Opinions on Resolving Serious Excess Capacity Contradictions (2013);
- Directory Catalogue on Readjustment of Industrial Structure (2013 Amendment); and
- Guidance on the promotion of central enterprises restructuring and reorganisation (2016).

Report 441 also detailed the key themes, objectives and implementation policies of the GOC<sup>20</sup>.

#### Direct and Indirect Financial Support

It is noted that the Commission established that<sup>21</sup>:

*“Chinese banks appear to be guided by government policies, as well as national economic and social development needs.*

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<sup>17</sup> Report No. 419, P.68.

<sup>18</sup> Ibid, P.69-70.

<sup>19</sup> Ibid. P.118.

<sup>20</sup> Ibid, P 119-120.

<sup>21</sup> Ibid, P. 121.

*Subsidies and tax concessions reduce the operating costs of Chinese steel enterprises, confer a competitive advantage through the ability to offer steel products at lower prices, and increase the profitability of steel production.*

*The OECD has highlighted price influences in the Chinese energy market. A 2015 report notes that energy prices “do not reflect the true social and environmental cost of production, making for a widespread misallocation of resources.*

*Examples of specific support programs provided to Chinese steel producers by the GOC, as identified by the American Iron and Steel Institute and the Steel Manufacturers Association, include preferential loans and directed credit, equity infusions and/or debt-to equity swaps, access to land at little or no cost, government mandated mergers (permitting acquisition at little or no cost) and direct cash grants for specific steel construction projects.*

*Similar programs have been previously identified by the Commission in respect of the Chinese steel industry. It is the Commission’s view that these programs have directly contributed to conditions within the Chinese steel industry during the investigation period by providing direct financial support to recipient steel producers.”*

### Taxation Arrangements

Further in Report 441 the Commissioner noted that the “Commission has previously identified evidence of export taxes and export quotas on a number of key inputs in the steel making process including coking coal, coke, iron ore and scrap steel in Anti-Dumping Commission Report No. 198. The Commission found that these measures would keep input prices artificially low and create significant incentives for exporters to redirect these products into the domestic market, increasing domestic supply and reducing domestic prices to a level below what would have prevailed under normal competitive market conditions.”

The Commission also observed that the GOC has traditionally compensated some steel exporters for VAT paid during the production process of steel goods, via VAT rebates. The operation of a variable VAT rebate system for select exports creates advantages for exporters of certain steel products (including pipe and tube). By altering the VAT rebate and export tax applied to steel exports (specifically HRC and HSS at 9 per cent versus the 17 per cent applied to domestic sales) the GOC ‘reduces’ the profitability of export sales. The reduced export VAT rebate on exports redirects export sales to the domestic market, creating significant oversupply and suppressed selling prices, including for the subject goods.

### **China market situation conclusion**

Orrcon submits that the GOC has exerted influence on the Chinese steel industry and, as has been determined in previous steel cases involving exports from China, the GOC has substantially distorted competitive market conditions in the domestic steel industry in China (including in the precision pipe & tube market).

Orrcon contends that as the GOC materially influences conditions in the Chinese steel market during the proposed investigation period, the prices for precision pipe & tube are substantially different to those that would prevail in normal competitive market conditions. It is evident, therefore, that a particular market situation for precision pipe & tube exists in the Chinese domestic market.

### C. Market Situation – Vietnam

Orrcon alleges that domestic prices of precision pipe & tube in Vietnam are not suitable for the determination of normal values on the basis that intervention by the Government of Vietnam (“GOV”) in the iron and steel industry raw material supply markets has distorted prices of the subject goods during the investigation period.

Subsection 269TAC(1)<sup>22</sup> establishes that:

*“the normal value of any goods exported to Australia is the price paid or payable for like goods sold in the ordinary course of trade for home consumption in the country of export in sales that are arm’s length transactions by the exporter or, if like goods are not so sold by the exporter, by other sellers of like goods.”*

Subsection 269TAC(2)(a) sets out an exception and states that where:

*“...because the situation in the market of the country of export is such that sales in that market are not suitable for use in determining a price under subsection (1); the normal value of goods exported to Australia cannot be ascertained under subsection (1);...”*

In such circumstances, the normal value may be determined on the basis of construction of cost (paragraph 269TAC(2)(c)), or third country sales (paragraph 269TAC(2)(d)). Therefore, a determination as to whether there is a ‘particular market situation’ has consequences for the assessment of normal values and dumping margins.

Orrcon has been unable to locate home market prices for precision pipe & tube; however submits that Vietnamese domestic precision pipe & tube prices are significantly lower than prevailing world prices, due to the involvement of the GOV.

Vietnam agreed in its Protocol of Accession to the WTO that other WTO Members would be permitted to use special rules for the determination of whether non-market economy conditions exist in the context of anti-dumping cases. Specifically, Vietnam agreed that an importing Member would be permitted to *“...use a methodology that is not based on a strict comparison with domestic prices or costs in Viet Nam if the producers under investigation cannot clearly show that market economy conditions prevail in the industry producing the like product with regard to manufacture, production and sale of that product.”*<sup>23</sup> The terms of Vietnam's Protocol expressly permit the use of section 269TAC(2)(a) unless the Vietnamese producers under investigation can clearly show that market economy conditions prevail in the Vietnamese precision tube industry. Under the terms of Vietnam's Protocol, the burden is on the Vietnamese producers to clearly show that market economy conditions prevail.

Vietnam has been found to be a non-market economy by the United States (“U.S.”) and Canada in the following recent trade investigations:

- U.S. anti-dumping investigation on circular welded carbon-quality steel pipe<sup>24</sup>; and
- Canada anti-dumping and countervailing investigation on Cold-Rolled Steel<sup>25</sup>.

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<sup>22</sup> References in this application to any statutory provisions are references to the provisions of the Customs Act 1901, unless otherwise specifically stated.

<sup>23</sup> WTO, Report of the Working Party on the Accession of Vietnam, WT/AA/VNM/48, 27 October 2006, at para’s 255 and 527; Vietnam’s Protocol of Accession to the WTO, WT/L/662, 15 November 2006, at para. 2.

<sup>24</sup> Non-Confidential Attachment 2: U.S. International Trade Commission, Circular Welded Carbon-Quality Steel Pipe from Oman, Pakistan, the United Arab Emirates, and Vietnam, Final Determination, Dec. 2016; and Non-Confidential Attachment 2: United States Department of Commerce, Circular Welded Carbon-Quality Steel Pipe from the Socialist Republic of Vietnam: Issues and Decision Memorandum for the Final Determination.

<sup>25</sup> Non-Confidential Attachment 3: Canada Border Services Agency, Cold-Rolled Steel from China, South Korea and Vietnam, Final Determination Statement of Reason, Nov. 2018.

The *Canada Border Services Agency* (“CBSA”) has also initiated (November 22, 2019) an investigation into the dumping and subsidisation of certain corrosion-resistant (“COR”) steel sheet originating from Turkey, the United Arab Emirates, and Vietnam.

In this new investigation<sup>26</sup>, the applicant producer-industry has alleged that the COR industry in Vietnam does not operate under competitive market conditions and consequently, prices established in Vietnamese domestic markets are not reliable for determining normal values. Orrcon will provide further representations on this new investigation in due course.

In considering whether sales are not suitable for use in determining normal values under section 269TAC(1) because of the situation in the market of the country of export, the Commission may have regard to factors such as whether the prices are “artificially low”.

Government influence on prices or costs could be one cause of “artificially low pricing”. In investigating whether a market situation exists due to government influence, it is necessary to determine whether the impact of the foreign government’s involvement in the domestic market has materially distorted competitive conditions. A finding that competitive conditions have been materially distorted may lead to a finding that domestic prices are “artificially low” or “not substantially the same as they would be if they were determined in a competitive market”.

Orrcon asserts that the GOV substantially determines Vietnam’s domestic prices for precision pipe and tube, and that these prices are “artificially low or lower than they would otherwise be in a competitive market”. Specifically, influence and control by the GOV is exerted in the following areas, policies and directives:

- a) Electricity prices;
- b) The Steel Master Plans;
- c) Industrial Development Strategy;
- d) State Ownership of Precision Tube Producers;
- e) Domestic Price Stabilisation Initiatives;
- f) Steel Industry Construction Project and Investment Control; and
- g) Steel Industry Subsidisation.

I. Vietnam Electricity Prices – Impact of GOV Influence

Orrcon notes that the Commission has previously considered the issue of GOV influence and control over electricity prices per Investigation No. 416 into Steel Rod in Coils exported from Indonesia, Korea and Vietnam.

In Investigation No. 416, the applicant domestic producer stated<sup>27</sup>:

*“Critically, the Vietnam government still controls the [electricity] price through the following mechanisms:*

- i. Decision No. 24/2011/QD-TTg dated 15 April 2011 requires electricity retail tariffs be revised reflecting fuel cost, exchange rate fluctuation and generation capacity charge;*
- ii. Decision No. 2165/QD-TTg dated 11 November 2013 sets the average electricity retail tariffs for 2013–2015 at a minimum of D1,437/kWh and a maximum of D1,835/kWh, any adjustment of the given average electricity retail tariff bracket because of cost fluctuations will be decided by the MOIT and the Ministry of Finance;*  
*and*

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<sup>26</sup> Non-Confidential Attachment 31: Canada Border Services Agency, Certain Corrosion-Resistant Steel Sheet, Initiation Statement of Reasons, Nov. 2019.

<sup>27</sup> EPR Folio No. 013.

- iii. *Decision No. 69/2013/QĐ-TTg dated 19 December 2013 stipulates that cost increases less than 7% can be recovered by EVN in the next tariff adjustment; cost increases from 7% to 10%, and within the approved ceiling, can be approved by the MOIT; and cost increases over 10% and/or beyond the set ceiling require the prime minister's approval. In addition, there is a mandatory one-year wait for cost recovery of any increase over 7%.*

*Accordingly, the Vietnam government has not allowed the state utility, EVN [Vietnam Electricity], to raise power prices:*

- In early-2014, the Government rejected EVN's request to increase electricity prices;*
- In July 2014, the Government again rejected EVN's request to increase electricity prices in order to cover cost overruns of USD330 million due to higher input costs;*
- In May 2016, the Government approved an increase to the 'maximum' electricity tariff from 1,135 VND to 1,200 VND per kWh, and an increase to the 'minimum' (wholesale) tariff between 1,066 VND and 1,119 VND per kWh;<sup>8</sup> and*
- In June 2017, the Government rejected EVN's request to raise electricity prices.”*

The Commission's consideration of, and conclusion on, the level of influence and control by the GOV on domestic Vietnamese electricity prices is noted in both the Statement of Essential Facts<sup>28</sup> and Termination Report<sup>29</sup> to Investigation No. 416:

*“The Commission is therefore of the view that the level of control exercised by the GoV on electricity prices has artificially suppressed the price of electricity in Vietnam.”*

In Investigation No. 416, the Commission determined a sustainable level of electricity tariff for the GOV-controlled EVN, as published by the World Bank, and substituted the electricity costs of Vietnamese rod in coil producers with this market rate. The Commission concluded:

*“...given the undeniable dominance of EVN in Vietnam's power generation and transmission sectors by itself and through its subsidiaries, it is reasonable to accept that the sustainable tariff rate calculated by the World Bank Group for EVN is representative of a sustainable tariff rate for electricity in [the] whole Vietnamese electricity sector.”*

The requirement for cost substitution is further supported by recent South-East Asian analysis and commentary into the Vietnamese electricity market. While electricity market reforms have sought to raise prices<sup>30</sup> (yet still under the cautions price management of the GOV<sup>31</sup>), the recent *Southeast Asian Energy Outlook 2017* comments that *“...the price [of electricity] in Vietnam is relatively low compared with other regional countries”*.<sup>32</sup> Further:

*“...the World Bank's 'Electricity, Tariffs, Power Outrages and Firm Performance: A Comparative Analysis 2017' [has] also commented that the electricity price in Vietnam is among the lowest in the region, even compared with the countries with low income per capita such as Cambodia, Indonesia, the Philippines, Laos and Myanmar.”<sup>33</sup>*

Electricity costs represents [XX]% of the total average conversion cost of manufacturing precision pipe and tube.<sup>34</sup> This is additional to the cost of electricity for the manufacture of the precision pipe and tube flat steel feed material (hot-rolled coil, cold-rolled coil, and metallic coated steel) of [XX]%.<sup>35</sup>

<sup>28</sup> EPR Folio No. 024. P.32.

<sup>29</sup> EPR Folio No. 037, P.40.

<sup>30</sup> Non-Confidential Attachment 4: Vietnam Economic Times (Nov. 2017).

<sup>31</sup> Ibid.

<sup>32</sup> Non-Confidential Attachment 5: VietnamNet (Dec. 2017).

<sup>33</sup> Ibid.

<sup>34</sup> Confidential Attachment 6.

<sup>35</sup> Confidential Attachment 7. [Commercially sensitive electricity cost assessment].

Applied here, Orrcon asserts that cost distortions in the Vietnamese electricity market have a significant impact on the production costs of Vietnamese precision tube manufacturers, and that competitive conditions do not exist for domestic electricity prices in Vietnam.

## II. Government Policies & Directives – The Steel Master Plan

Orrcon submits that the GOV is heavily involved in the steel industry, including the pipe and tube sector. Orrcon submits that the prices of precision tube in Vietnam are controlled by the GOV, and are different than what they otherwise would be in a competitive market.

The extent of the GOV's influence can be seen at every stage of the steel-making process, from inputs used to produce the subject goods, to the customers purchasing the product. This involvement is no more obvious than as per the GOV's '**Steel Master Plan**' policy directives.

The GOV's Steel Master Plan is being implemented over two stages:

- i. The Steel Mater Plan; 2007-2015 (Decree No. 145/2007/QD-TTg); and
- ii. The Steel Master Plan; 2015-2025 (Decision No. 694/QD-BCT).

### ***The Steel Master Plan; 2007-2015***

In a presentation by the GOV to the OECD Steel Committee on July 1, 2013, the purpose of the original Plan was summarised as follows:

- a) To develop Vietnam's steel industry, in conjunction with local plans on socio-economic development;
- b) To build and develop Vietnam's steel industry into an important industry, ensuring stability and sustainability of industrial development, and minimising the imbalance in manufacturing between pig iron, steel billet and finished products; and between long and flat products;
- c) To build Vietnam's steel industry with advanced technologies, using domestic resources in an effective manner, and ensuring alignment with environmental protection policies in localities of manufacturing;
- d) A step-by-step reduction in small manufacturing facilities using outdated technologies;
- e) To encourage domestic economic sectors and enterprises to cooperate with foreign counterparts in investing in steel metallurgical-rolling equipment to international standards for the consequent production of pig iron, steel billet, and finished steel goods; and
- f) To set priority investment policies for high-quality steel production for large- scale projects.<sup>36</sup>

The Steel Master Plan 2007-2015 specifically includes targets for the manufacture of 23 million tonnes of finished steel production by 2020 (and 28 million tonnes by 2025), and increasing exports to 20% of total steel production by 2020 (and to 25% by 2025).<sup>37</sup> The GOV plans to accomplish these goals through major investment projects in expanding capacity at a number of steel complexes, investing in equipment and machinery, researching new projects, and partnering with domestic and foreign parties.

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<sup>36</sup> Non-Confidential Attachment 8: OECD Vietnam Economy and the Development of the Steel Industry, Steel Committee Meeting (July 2013), P.6.

<sup>37</sup> Ibid, P.7.



Also included in the Steel Master Plan 2007-2015 is the GOV's stipulated intent to actively manage the development of the steel industry via the utilisation of policy measures, combined with direct government action, to affect pricing and incentivise investment.

Firstly, the plan includes "...to protect the domestic market through lawful technical barriers and quality and environmental standards...".<sup>38</sup> Orrcon submits that any technical barriers imposed will have the effect of distorting market prices.

Secondly, the GOV's Ministry of Finance is tasked with "...studying, improving and proposing mechanisms, financial policies as well as import tax and export tax policies in order to step-up investment in the development and restructuring of the steel industry".<sup>39</sup> Explicitly enacting policies and imposing mechanisms directly controls the price of steel in Vietnam.

Thirdly, the Ministry of Natural Resources and Environment assumes accountability for "...closely managing iron ore resources and fluxing minerals; to direct and increase investment in survey, assessment and exploration of iron ores and fluxing minerals according to the approved master plan".<sup>40</sup> By controlling the feed inputs for the subject goods, the GOV is also controlling the subject goods market.

### **The Steel Master Plan; 2015-2025**

The GOV continues to control the domestic steel industry. While the above-noted Steel Master Plan provided for government-directed reform of the industry from 2007 through 2015 (with a vision to 2025), Orrcon submits that the GOV's new Steel Master Plan for the Vietnamese steel industry ("Steel Master Plan 2015-2025") (Decision No. 694/QD-BCT dated March 31, 2013<sup>41</sup>) facilitates control by the GOV over the carbon steel welded pipe sector, including precision tube. Its intent is to govern the Vietnamese steel industry until 2025, and provide a vision of the industry until 2035.<sup>42</sup>

This new Steel Master Plan was prompted by a short-fall of 15 million tonnes of crude steel in 2015, leading Vietnam to import approximately US\$6-US\$7 billion dollars' worth of steel. The GOV did not allow the market to correct this imbalance; instead the Deputy Prime Minister asked the Minister of Industry and Trade ("MOIT"), the Ministry in charge of the Steel Master Plan, to revise the previous plan.<sup>43</sup>

The principal object of the Steel Master Plan 2015-2025, as set out in Article 1, is as follows:

*"Developing Vietnamese steel industry to meet demand of steel products for national economy and ensure stability for domestic consumption market and export. Developing the steel industry which is sustainable and environmentally friendly".<sup>44</sup>*

In addition to this broad objective, the Steel Master Plan 2015-2025 mandates specific development goals for the manufacture of pig iron, sponge/raw steel, and finished steel products. With respect to finished steel, the Steel Master Plan 2015-2025 provides targeted production levels for specified time periods. The production of hot-rolled steel, a major input material to produce the subject goods, is scheduled to increase to 23.8 million metric tonnes by 2025 – 5.3 times higher than the level in 2015.<sup>45</sup>

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<sup>38</sup> Non-Confidential Attachment 9: Decision No.145/2007/QD-TTg of September 04, 2007 approving the master plan on the development of Vietnam's steel industry in the 2007-2015 period, with the 2025 vision taken into consideration, at Article 1 (c).

<sup>39</sup> Ibid, Article 2(3).

<sup>40</sup> Ibid, Article 2(6).

<sup>41</sup> Non-Confidential Attachment 10: Decision No. 694/QD-BCT of March 31, 2013.

<sup>42</sup> Non-Confidential Attachment 11: Viet Nam News, "Foreign Consultancy to Evaluate Steel Sector Master Plan", December 24, 2016.

<sup>43</sup> Ibid.

<sup>44</sup> Non-Confidential Attachment 12: Decision No. 694/QD-BCT of March 31, 2013.

<sup>45</sup> Ibid.

Improvements in Vietnamese domestic steel capacity, outlook and demand are heavily reliant on the State's role in mapping out the master development plan for the sector.<sup>46</sup> The plan stipulates a diversification in domestic steel manufacture in order to produce hot-rolled, cold-rolled, and galvanised steel. One of the implementation policies per the plan directly specifies the GOV's intention to encourage investment in projects for the manufacture of hot-rolled sheet, the main input material of precision tube:

*"Having incentive policies for combined steel plant projects. Prioritising the investment in projects of manufacturing pig iron, steel billets, hot rolled steel sheet, alloy steel, steel of high quality, large shaped steel and stainless steel..."<sup>47</sup>*

By establishing control of steel-related construction and investment projects, and in managing and controlling the production levels of steel, the GOV is influencing steel prices in Vietnam.

Moreover, the Steel Master Plan 2015-2025 explicitly states that the various level of Vietnamese Government are to directly influence and control steel prices. This would likely include the subject merchandise. Per Article 2, subsection 3:

*"People's Committee of centrally affiliated cities and provinces shall: Direct the market management force in the area to coordinate with the authorities to strengthen the inspection and control of prices of steel products; prevent speculation, fake and ensure price stability in the area (underline added)."<sup>48</sup>*

The MOIT also notes on its government website that it is "...an agency of the Government, which performs the function of State management over industry and trade, including the following branches and domains: electricity, coal, oil and gas...metallurgy, mining and mineral processing..."<sup>49</sup> as well as to:

- "...manage and develop the mechanical engineering, metallurgy, mining and mineral processing industries...;
- ...formulate and organise the implementation of industrial promotion programs and plans...;
- ...organise the implementation of mechanisms and policies on development of domestic commerce and markets; to develop trade and ensure the balance of supply and demand of commodities...;
- ...organise the implementation of mechanisms and policies on export and import of goods and border trade, and development of overseas markets...;
- ...assume the prime responsibility for...building, organising and operating market management forces..."<sup>50</sup>

The GOV's influence on and involvement in, the domestic steel industry, via the MOIT, is clearly vast and comprehensive. It clearly 1) intervenes to manage the supply of steel products (in turn impacting domestic prices); and 2) directly controls prices within the steel sector, having an impact on the domestic price of precision tube. Such influence and control alter the economic forces of supply and demand, and would substantially influence the price of the subject goods in the Vietnamese market.

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<sup>46</sup> Non-Confidential Attachment 13: The Voice of Vietnam, "Vietnam's steel industry set to grow over 20% in 2018", January 26, 2018.

<sup>47</sup> Non-Confidential Attachment 12: Decision No. 694/QĐ-BCT of March 31, 2013.

<sup>48</sup> Ibid.

<sup>49</sup> Non-Confidential Attachment 14: Functions, Tasks and Powers of the Ministry of Industry and Trade, according to the Government's Decree No. 98/2017/ND-CP of August 18, 2017.

<sup>50</sup> Ibid.

### III. Government Policies & Directives – Industrial Development Strategy

The focus of the GOV's current Industrial Development Strategy<sup>51</sup> is:

- a. *"To develop the industrial sector on the basis of effective mobilization of resources from all economic sectors; to encourage the development of the private sector and foreign invested sector.*
- b. *To develop priority industries and industrial fields, primarily focusing on agricultural and rural industrialization and modernization, on the basis of high-quality human resources and advanced technologies, regarding competition as a driving force for development.*
- c. *To utilize existing advantages and international opportunities; to associate production with services and trade, and to actively participate deeply into the world industrial production value chain.*
- d. *To focus on developing a number of dual-purpose industries to serve national defence and security.*
- e. *To develop the industrial sector on the basis of green growth, sustainable development and environmental protection.*<sup>52</sup>

The Development Strategy prioritises, inter alia, "steel for production" until 2025. As the solution to develop steel as a priority industry, the MOIT has proposed *"To invest in the development of steel manufacturing for mechanical engineering such as steel sheets, shaped steel, and alloy steel"*.<sup>53</sup>

### IV. State Ownership of Large Steel Tube Producers

Vina One Steel Manufacturing Corporation ("Vina One") is a large Vietnamese precision and structural steel tube producer. Orrcon submits that it is a state-owned enterprise. Vina One was established in 2007 by the Department of Planning and Investment of Long An Province.<sup>54</sup>

Vietnam Steel ("VN Steel") is a large integrated steel producer that manufactures a range of steel products, including both inputs for and finished products of steel pipe and tube.<sup>55</sup> It appears to Orrcon that VN Steel produces the subject goods through its subsidiaries, such as Vina Pipe Company Limited.<sup>56</sup>

VN Steel is a state-owned entity and has 49 related companies. It is organised and operated in accordance with the VN Steel Charter approved by the Vietnamese Prime Minister in Decision 91/2007/QD-TTg dated June 21, 2007, and other related legal documents of the MOIT. The Applicant submits that the GOV has an active role in VN Steel's management and daily operations on the basis that it *"...appoints, dismisses, rewards and punishes...the five members of VN Steel's Board of Management"*.<sup>57</sup>

The large market share and governing structure of VN Steel suggests that the GOV could use the company to advance its policies and directives, and therefore control the price of the subject goods in Vietnam.

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<sup>51</sup> Non-Confidential Attachment 23: Socialist Republic of Vietnam Government Portal, "Prime Minister Nguyen Tan Dung on June 9, 2014 signed Decision No. 879/QD-TTg to approve the Industrial Development Strategy through 2025, vision toward 2035".

<sup>52</sup> Ibid.

<sup>53</sup> Ibid.

<sup>54</sup> Non-Confidential Attachment 16: Vina One Steel Manufacturing Corporation Company Profile.

<sup>55</sup> Non-Confidential Attachment 17: VN Steel products.

<sup>56</sup> Non-Confidential Attachment 18: System of Member Units of Vietnam Steel Corporation.

<sup>57</sup> Non-Confidential Attachment 19: VN Steel, Introduction of [the] Parent Company.

## V. Govt. of Vietnam Price Stabilisation

Governmental control over steel prices in Vietnam is not recent. In 2008, with high inflation a concern, the GOV asked the state-owned VN Steel to keep its steel prices unchanged for as long as possible. However, this governmental directive was not “good for the company”.<sup>58</sup> In April 2010, the Price Management Department of the Ministry of Finance noted that:

*“The government has long had steel on a list of products in need of price stabilisation...if there’re [are] sudden changes to the price, government agencies totally have the power to stabilise it.”<sup>59</sup>*

Noteworthy also is commentary that Vietnam has rules concerning how many tonnes of iron ore, steel billet, coal and how many kilowatt-hours of power are to be used in the making of one tonne of steel. The GOV will also take action against steel producers who raise prices excessively.<sup>60</sup> Such price stabilisation practices and directives are examples of how the GOV intervenes in the steel market.

The GOV’s price control has been legislated via Circular 122 on price management and price registration. Circular 122 delegates authority to the Ministry of Finance to control price over an extensive list of goods when the prices of those goods increase or decrease without legitimate cause.<sup>61</sup> Steel is among the list of goods subject to price controls. While Circular 122 has been superseded by the Price Law (coming into effect January 1, 2013), GOV policy concerning price stabilisation does not appear to have altered, and is further evidence of the GOV controlling the price of steel.<sup>62</sup>

## VI. Government of Vietnam Control Over Projects & Investments

As noted above in the Steel Master Plan commentary, the GOV maintains investments in steel companies and economic expansion projects.

Furthermore, in the management of demand for steel products, the GOV intermittently starts, stops, and re-starts construction projects.<sup>63</sup> For example, in April 2017 the GOV halted construction on the Hoa Sen Ca Na steel plant in the south-central Ninh Thuan Province, a project estimated at US\$10.6 billion.<sup>64</sup> At the time, the GOV required that more studies be completed, despite the fact that almost 97% of Hoa Sen’s shareholders had approved the construction. The GOV has now included this project within its Master Plan. As of the date of this Application, this large-scale steel plant investment is still yet to receive governmental approval. This is indicative of government control over the steel industry, as Hoa Sen represents approximately 40% of the steel sheet market, and 20% of the steel pipe market domestically.<sup>65</sup>

As per the GOV’s current Steel Master Plan, as noted earlier, 12 projects were removed from the Plan’s second draft because “...of ineffective investments and incapable investors.”<sup>66</sup> By determining project approval or otherwise, the government is controlling the Vietnamese steel industry. The GOV also directs steel companies to upgrade their production technologies, find ways to save production costs, and require greater flexible in monthly and quarterly plans to better promote brands and build distribution networks.<sup>67</sup>

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<sup>58</sup> Non-Confidential Attachment 20: Comments Concerning the Proposed United States Trans-Pacific Partnership Trade Agreement, sent to the US Trade Policy Staff Committee on behalf of the US member companies of the American Iron & Steel Institute, January 25, 2010, P.8.

<sup>59</sup> Non-Confidential Attachment 21: Thanhnien News, “Vietnam steel producers manipulating prices”, April 9, 2010.

<sup>60</sup> Ibid.

<sup>61</sup> Non-Confidential Attachment 22: Export.Gov, “Vietnam – Trade Barriers,” August 24, 2018, P.2.

<sup>62</sup> Ibid.

<sup>63</sup> Non-Confidential Attachment 20: Comments Concerning the Proposed United States Trans-Pacific Partnership Trade Agreement, sent to the US Trade Policy Staff Committee on behalf of the US member companies of the American Iron & Steel Institute, January 25, 2010, P.8.

<sup>64</sup> Non-Confidential Attachment 23: Viet Nam News, “PM Halts US\$10.6 billion steel plant”, April 17, 2017.

<sup>65</sup> Ibid.

<sup>66</sup> Non-Confidential Attachment 24: Viet Nam News, “Steel masterplan drops 12 projects”, December 12, 2016.

<sup>67</sup> Non-Confidential Attachment 25: “Vietnam’s steel production set for 2017 surge”, January 10, 2017.

## VII. Vietnamese Steel Industry Subsidisation

Orrcon has evidenced at Section C of this application recent affirmative countervailing subsidy findings by the *Canada Border Services Agency* (“CBSA”) involving steel exports from Vietnam, namely:

<b>Product</b>	<b>Statement of Reason – Final Determination</b>	<b>Positive Subsidy Margin</b>
Certain Oil Country Tubular Goods <sup>68</sup>	March 2015	19%
Certain Copper Pipe Fittings <sup>69</sup>	May 2018	30.6%
Cold Rolled Steel <sup>70</sup>	November 2018	6.5%

This subsidisation influences the price of Vietnamese domestic steel, including the subject goods. Such an influenced price is different to what would otherwise be under commercial market conditions.

Subsidies allow Vietnamese steel producers to manufacture and consequently sell domestic steel products, including the subject goods, at prices determined by factors other than the market, including at lower price points than they would be without government intervention and financial assistance.

Orrcon submits that the GOV determines the price of precision pipe & tube as a consequence of the countervailable subsidies made available to precision tube producers and exporters.

### **Vietnam market situation conclusion**

Orrcon considers that the GOV has intervened in the domestic steel industry in Vietnam such that domestic prices for steel goods (including precision pipe & tube) are materially distorted and are substantially different than they otherwise would be. As such, Orrcon submits that a particular market situation applies in Vietnam for precision pipe & tube, and that normal values cannot be determined under subsection 269TAC(1).

#### **D. Domestic selling prices – Korea**

Orrcon has not been able to obtain domestic selling prices for precision pipe & tube sold domestically in Korea. Domestic selling prices are similarly not available from industry newsletters or publications. Orrcon does not have access to cost of production data for the [*Korean producer*].

The Applicant, therefore, is unable to determine normal values for precision pipe & tube under subsection 269TAC(1) or (2).

#### **E. Domestic selling prices – Taiwan**

Orrcon has not been able to obtain domestic selling prices for precision pipe & tube sold domestically in Taiwan. Domestic selling prices are similarly not available from industry newsletters or publications. Orrcon does not have access to cost of production data for those Taiwanese producers noted at Section B-1(4) above.

The Applicant, therefore, is unable to determine normal values for precision pipe & tube in Taiwan under subsection 269TAC(1) or (2).

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<sup>68</sup> Non-Confidential Attachment 26: CBSA, Statement of Reasons - Final Determination; *Dumping of Certain Oil Country Tubular Goods Originating in or Exported from Chinese Taipei, the Republic of India, the Republic of Indonesia, the Republic of the Philippines, the Republic of Korea, the Kingdom of Thailand, the Republic of Turkey, Ukraine, and the Socialist Republic of Vietnam, and the subsidising of Oil Country Tubular Goods originating in or exported from the Republic of India, the Republic of Indonesia, and the Socialist Republic of Vietnam*, March 18, 2015.

<sup>69</sup> Non-Confidential Attachment 27: CBSA Statement of Reasons – Final Determination; *Dumping and Subsidisation of Certain Copper Pipe Fittings Originating in or Exported from the Socialist Republic of Vietnam*, May 10, 2018.

<sup>70</sup> Non-Confidential Attachment 3: Canada Border Services Agency, Cold-Rolled Steel from China, South Korea and Vietnam, Final Determination Statement of Reason, Nov. 2018.

**2. Specify the terms and conditions of the sale, where known.**

This question is not applicable.

**3. Provide supporting documentary evidence.**

Please refer to Section B-4 of this application (below).

**4. List the names and contact details of other known sellers of like goods in the domestic market of the exporting country.**

This question is not applicable.

**B-4 Estimate of normal value using another method**

This section is not mandatory. It need only be completed where there is no reliable information available about selling prices in the exporter's domestic market. Other methods of calculating a normal value include:

- the cost to make the exported goods plus the selling and administration costs (as if they were sold in the exporter's domestic market) plus an amount for profit (if applicable);
- OR
- the selling price of like goods from the country of export to a third country.

**1. Indicate the normal value of the like goods in the country of export using another method (if applicable, use appendix B2 Constructed Normal Value).**

**A. China & Vietnam**

As outlined in Section B-3(1) above, Orrcon considers that domestic selling prices for precision pipe and tube sold in China and Vietnam are artificiality low, and conditions exist in those domestic markets that render sales of precision pipe and tube not suitable for use in determining normal values under subsection 269TAC(1).

Orrcon has therefore determined normal values for precision pipe and tube in China and Vietnam on a constructed selling basis. As detailed in Section B-3(1) above, the costs and selling prices for precision tube in China and Vietnam are adversely affected by the GOC's and GOV's interventions in their respective iron and steel industries. Orrcon therefore contends that domestic selling prices for precision pipe and tube in China and Vietnam are not suitable and are therefore not representative of competitive market costs.

Orrcon has demonstrated that raw material HRC (bare, cold-rolled and galvanised) manufactured in China and Vietnam is the subject of government influence. Therefore, Chinese and Vietnamese domestic selling prices for HRC are not appropriate for determining a competitive market cost for HRC. Orrcon has sought to include an external benchmark HRC price in the constructed normal value for precision tube produced in China and Vietnam.

Orrcon has sourced domestic selling price information for raw material HRC, cold-rolled coil, and galvanised steel for certain countries. The domestic selling price data (from an independent steel industry subscription service) details domestic selling prices in Korea and Taiwan. This data forms the basis of a market 'benchmark' price for HRC<sup>71</sup> (whether plain, cold-rolled or galvanised) that can be incorporated into the constructed cost model for Chinese precision tube.

Vietnam's constructed normal value includes, as the benchmark for HRC, published HRC feed import prices

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<sup>71</sup> The Commission used a similar benchmark price from verified HRC costs from Korean, Malaysian and Taiwanese producers, for use in Chinese Hollow Structural Sections constructed normal values in Investigation No. 177 and more recently in Investigation 441 (Korea and Taiwan only).

on the basis that it does not have a materially significant HRC domestic manufacturing industry.<sup>72</sup>

Orrcon has adjusted the labour component of its production costs based on [confidential data source].<sup>73</sup>

In respect of selling, general and administration (“SG&A”) expenses, Orrcon does not have access to Chinese/Vietnamese manufacturer costs. In the absence of this information, Orrcon has [commercially sensitive SG&A cost adjustment], with an adjustment made for the above-noted labour cost variances. A level of profit of [commercially sensitive profit margin].<sup>74</sup>

**China and Vietnam Normal values for precision pipe & tube**

Orrcon has calculated constructed selling prices for precision pipe sold domestically in China and Vietnam on a monthly basis from October 2018 to September 2019.

**Table B-4.1.1 Constructed domestic selling prices for precision pipe & tube in China and Vietnam**

Month	China Domestic Selling Price A\$/MT	Vietnam Domestic Selling Price A\$/MT
Oct 2018	\$1,550	\$1,245
Nov 2018	\$1,570	\$1,252
Dec 2018	\$1,837	\$1,497
Jan 2019	\$1,696	\$1,365
Feb 2019	\$1,535	\$1,235
Mar 2019	\$1,657	\$1,366
Apr 2019	\$1,567	\$1,289
May 2019	\$1,570	\$1,307
Jun 2019	\$1,721	\$1,456
Jul 2019	\$1,499	\$1,229
Aug 2019	\$1,559	\$1,265
Sep 2019	\$1,502	\$1,212

Please refer Confidential Attachment’s B-4.1.1 and B-4.1.2 for constructed normal values for China and Vietnam, on a monthly basis.

**B. Korea & Taiwan**

Domestic precision pipe & tube selling prices for Korea and Taiwan are not published in industry newsletters or journals, and are not generally available. Orrcon is therefore unable to determine *prima facie* normal values for precision pipe & tube sold in Korea and Taiwan under s.269TAC(1).

Information relating to Korean and Taiwanese precision pipe & tube producers’ cost of manufacture are similarly not available. Orrcon is unable to determine *prima facie* normal values under s.269TAC(2)(c).

As the above approaches for establishing normal values are not available, Orrcon has constructed selling prices for precision pipe & tube sold in Korea and Taiwan, and proposes that these selling prices be used in accordance with s.269TAC(6) (best available information).

It should be noted that Orrcon is not asserting that artificially low prices occur in Korea and Taiwan in respect of the subject goods (unlike precision pipe and tube manufactured in China and Vietnam). Orrcon, however, considers that a similar methodology as has been used for constructed selling prices in China and Vietnam is also appropriate for precision pipe and tube sold in Korea & Taiwan, as this is considered the best information available.

<sup>72</sup> These published HRC import prices have been sourced from [confidential data source].

<sup>73</sup> Data source: [confidential data source].

<sup>74</sup> Confidential Attachment 28.

### ***Korea and Taiwan Normal values for precision pipe & tube***

Orrcon has calculated constructed selling prices for precision pipe sold domestically in Korea and Taiwan on a monthly basis from October 2018 to September 2019.

**Table B-4.1.2 Constructed domestic selling prices for precision pipe & tube in Korea and Taiwan**

<b>Month</b>	<b>Korea Domestic Selling Price A\$/MT</b>	<b>Taiwan Domestic Selling Price A\$/MT</b>
<b>Oct 2018</b>	\$1,548	\$1,552
<b>Nov 2018</b>	\$1,576	\$1,563
<b>Dec 2018</b>	\$1,854	\$1,821
<b>Jan 2019</b>	\$1,688	\$1,705
<b>Feb 2019</b>	\$1,523	\$1,546
<b>Mar 2019</b>	\$1,643	\$1,671
<b>Apr 2019</b>	\$1,562	\$1,572
<b>May 2019</b>	\$1,558	\$1,583
<b>Jun 2019</b>	\$1,726	\$1,717
<b>Jul 2019</b>	\$1,499	\$1,498
<b>Aug 2019</b>	\$1,537	\$1,583
<b>Sep 2019</b>	\$1,491	\$1,514

However, for the purposes of profit, the earlier noted [XX]% has also been applied. Confidential Attachment's B-4.1.3 and B-4.1.4 detail the monthly weight-average constructed selling prices for precision pipe & tube sold in Korea and Taiwan during the POI.

#### **2. Provide supporting documentary evidence.**

Supporting documentation has been provided at each of the above-noted Confidential Attachments B-4.1.

### **B-5 Adjustments**

A fair comparison must be made between the export price and the normal value. Adjustments should be made for differences in the terms and circumstances of the sales such as the level of trade, physical characteristics, taxes or other factors that affect price comparability.

#### **1. Provide details of any known differences between the export price and the normal value. Include supporting information, including the basis of estimates.**

Normal values determined for each of the exporting countries nominated in this application have been determined at the ex-factory level. Export prices for the goods exported to Australia from each of the nominated countries have been determined at the FOB point, country of export.

Orrcon does not have details of domestic inland freight costs in each of the exporting countries from the respective exporter to transport the goods from factory to FOB point. Orrcon therefore has not included an adjustment for domestic inland freight for each normal value.

Adjustments will also be required for domestic and export credit terms, and domestic and export packing. Orrcon does not have details of such costs for exporters in each exporting country.

In respect of goods exported from China, differences exist for VAT levied on domestic goods (i.e. 17 per cent) and exported goods (9 per cent). An upward adjustment to normal values will therefore be required for goods exported from China to Australia.



2. State the amount of adjustment required for each and apply the adjustments to the domestic prices to calculate normal values. Include supporting information, including the basis of estimates.

Orrcon is unable to provide information as to the relevant adjustments identified in B-5.1.

## B-6 Dumping margin

1. Subtract the export price from the normal value for each model control code of the goods (after adjusting for any differences affecting price comparability).

Orrcon has calculated prima facie dumping margins for precision pipe & tube exported from China, Korea, Taiwan and Vietnam for the 12 months ending September 2019. A one-month lag has been used in the published export data to more accurately reflect the likely time of Australian importation.

**Table 6.1 – Dumping Margins for Precision pipe & tube exported from China**

Period	Dumping Margin A\$/MT	Dumping Margin as % of export price
Oct – Dec 2018	345 – 633	29 – 53%
Jan – Mar 2019	456 – 506	40 – 44%
Apr – Jun 2019	398 – 492	34 – 42%
Jul – Sep 2019	286 – 405	23 – 35%
<b>Oct 18 – Sep 19</b>	<b>286 – 633</b>	<b>23 – 53%</b>

**Table 6.2 – Dumping Margins for Precision pipe & tube exported from Korea**

Period	Dumping Margin A\$/MT	Dumping Margin as % of export price
Oct – Dec 2018	356 – 681	30 – 59%
Jan – Mar 2019	397 – 503	35 – 43%
Apr – Jun 2019	376 – 502	32 – 41%
Jul – Sep 2019	286 – 379	24 – 32%
<b>Oct 18 – Sep 19</b>	<b>286 – 681</b>	<b>24 – 59%</b>

**Table 6.3 – Dumping Margins for Precision pipe & tube exported from Taiwan**

Period	Dumping Margin A\$/MT	Dumping Margin as % of export price
Oct – Dec 2018	347 – 640	29 – 54%
Jan – Mar 2019	419 – 490	37 – 42%
Apr – Jun 2019	362 – 502	30 – 41%
Jul – Sep 2019	248 – 318	20 – 26%
<b>Oct 18 – Sep 19</b>	<b>248 – 640</b>	<b>20 – 53%</b>

**Table 6.4 – Dumping Margins for Precision pipe & tube exported from Vietnam**

Period	Dumping Margin A\$/MT	Dumping Margin as % of export price
Oct – Dec 2018	110 – 370	10 – 33%
Jan – Mar 2019	317 – 334	30 – 35%
Apr – Jun 2019	268 – 374	26 – 35%
Jul – Sep 2019	206 – 210	20 – 21%
<b>Oct 18 – Sep 19</b>	<b>110 – 374</b>	<b>10 – 35%</b>

Please refer to the above-noted Confidential Attachment's B-4.1 for dumping margin calculations.

**2. Show dumping margins as a percentage of the export price.**

Orrcon has included dumping margins as a percentage of export price in the above tables 6.1, 6.2, 6.3 and 6.4.

# PART C

## SUPPLEMENTARY SECTION

### IMPORTANT

Replies to questions in Part C are not mandatory in all instances, but may be mandatory for certain applications.

## C-1 Subsidy

This section must be completed where countervailing duties are sought to offset foreign government assistance through subsidies to exporters or producers.

If the application is for countervailing duty alone, the domestic price information required by Part B of the application need not be supplied.

Responses to questions A-9 will need to identify the link between subsidisation and injury.

**1. Identify the subsidy paid in the country of export or origin. Provide supporting evidence including details of:**

- (i) the nature and title of the subsidy;**
- (ii) the government agency responsible for administering the subsidy;**
- (iii) the recipients of the subsidy; and**
- (iv) the amount of the subsidy.**

### General

The goods the subject of this application are exported from China, Korea, Taiwan and Vietnam. The goods exported from China and Vietnam, however, are understood to benefit from a range of subsidies that provide the exporter with benefits that aid in the reduction of selling prices for the exported goods.

### Republic of China

Orrcon notes that the Commission has previously identified a range of countervailable subsidy programs applicable to producers in the Chinese steel and aluminium industries. As the exported goods are products of the Chinese steel industry, and the Commission has previously concluded that goods manufactured from HRC attract a broad range of subsidies, it is reasonable to conclude that the identified programs below also afford benefits to Chinese exporters of the goods the subject of this application.

The following summary of countervailable subsidy programs identifies those examined by the Commission per Review Inquiry Report No. 419 into Hollow Structural Sections (“HSS”) exported from China, Korea, Malaysia and Taiwan. Orrcon submits that HRC used in the manufacture of structural HSS is the same HRC used as feed in the manufacturer of precision tube steel products (including HRC used as substrate for other feed materials such as cold-rolled steel and zinc-coated steel) the subject of the application.

It is certainly reasonable to consider that the Government of China’s (“GOC’s”) support of the structural HSS industry also flows to benefits received by Chinese producers/exporters of precision tube, many of which are the same entity.

In Review Inquiry No. 419 the Commission examined 45 subsidy programs, comprising:

- the 28 programs deemed to be countervailable subsidies received by exporters in respect of HSS during the original investigation<sup>75</sup> and covered by the countervailing duty notice (existing programs); and
- 17 additional subsidy programs that the Commission examined as part of Continuation 379.

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<sup>75</sup> REP 177, Chapter 7.

The Commission concluded<sup>76</sup> all of the following 45 programs were countervailable in respect of HSS:

No.	Name	Type
1	Preferential Tax Policies for Enterprises with Foreign Investment Established in the Coastal Economic Open Areas and Economic and Technological Development Zones.	Tax
2	One-time Awards to Enterprises Whose Products Qualify for 'Well-Known Trademarks of China' and 'Famous Brands of China'.	Grant
5	Matching Funds for International Market Development for Small and Medium Enterprises.	Grant
6	Superstar Enterprise Grant.	Grant
7	Research & Development (R&D) Assistance Grant.	Grant
8	Patent Award of Guangdong Province.	Grant
10	Preferential Tax Policies for Foreign Invested Enterprises– Reduced Tax Rate for Productive Foreign Invested Enterprises scheduled to operate for a period of not less than 10 years.	Tax
11	Preferential Tax Policies for Enterprises with Foreign Investment Established in Special Economic Zones (excluding Shanghai Pudong area).	Tax
12	Preferential Tax Policies for Enterprises with Foreign Investment Established in Pudong area of Shanghai.	Tax
13	Preferential Tax Policies in the Western Regions.	Tax
14	Tariff and VAT Exemptions on Imported Materials and Equipment.	Tax
15	Innovative Experimental Enterprise Grant.	Grant
16	Special Support Fund for Non-State-Owned Enterprises.	Grant
17	Venture Investment Fund of Hi-Tech Industry.	Grant
18	Grants for Encouraging the Establishment of Headquarters and Regional Headquarters with Foreign Investment.	Grant
19	Grant for key enterprises in equipment manufacturing industry of Zhongshan.	Grant
20	Hot rolled steel provided by government at less than fair market value.	LTAR
21	Water Conservancy Fund Deduction.	Grant
22	Wuxing District Freight Assistance.	Grant
23	Huzhou City Public Listing Grant.	Grant
27	Huzhou City Quality Award.	Grant
28	Huzhou Industry Enterprise Transformation & Upgrade Development Fund.	Grant
29	Land Use Tax Deduction.	Tax
30	Wuxing District Public Listing Grant.	Grant
31	Anti-dumping Respondent Assistance.	Grant

<sup>76</sup> Report No. 419.

32	Technology Project Assistance.	Grant
34	Balidian Town Public Listing Award.	Grant
35	Preferential Tax Policies for High and New Technology Enterprises.	Tax
36	Local Tax Bureau Refund.	Tax
37	Return of Farmland Use Tax.	Tax
38	Return of Land Transfer Fee.	Tax
39	Return of Land Transfer Fee From Shiyou.	Tax
40	Dining lampblack governance subsidy of Jinghai County Environmental Protection Bureau.	Grant
41	Discount interest fund for technological innovation.	Grant
42	Energy conservation and emission reduction special fund project in 2015.	Grant
43	Enterprise famous brand reward of Fengnan Finance Bureau.	Grant
44	Government subsidy for construction.	Grant
45	Infrastructure Construction Costs Of Road In Front Of No.5 Factory.	Grant
46	New Type Entrepreneur Cultivation Engineering Training Fee Of Jinghai County Science And Technology Commission.	Grant
47	Subsidy for Coal-Fired Boiler of Fengnan Subtreasury.	Grant
48	Subsidy for Coal-Fired Boiler Rectification.	Grant
49	Subsidy for District Level Technological Project.	Grant
50	Subsidy For Pollution Control Of Fengnan Environmental Protection Bureau.	Grant
51	Subsidy from Science and Technology Bureau of Jinghai County.	Grant
52	Subsidy of Environment Bureau transferred from Shiyou.	Grant

Orrcon considers that it is reasonable for it to anticipate that Chinese precision pipe & tube producers/exporters are in receipt of the same GOC benefits to Chinese HSS producers/exporters for the purposes of this application.

### **Republic of Vietnam**

Orrcon submits that recent trade case precedent is the most relevant way to highlight affirmative positive findings of subsidisation in the Vietnamese steel industry. In chronological order of most recent decision-making by Administrations, Orrcon has detailed below affirmative subsidy findings and current investigations by the CBSA evidencing the existence of countervailable benefits provided by the Government of Vietnam GOV to the steel industry.

### ***Corrosion Resistant Steel Sheet – 2019***

On November 22, 2019 the CBSA published its Initiation Statement of Reasons into the alleged dumping and subsidisation of certain corrosion-resistant (“COR”) steel sheet originating from Turkey, the United Arab Emirates, and Vietnam.<sup>77</sup>

The CBSA have preliminarily determined that the Government of Vietnam have likely provided specific support to exporters/producers of the subject goods in the following manner:

<sup>77</sup> Non-Confidential Attachment 31: Canada Border Services Agency, Certain Corrosion-Resistant Steel Sheet, Initiation Statement of Reasons, Nov. 2019.

1. Exemptions of Import Duty (consisting of seven separate programs);
2. Refund of Import Duties;
3. Incentives on non-agricultural land use;
4. Exemptions/reductions of Land Rent, Tax, and Levies (consisting of five separate programs);
5. Export & Import Support in the Form of Preferential Loans, Guarantee's, and Factoring (consisting of five separate programs);
6. Enterprise Income Tax Preferences, Exemptions, and Reductions (consisting of seven separate programs);
7. Investment Support (consisting of two separate programs);
8. Export Promotion;
9. Accelerated Depreciation of Fixed Assets; and
10. Assistance to Enterprises Facing Difficulties due to objective reasons.

Orrcon will provide further representations on this new investigation in due course.

### ***Cold Rolled Steel – 2018***

In November 2018, the CBSA published its Final Determination Statement of Reasons into the dumping and subsidisation inquiry concerning cold-rolled steel exported from Vietnam, China and South Korea.

The CBSA concluded that Vietnamese producers of cold-rolled steel are in receipt of subsidy benefits, as a percentage of their export price, of 6.5%. During the inquiry, the CBSA had not received responses to its Request For Information (“RFI”) from either the GOV or the subject-goods exporters.

The following Vietnamese subsidy programs were included within the scope of the investigation. The CBSA concluded that the GOV provided support to exporters/producers of the subject goods in the following manner:

#### *Relief from Duties & Taxes*

- Program 1: Exemptions of Import Duty;
- Program 2: Refunds of Import Duty;
- Program 3: Exemption/Reductions of Land Rent, Tax and Levy; and
- Program 4: Program Incentives on non-agricultural Land Use Tax.

#### *Preferential Loans & Guarantees*

- Program 5: Export and Import Support in the Forms of Preferential Loans, Guarantees, and Factoring.

#### *Preferential Tax Programs*

- Program 6: Enterprise Income Tax Preferences, Exemptions and Reductions;
- Program 7: Accelerated Depreciation of Fixed Assets; and
- Program 8: Establishments Dealing with Exported Goods.

#### *Grants & Grant Equivalent*

- Program 9: Investment Support;
- Program 10: Export Promotion Program;
- Program 11: Grants to Firms that Employ More than 50 Employees; and
- Program 12: Assistance to Enterprises Facing Difficulties due to Objective Reasons.

### **Certain Copper Pipe Fittings – 2018**

In May 2018, the CBSA concluded its dumping and subsidy investigation of Certain Copper Pipe Fittings exported from Vietnam. In the Statement of Reasons published on 10 May 2018<sup>78</sup>, the CBSA determined a subsidy margin of 30.6% for Vietnamese exporters of the subject goods.

The subsidy programs identified by the Canadian industry and the GOV, which were then investigated by the CBSA and who subsequently concluded that benefits were conferred to producers/exporters of the subject goods, were as follows:

Program 1:	Land-Use Levy Exemptions/Reductions;
Program 2:	Land Rent Exemptions/Reductions;
Program 3:	Tax Exemptions and Reductions for Encouraged Sectors;
Program 4:	Enterprise Income Tax Exemption/Reduction for Business Expansion and Intensive Investment Projects;
Program 5:	Exemption of Import Tax on Equipment and Machinery Imported to Create Fixed Assets;
Program 6:	Tax Preferences for Investors Producing and/or Dealing in Export Goods;
Program 9:	Tax Exemptions and Reductions for Investment in Disadvantaged Regions;
Program 10:	Establishments Dealing with Exporter Goods;
Program 11:	Preferential Income Tax Rates for Enterprises within Economic Zones or Industrial Parks;
Program 12:	Tax Exemptions and Reductions for Foreign-Invested Enterprises;
Program 16:	Grants to Firms that Employ more than 50 Employees;
Program 18:	Accelerated Depreciation of Fixed Assets; and
Program 19:	Program Incentives on Non-agricultural land use tax.

Appendix C-1.1 provides further detail on each of the subsidy programs investigated by the CBSA (Refer Appendix C-1.1 from the CBSA Final Determination).

During the investigation, the CBSA did not receive a substantially complete response to its RFI from either the GOV or the subject-goods exporters. The CBSA therefore applied a facts available comparative analysis to calculate the 30.6% subsidy margin.

Orrcon submits that in the absence of any alternative information to that relied upon by the CBSA, it is reasonable to conclude that Vietnamese precision pipe & tube producers/exporters are in receipt of the same benefits as identified by the CBSA in the cold rolled steel investigation.

### **Oil Country Tubular Goods – 2015**

In March 2015, the CBSA completed its countervailing and subsidy investigation into certain Oil Country Tubular Goods (“OCTG”) from Vietnam. In the Final Determination published on 18 March 2015<sup>79</sup>, the CBSA concluded subsidy margins for Vietnamese exporters of OCTG at a rate of 19%.

The subsidy programs identified by the Canadian industry and investigated by the CBSA included:

Program 1:	Land-Use Levy Exemptions or Reductions;
Program 2:	Land Rent Exemptions or Reductions;
Program 3:	Tax Exemptions and Reductions for Encouraged Sectors;
Program 4:	Tax Exemptions and Reductions for Investment in Disadvantaged Regions;
Program 5:	Tax Exemptions and Reductions for Investments in Economic Zones or High-Tech Industrial Parks;
Program 6:	Tax Exemptions and Reductions for Foreign-Invested Enterprises;
Program 7:	Additional Income Tax Preferences for Exporters;
Program 8:	Accelerated Depreciation of Fixed Assets;
Program 9:	Preferential Provisions for Carry-forward of Losses;

<sup>78</sup> Non-Confidential Attachment 27: CBSA Final Determination / Statement of Reasons Copper Pipe Fittings (May 2018).

<sup>79</sup> Non-Confidential Attachment 26: CBSA Final Determination / Statement of Reasons OCTG (March 2015).



Program 10:	Exemption of Import Tax on Equipment and Machinery Imported to Create Fixed Assets;
Program 11:	Export Support Loans at Preferential Rates;
Program 12:	Excessive Duty Exemptions for Imported Raw Materials for Exported Goods;
Program 13:	Import Duty Exemption on Equipment and Machinery Imported to Create Fixed Assets;
Program 14:	Interest Rate Support Program under the State Bank of Vietnam;
Program 15:	Preferential Lending under the Viet Bank Export Loan Program;
Program 16:	Grants to Firms that Employ More than 50 Employees;
Program 17:	Assistance to Enterprises Facing Difficulties due to Objective Reasons; and
Program 18:	Acquisition of State Assets at Less Than Fair Market Value.

Orrcon notes that the exporters of OCTG in Vietnam and the GOV did not respond to the CBSA's RFI; hence positive findings in respect of each of the subsidy programs was made.

### **WTO Committee on Subsidies & Countervailing Measures**

In March 2013, Vietnam provided the WTO Committee on Subsidies and Countervailing Measures a "New and Full Notification Pursuant to Article XVI.1 of the GATT and Article 25 of the Agreement on Subsidies and Countervailing Measures."<sup>80</sup> The document detailed support programmes for the period 2005 to 2007 and provided a "full and updated notification for subsidies effective during the notified period, inclusive of both new (if any) and previously notified programmes".

The 2013 New and Full Notification of Subsidies programs included the following:

1. Preferential Import Tariff Rates contingent upon Localisation Ratios with respect to products and Parts of Mechanical-Electric-Electronic Industries (updating Programme II of Notification of Subsidies period 2003-2004);
2. Support for the Implementation of Projects Manufacturing Priority Industrial Products (Updating Programme III of 2003-2004);
3. Investment Incentives Contingent upon Export Performance For Domestic Businesses (Updating Programme IV of 2003-2004);
4. Other Investment Incentives for Domestic Businesses (Updating Program V of Period 2003-2004);
5. Investment Incentives Contingent upon Export Performance for Foreign Invested Enterprises (Updating Programme VI of the Period 2003-2004);
6. Other Investment Incentives for Foreign Invested Enterprises (Updating Programme VII for Period 2003-2004);
7. Preferential Investment Credit for Development Contingent upon Export Criteria (Updating Programme VIII of Period 2003-2004);
8. Preferential Development Credit for Investment Contingent Upon Localisation Ratios (Updating Programme IX of Period 2003-2004);
9. Other Preferential Investment Credit for Development (Updating Program X of Period 2003-2004);
10. Export Promotion (Updating Program XII of Period 2003-2004);
11. Trade Promotion (Updating of Programme XIII of Period 2003-2004);
12. Support for Mechanical Products (Updating Program XV of Period 2003-2004);
13. Support for Shipbuilding Industry (Updating of Programme XV of Period 2003-2004);
14. Assistance for Commercial Development in Mountainous, Island and Ethnic Minority Areas (Updating Programme XVI of Period 2003-2004);
15. Assistance to Enterprises Facing Difficulties Due to Objective Reasons (Updating of Programme XVII of Period 2003-2004); and
16. Incentives for Investment Projects in Science and Technology (Updating Programme XVIII of Period 2003-2004).

<sup>80</sup> Refer WTO Document G/SCM/N/155/VNM of 13 March 2013 at Non-Confidential Attachment 29.

On 25 September 2015, Vietnam provided a further New and Full Notification Pursuant to Article XVI.1 of the GATT 1994 and Article 25 of the Agreement on Subsidies and Countervailing Measures.<sup>81</sup> The updated Notification provided details of the subsidy programs in operation including, for example, Incentives on Corporate Income Tax for enterprises operating in regions or sectors entitled to incentives. Specifically, the incentives were targeted to encourage enterprises to invest in regions or sectors which require development.

### **Greater than negligible benefit – Vietnamese Precision Tube Exporters**

It is Orrcon's submission that the aggregate benefit of the identified subsidy programs as received by a recipient exporter are above negligible levels and therefore justify the imposition of a countervailing notice in respect of the Vietnamese exporters of the subject goods.

Orrcon also submits that the regularity with which the CBSA has found countervailable subsidies to exist over a number of steel product inquiries (in many cases, the exact same type), and the GOV's own admission in both these inquiries and per its support program notifications to the WTO, that government support provided to the Vietnamese steel industry is clearly prevalent and proven, and that the manufacturers and exporters of precision steel tube have benefited from this.

## **C-2. Threat of material injury**

You must complete this section if the application includes a claim that material injury is threatened to an Australian industry because of the exportation of goods into the Australian market.

- 1. Identify the change(s) in circumstances that would make material injury foreseeable and imminent unless dumping or countervailing measures were imposed, for example by having regard to:**
  - (i) the rate of increase of dumped/subsidised imports;**
  - (ii) changes to the available capacity of the exporter(s);**
  - (iii) the prices of imports that will have a significant depressing or suppressing effect on domestic prices and lead to further imports;**
  - (iv) inventories of the product to be investigated;**
  - (v) for applications claiming subsidisation, the nature of the subsidies in question and the trade effects likely to arise therefrom; or**
  - (vi) any other relevant factor(s).**

Orrcon's application is in respect of material injury that has already occurred. If anti-dumping and countervailing measures are delayed, or not imposed, Orrcon will suffer further material injury that is clearly imminent and foreseeable.

- 2. If appropriate, include an analysis of trends (or a projection of trends) and market conditions illustrating that material injury is both foreseeable and imminent.**

As the material injury experienced by Orrcon is based upon recent economic performance, this question does not apply.

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<sup>81</sup> Refer WTO Document G/SCM/N/253/VNM dated 25 September 2015, at Non-Confidential Attachment 30.

### C-3. Close processed agricultural goods

Where it is established that the like (processed) goods are closely related to the locally produced (unprocessed) raw agricultural goods, then – for the purposes of injury assessment – the producers of the raw agricultural goods form part of the Australian industry. This section is to be completed only where processed agricultural goods are the subject of the application. **Applicants are advised to contact the Commission’s client support section before completing this section.**

**1. Fully describe the locally produced raw agricultural goods.**

The goods the subject of this application are not close processed agricultural goods.

**2. Provide details showing that the raw agricultural goods are devoted substantially or completely to the processed agricultural goods.**

This question is not applicable to the goods the subject of this application.

**3. Provide details showing that the processed agricultural goods are derived substantially or completely from the raw agricultural goods.**

This question is not applicable to the goods the subject of this application.

**4. Provide information to establish either:**

- a close relationship between the price of the raw agricultural goods and the processed agricultural goods; or
  - that the cost of the raw agricultural goods is a significant part of the production cost of the processed agricultural goods.
- This question is not applicable to the goods the subject of this application.

### C-4. Exports from a non-market economy

Complete this section only if exports from a non-market economy are covered by the application. The domestic price information required by Part B of the application need not be supplied if this question is answered.

Normal values for non-market economies may be established by reference to selling prices or to costs to make and sell the goods in a comparable market economy country.

**1. Provide evidence the country of export is a non-market economy. A non-market economy exists where the government has a monopoly, or a substantial monopoly, of trade in the country of export and determines (or substantially influences) the domestic price of like goods in that country.**

The countries of export in this application for anti-dumping measures – China, Korea, Taiwan and Vietnam – are not considered ‘non-market economy’ countries for the purposes of Australia’s anti-dumping provisions.

**2. Nominate a comparable market economy to establish selling prices.**

This question is not applicable.

**3. Explain the basis for selection of the comparable market economy country.**

This question is not applicable.

- 4. Indicate the selling price (or the cost to make and sell) for each model control code of the goods sold in the comparable market economy country. Provide supporting evidence.**

This question is not applicable.

## **C-5 Exports from an ‘economy in transition’**

An ‘economy in transition’ exists where the government of the country of export had a monopoly, or substantial monopoly, on the trade of that country (such as per question C-4) and that situation no longer applies.

Complete this section only if exports from an ‘economy in transition’ are covered by the application. **Applicants are advised to contact the Commission’s client support section before completing this section**

- 1. Provide information establishing that the country of export is an ‘economy in transition’.**

The countries of export in this application for anti-dumping measures – China, Korea, Taiwan and Vietnam – are not considered ‘economies-in-transition’ countries for the purposes of Australia’s anti-dumping provisions.

- 2. A price control situation exists where the price of the goods is controlled or substantially controlled by a government in the country of export. Provide evidence that a price control situation exists in the country of export in respect of like goods.**

This question is not applicable.

- 3. Provide information (reasonably available to you) that raw material inputs used in manufacturing/producing the exported goods are supplied by an enterprise wholly owned by a government, at any level, of the country of export.**

This question is not applicable.

- 4. Estimate a ‘normal value’ for the goods in the country of export for comparison with export price. Provide evidence to support your estimate.**

This question is not applicable.

## C-6 Aggregation of Volumes of dumped goods

Only answer this question if required by question B-1.5 of the application and action is sought against countries that individually account for less than 3% of total imports from all countries (or 4% in the case of subsidised goods from developing countries). To be included in an investigation, they must collectively account for more than 7% of the total (or 9% in the case of subsidised goods from developing countries).

	Quantity	%	Value	%
All imports into Australia		100%		100%
Country A*				
Country B*				
etc*				
<b>Total</b>				

\* Only include countries that account for less than 3% of all imports (or 4% in the case of subsidised goods from developing countries). Use the data at [Appendix A.2](#) (Australian Market) to complete the table.

The Applicant has demonstrated that imports of the goods from China, Korea, Taiwan and Vietnam are above negligible levels for dumping and countervailing purposes – refer Section B-1.5 above.

## APPENDICES

Appendix A1	Australian Production
Appendix A2	Australian Market
Appendix A3	Sales Turnover
Appendix A4	Domestic Sales
Appendix A5	Sales of Other Production
Appendix A6.1	Cost to Make and Sell (& profit) Domestic Sales
Appendix A7	Other Injury Factors
Appendix B1/B2	Sales/Cost Reconciliations