



Response to Revocation Application

Case number: 567

Product: Hollow Structural Sections

From: The Republic of Korea (HiSteel Co Ltd only)

Review period: 1 October 2019 to 30 September 2020 (the period)

Response due by: 7 November 2020

Email enquiries to: investigations1@adcommission.gov.au

Anti-Dumping Commission website: www.adcommission.gov.au

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DECLARATION

I believe that the information contained in this response is complete and correct.

Signature: [Redacted]

Name: [Redacted]

Position: Authorised agent and representative

Company: Austube Mills Pty Ltd

ABN: 21 123 666 679

Date: 21 December 2020

A-1 Identity and communication.

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

Contact Name:	█
Company and position:	█ Austube Mills
Address:	146 Inqram Road ACACIA RIDGE Qld. 4110
Telephone:	█
Facsimile:	█
E-mail address:	█
ABN:	

Alternative contact

Name:	█
Position in company:	█ Austube Mills
Address:	Building 7 Industrial Drive MAYFIELD NSW 2304.
Telephone:	█
Facsimile:	
E-mail address:	█

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

Contact Name:	█
Company and position:	█
Address:	█
Telephone:	█
Facsimile:	
E-mail address:	█
ABN:	

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 the investigation.

Austube Mills Pty Ltd (**Austube Mills**) an Australian company.

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

Internal organisation Chart is at **Confidential Attachment 1**.

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

Austube Mills Pty Ltd (ATM) is a wholly owned subsidiary of Liberty InfraBuild Ltd.

Refer to **Confidential Attachment 2**.

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

Refer to **Confidential Attachment 2**.

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

Refer to **Confidential Attachment 2**.

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).

Refer to **Confidential Attachment 2**.

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

■ *[commercially sensitive]*

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

Dalian Steelforce, an exporter of HSS from China, is (from July 2019) a related company within the InfraBuild Group. ■ *[commercially sensitive]*

Austube Mills is an importer of HSS ■ *[commercially sensitive]*

Austeel Trading Pty Ltd is an importer of HSS and is a related company to Austube Mills within the InfraBuild group.

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Austube Mills has no other relationships with any other importers or exporters of HSS.

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.

Austube Mills [REDACTED]. A copy of the audited financial statements for the year ended June 2020 is at **Confidential Attachment 3**. *[commercially sensitive]*

Information including Products and Services, Accreditation and Manuals is at <https://www.austubemills.com.au/en-au/>

10. Provide details of any relevant industry association.

Liberty InfraBuild Ltd, the parent company of Austube Mills, is a member of the Australian Industry Group ("AiGroup"), the Australian Steel Institute, the Bureau of Steel Manufacturers of Australia ("BOSMA"), the South East Asian Iron & Steel Institute ("SEAISI") and GAA (Galvanizers Association of Australia).

A-3 The imported and locally produced goods.

1. Fully describe your product(s) that are 'like' to the imported product:
 - Include physical, technical or other properties.
 - 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.

The Australia industry for HSS comprises Austube Mills, Orrcon Operations Pty Ltd ("**Orrcon**"), and Australian Pipe and Tube Pty Ltd ("**APT**"). The companies manufacture goods that are "like" to the imported HSS but not necessarily identical.

Austube Mills manufactures HSS in painted and black finishes and pre-galvanised HSS at its sites at Acacia Ridge, Queensland, and at Newcastle, NSW. Orrcon manufactures HSS with painted, black, pre-galvanised (including Maxi-Tube) and electro-galvanised finishes. It is understood that APT manufactures black, painted and pre-galvanised HSS.

HSS in the various finish types is manufactured by the Australian industry in shapes including; Rectangular Hollow Sections (**RHS**), Square Hollow Sections (**SHS**), Circular Hollow Sections (**CHS**), Rail and Silo.

The imported HSS comprises mainly RHS, CHS, SHS and Rail in finishes including painted, black, pre-galvanised and Hot Dip Galvanised (**HDG**).

Physical, Commercial, Functional and Production characteristics of Australian and imported HSS

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- Physical likeness – The imported goods are similar grades, weights, standards and appearance to the goods produced by Austube Mills ;
- Commercial likeness – The imported goods directly compete with Australian produced goods and are interchangeable. The goods are sold to the same type of end users (distributors, fabricators and retailers) and for the same purposes and end uses;
- Functional likeness – The imported goods are used to perform the same function and have the same end-use; and
- Production Likeness - The imported goods are manufactured using a similar process.

Austube Mills¹ and Orrcon (and also likely APT) were found to be members of the Australian industry producing like goods to imported HSS in the current ongoing Review of Measures into HSS, Review No. 529 (**REV 529**) refers.

Within the Austube Product Quality Standards HSS is primarily manufactured to the following Australian Standards.

- AS/NZS 1163 – Cold-form Structural Steel Hollow Sections (SHS, RHS and CHS)
 - Primary HSS material standard for structures which have been designed for load bearing. Referenced by design standard AS4100 and numerous other application standards and Industry/Government publications (temporary fencing and hoardings standard, scaffolding standard, Building Code of Australia, RMS design guide, Main Road design guide etc)
- AS 1074 – Steel tubes and tubulars for ordinary service (CHS)
 - Standard for water and low-pressure reticulation.
- AS 1450 – Steel tubes for mechanical purposes (CHS, RHS, SHS and Oval)
 - Standard for precision tubing. Furniture, fences, rollers.
- AS/NZS 4792 – Security fencing

Major distributors, fabricators and manufacturers in Australia require product conforming to at least one of the above standards.

The majority of import offers will list compliance with at least one of the above standards and can be dual specified. Eg to AS 1074 **and** AS/NZS 1163.

Further information on physical, technical and other properties is at:
<https://www.austubemills.com.au/en-au/>

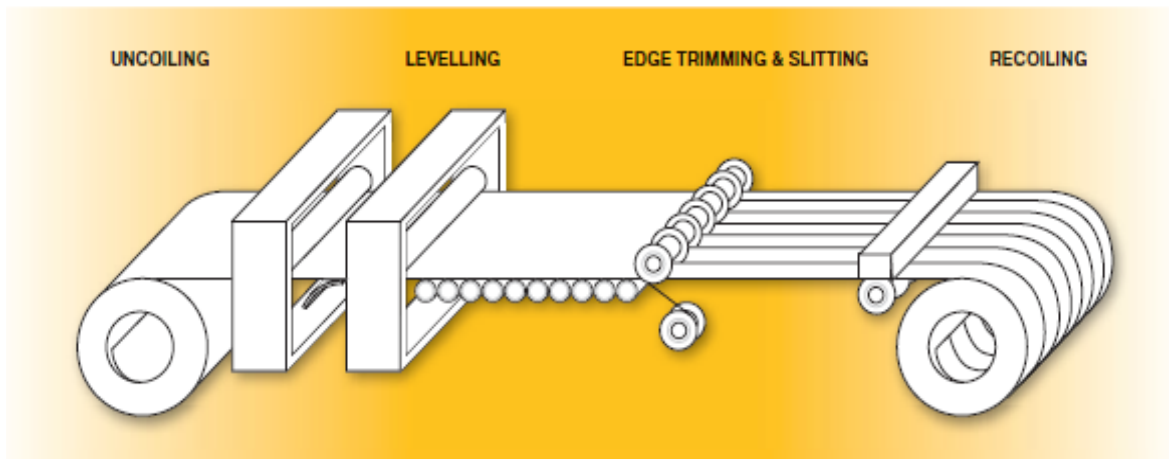
2. Provide a summary and a diagram of your production process.

Preparation

Hot Rolled Coil (**HRC**) or Zinc galvanised Coil is loaded into a slitter and uncoiled, then slit to various widths, edges trimmed, then re-rolled into smaller slit coils ready for use in the pipe and tube mills.

¹ EPR REV 529/039 and 048.

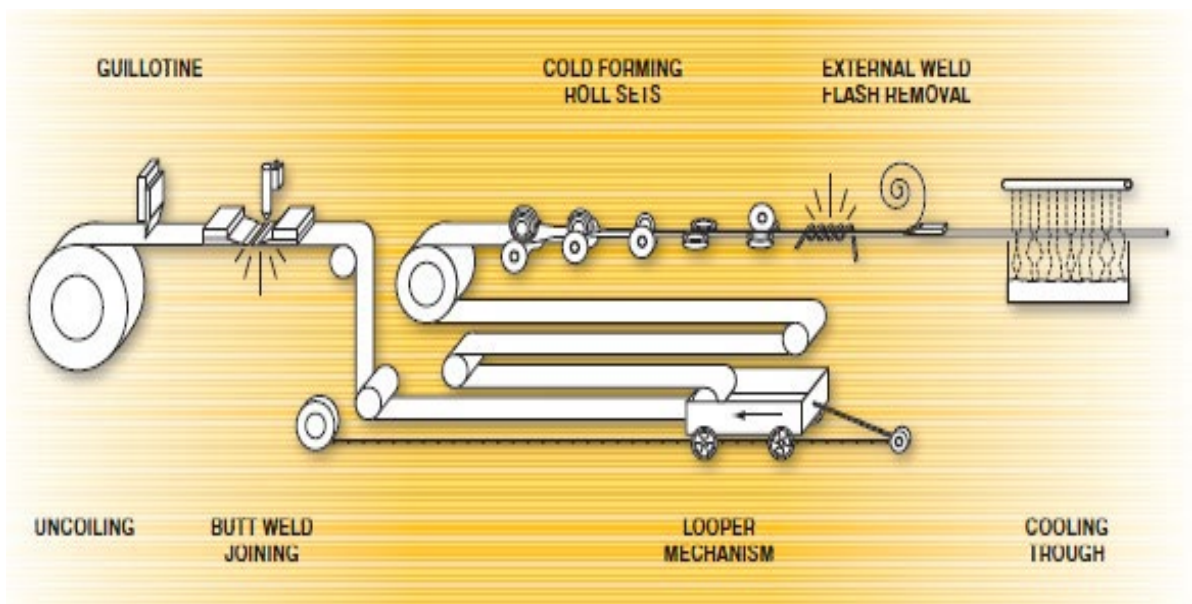
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Formation

The coil is loaded into an accumulator (as the loaded coil ends, the following coil is butt welded to the preceding coil, this allows a continuous flow of coil).

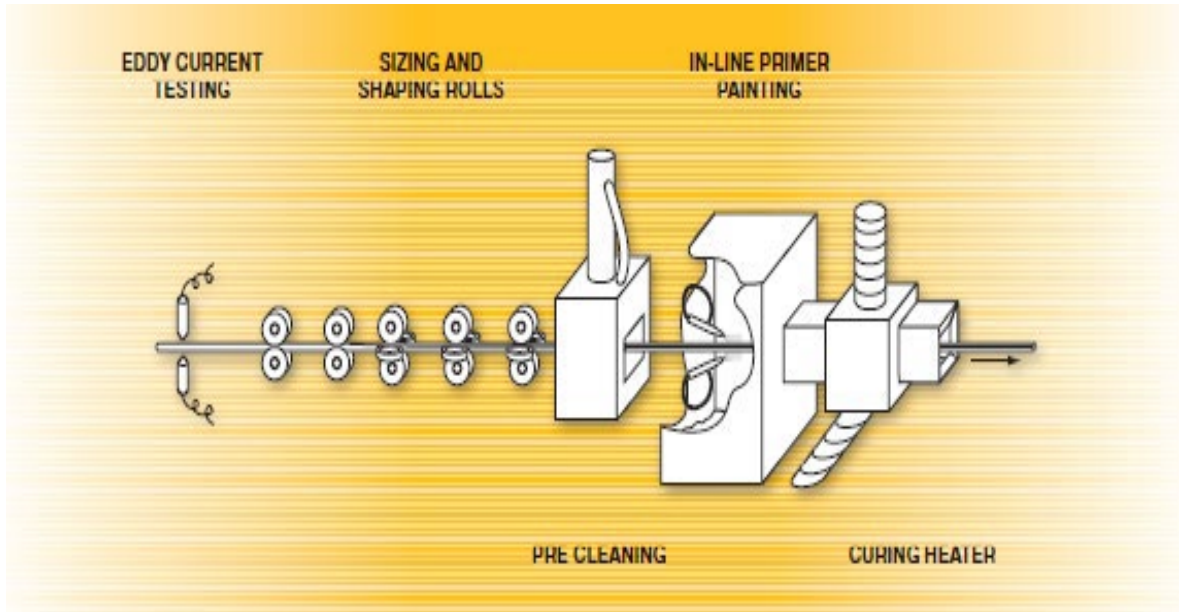
The coil is formed through a series of rolls into CHS and where required through a further series of rolls into RHS, SHS, rail or silo. The pipe is welded along the seam, using an electric resistance welding (**ERW**) process, into a continuous HSS shape. The external weld is removed.



Testing and coating

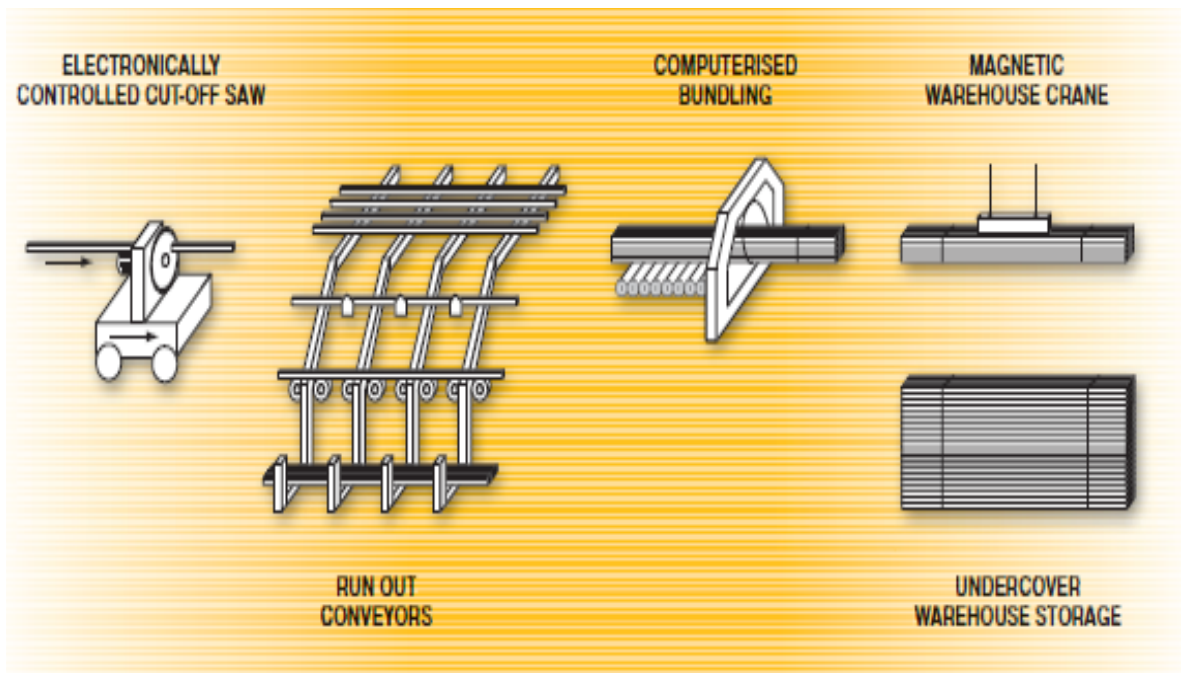
The pipe is tested and finished by applying various protective coatings such as paint, varnish, oil or welded from a pre galvanised feed strip.

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Finishing

The pipe is date and time stamped, cut to length, bundled and placed in racks ready for storage or despatch to customers.



3. 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).

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Austube Mills purchases the majority of its raw materials, HRC and Zinc coated HRC, from the Australian supplier, BlueScope Steel Limited. Austube Mills has also purchased imported HRC, however, it predominantly sources HRC locally.

The manufacturing of HSS from the raw materials, comprising mainly HRC or Zinc HRC with paints, oils and other finishes as required, constitutes a substantial process of manufacture by Austube Mills

The process transforms a flat steel product, coil, into a finished shaped HSS product that requires complex processes including the forming, welding, finishing and testing of the finished good.

The manufacturing process adds value to the raw materials used, the cost of the raw materials typically comprises between █% of the cost to make and sell (CTMS) and the final sales price of the finished HSS. [*commercially sensitive*]

The manufacture of HSS from the raw materials requires a substantial investment in capital for the machinery required. Such machinery includes that which performs the processes of slitting, forming, welding, sawing, painting, testing, bundling and stacking.

Further substantial capital investment is required for the buildings housing the manufacturing equipment and warehousing for the raw materials and finished products.

A-4 The Australian market.

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

Typical end uses for the Austube Mill product and the imported goods include:

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

yards, etc.

2. Generally 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.

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

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

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

These include:

- The construction cycle – The months of December and January each year typically aggregate to one normal month of sales given that the traditional construction industry holiday period falls at this time; and
- A take up of sales to the rural sector in May and June each year -This is understood to be driven by the desire of the farming community to acquire materials for "repairs and maintenance" issues prior to the end of the financial year.

Other factors that may influence demand for HSS include:

- Mining segment infrastructure and repair and maintenance spends are forecast to increase as the industry recovers off the back of higher commodity prices;
- State and local governments are also anticipated to increase their 'repair and maintenance spends' to contribute to supporting the economy over the next years;
- The Australian Dollar will also play a significant role of the demand within the

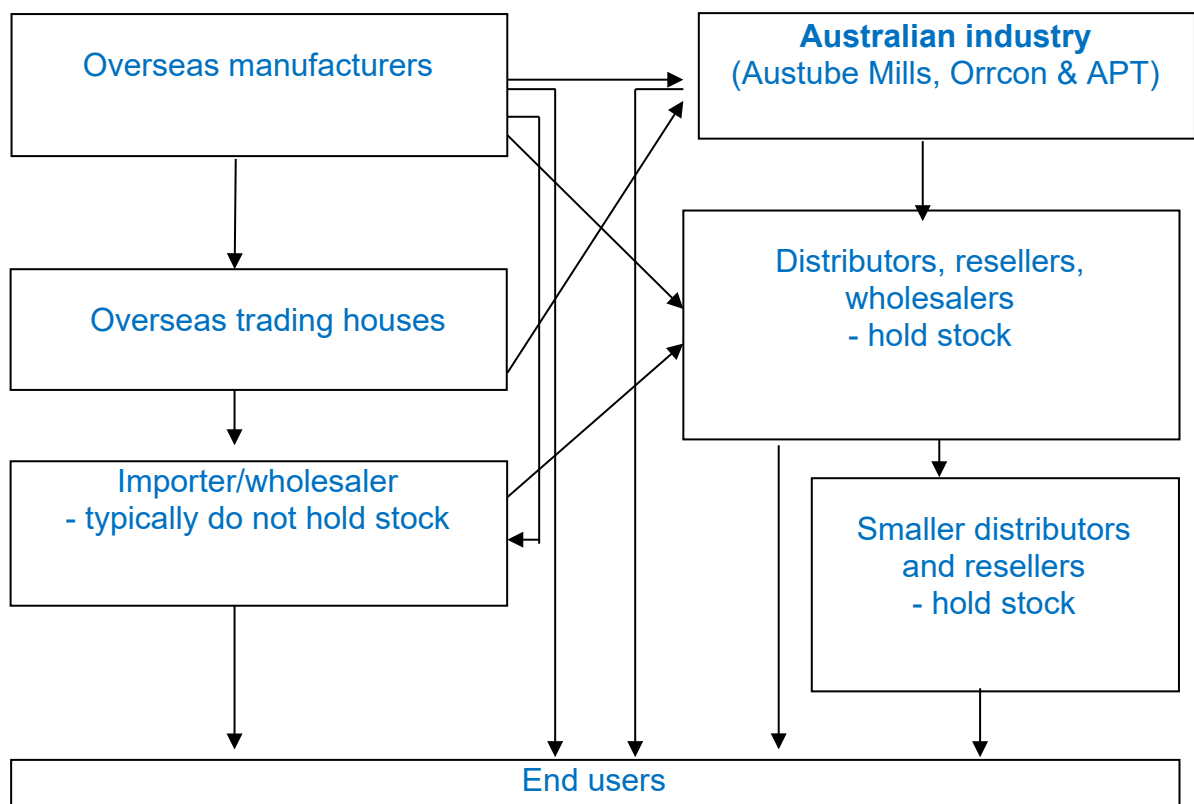
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manufacturing sector, which is a significant consumer of HSS; and

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

That said, the COVID-19 virus has created a significant degree of uncertainty as to future demand for HSS in the Australian market.

The Australian HSS market comprises local manufacturers, overseas suppliers, importers, wholesalers, distributors, resellers, and end-users. The following Table depicts the supply arrangements on the Australian market.



HSS is used in a wide range of end-use applications as noted above.

The Australian industry and importers are generally competing for the same customers in a market where price is the main determinative factor.

██████████. Austube Mills offer a long lead time import competing offer to compete directly with imports, ██████████. [commercially sensitive]

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

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Other general metallic and timber construction materials can compete with HSS in the building and construction sectors, whilst plastic and other material pipe can compete with HSS in the irrigation and agriculture sector. However, any substitution appears to be marginal with no significant substitutes in the market.

4. Complete appendix A1 (Australian production).

Appendices have been completed and are attached at **Confidential Attachment 4**.

5. Complete appendix A2 (Australian market).

Appendices have been completed and are attached at **Confidential Attachment 4**.

A-5 Company sales.

1. Complete appendix A3 (sales turnover).

Appendices have been completed and are attached at **Confidential Attachment 4**.

2. 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.

Appendices have been completed and are attached at **Confidential Attachment 4**.

3. Complete appendix A4 (domestic sales).

Appendices have been completed and are attached at **Confidential Attachment 4**.

4. 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.

Appendices have been completed and are attached at **Confidential Attachment 4**.

5. Attach a copy of distributor or agency agreements/contracts.

Refer to **Confidential Attachment 5**.

6. Provide copies of any price lists.

Refer to **Confidential Attachment 6**.

7. 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.

Austube Mills offers [REDACTED] *[commercially sensitive]*

Refer to **Confidential Attachment 7**.

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- Where the reduction is not identified on the sales invoice, explain how you calculated the amounts shown in appendix A4 (domestic sales).

██████████. [commercially sensitive]

- 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.

████████████████████. [commercially sensitive]

9. Select the two largest domestic sales (by value) 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.

Refer to **Confidential Attachment 8**.

A-6 General accounting/administration information.

1. Specify your accounting period.

1 July to 30 June

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

Building 7 Industrial Drive MAYFIELD NSW 2304

3. Please provide the following financial documents for the two most recently completed financial years plus any subsequent statements:

- chart of accounts;

Refer to **Confidential Attachment 9**.

- audited consolidated and unconsolidated financial statements (including all footnotes and the auditor's opinion);

Austube Mills ██████████. A copy of the audited financial statements for the year ended June 2020 is at **Confidential Attachment 3**. [commercially sensitive]

- 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 investigation, and
2. the company overall.

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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.

██████████ A copy of the audited financial statements for the year ended June 2020 is at **Confidential Attachment 3**. *[commercially sensitive]*

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

Austube Mills accounts are in accordance with Australian generally accepted accounting principles.

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

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

Income from the sale of goods is recognized when the consolidated entity has passed control of the goods to the buyer.

- provisions for bad or doubtful debts;

Trade debtors are reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised when some doubt as to collection exists.

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

Cost is comprised of materials, labour and an appropriate proportion of fixed and variable overheads, on an absorption cost basis.

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

Costing methodology is by production/sales tonnes.

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

Raw materials, stores, work in progress and manufactured stocks are valued at the lower of cost and net realisable value. The methods used to assign costs to inventories are actual invoiced cost or standard costs.

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

Lower of cost and net realisable value.

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

Lower of cost and net realisable value.

- valuation and revaluation of fixed assets;

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Subsequent to initial recognition, assets are valued at fair value. Revaluations are made with sufficient regularity to ensure carrying amounts do not differ dramatically from fair value.

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

Buildings 10-40 years

Plant and equipment 3-20 years

Equipment under finance lease 3-5 years

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

Foreign exchange gains and losses are brought to account using the rate of exchange applicable at the date of the transaction.

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

Provisions for restructuring represents best estimate of the costs directly and necessarily incurred for the restructuring and not associated with ongoing activities.

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

Accounting methods have not altered over the periods for which financial data has been prepared, unless required to by the relevant accounting standard.

A-7 Cost information

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

Appendices have been completed and are attached at **Confidential Attachment 4**.

A-8 Other Factors

1. Complete appendix A7 (other injury factors).

Appendices have been completed and are attached at **Confidential Attachment 4**.

A-9 Injury Claims

1. Please provide a statement setting out whether you support or oppose revocation of the anti-dumping measures. If you oppose revocation of the anti-dumping measures, provide evidence addressing whether, in the absence of measures, dumped imports would cause material injury to the local industry producing like goods.

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Your response should consider:

1. Information on market trends for the goods in question, addressing in particular, in the absence of the measures, the:
 - i. Effects on volume and value of imports and sources of imports
 - ii. Effects on price
 - iii. Effects on sales and market shares
 - iv. Effects on key performance indicators such as:
 - a. profits,
 - b. price trends,
 - c. investment, and;
 - d. employment.
2. Information addressing the likelihood of material injury occurring to the Australian industry in the absence of the anti-dumping measures. Alternative sources of export supply that may arise following revocation of the measure, or production capacity in the country concerned, may be relevant.
3. Discuss factors other than dumped imports that may have caused injury to the industry. This may be relevant to the review in that an industry weakened by other events may be more susceptible to injury from dumping.

Responses should be made as accurately and as comprehensively as possible. Supporting evidence should be attached wherever possible. It will not be sufficient to simply assert that the measure should remain in force.

Austube Mills strongly opposes the revocation of measures that are applicable to HiSteel.

The Commission is aware that Austube Mills' prices and sales volumes are influenced by imported goods including those exported from Hi Steel. In the absence of measures dumped imports from Hi Steel would cause material injury in the form of lost volume and reduced profits that would be exacerbated by suppressed and depressed selling prices.

Austube Mills will be making further submissions on the revocation application during the course of this review.

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 A6.2	Cost to Make and Sell (& profit) Export Sales
Appendix A7	Other Injury Factors
Appendix A8	Authority to Deal With Representative