

**PUBLIC RECORD**

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BY E-MAIL

Anti-Dumping Commission - Investigations 3  
GPO Box 2013  
Canberra ACT 2601

Re: Anti-dumping Review on Hollow Structural Sections (“HSS”) Exported from China, Korea, Malaysia and Taiwan (Inv. No. 590) – Comment on Model Control Code

Dear Sir or Madam:

On behalf of Shin Yang Steel Co., Ltd. (“Shin Yang”), a producer and exporter of hollow structural sections (“HSS”) originating in Taiwan, we hereby submit our comments on the structure of model control codes (“MCCs”) that is instructed by the Antidumping Commission (the Commission) in this review. Specifically, we respectfully request the Commission to (1) amend the sub-categories under the “Galvanising” characteristic of MCCs to further differentiate galvanised HSS into “pre-galvanised” and “post-galvanised” HSS, and (2) clarify the definition of the newly created sub-category of anti-rust treatment under the “Finish” characteristic of MCCs.

**I. “Galvanising”**

For the product characteristic of “Galvanising” of the MCC, the Commission has requested the respondents to differentiate the HSS into two categories as follows:

G = Galvanised  
N = None (e.g., mill finish, black)

It is Shin Yang’s position that for the coding under the “Galvanising” characteristic of the MCC, it is necessary to differentiate galvanized HSS further into (1) pre-galvanised HSS, and (2) post-galvanised HSS in this review, given that these two types of galvanised HSS are manufactured through different production processes by using different material inputs and are targeted for different applications.

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In the normal course of business, Shin Yang is engaged in the production and sales of both pre-galvanised HSS and post-galvanised HSS. In producing pre-galvanized HSS, Shin Yang consumes galvanized steel coils and the resulting finished pre-galvanized HSS would have to go through the production steps including: (1) coils slitting, (2) pipe forming, and (3) packing. On the other hand, Shin Yang consumes hot-rolled steel coils in producing post-galvanized HSS and the finished post-galvanized HSS would have to go through the production steps including: (1) coils slitting, (2) pipe forming, (3) galvanizing, and (4) packing. Both pre-galvanized and post-galvanized HSS might further go through the threading process before the packing step if it is so ordered by the customer.

Due to the difference in material inputs and production process, post-galvanized HSS typically has better quality than pre-galvanized HSS in terms of anti-corrosion ability. This is mainly because pre-galvanized HSS is welded on the surface of galvanized steel, and the welded part of HSS, even though is zinc coated with thermal spray after the welding process, is still weaker than the HSS that is galvanized after the welding process (*i.e.*, the so-called post-galvanized HSS) because the inner and outer surface of post-galvanized HSS is thoroughly coated with zinc. As a result of this quality difference, pre-galvanized HSS is normally used only for structural purposes, while post-galvanized HSS can be used for both structural and fluid conveyance purposes.

In addition, due to the difference in material inputs and production process, the per-unit cost of manufacturing of post-galvanized HSS is typically at minimum 20% greater than that of pre-galvanised HSS of the same specifications during the same time period, according to Shin Yang's past experiences. Such cost difference also reflects in Shin Yang's domestic sales prices. Although Shin Yang never sold any post-galvanised HSS to Australia during the review period, it is well known in the industry that the price of post-galvanised HSS is approximately 10-15% greater than the price of pre-galvanised HSS in the Australian market.

In sum, pre-galvanised and post-galvanised HSS have substantial differences in material inputs, production processes, applications, selling prices and production costs and therefore should be distinguished from each other and coded under different MCCs. Comparing the prices and costs of pre-galvanised HSS with post-galvanised HSS under the same MCC would only distort the comparison and the resulting dumping margin. Thus, we respectfully request the Commission to allow Shin Yang to report the "Galvanising" characteristic of the MCC with the coding below:

G = Pre-galvanized  
P = Post-galvanized (HDG)  
N = None (mill finish, "black")

Finally, we note that in Review 529, the Commission agreed to the amended "Galvanising" MCC that Shin Yang proposed in that review and relied on the above-mentioned

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“Galvanising” MCC structure in assessing the dumping margin for Shin Yang.<sup>1</sup> Thus, we respectfully request the Commission agree to the same amendment to MCC in this review.

## **II. “Finish”**

For the product characteristic of surface finish under the MCC, the Commission in this review has requested the respondents to differentiate the HSS into the following categories:

O = Oiled  
P = Painted  
R = Anti-rusted treatment  
N = No coating

It is Shin Yang’s opinion that the sub-categories set by the Commission under the “Finish” MCC creates confusion because they are categorized with two different criteria: coating materials (e.g., oil or paint) and function (e.g., anti-corrosion). While in general all types of surface treatment applied externally on HSS provide, to certain degree, anti-corrosion protection, both of the oil-based and paint-based surface treatments could be considered as some sorts of anti-rusted treatments as well. Thus, in order to properly classify the sub-categories under the “Finish” MCC with one single criterion, Shin Yang hereby respectfully requests the Commission to amend the sub-categories as follows:

O = Oiled  
P = Painted  
**R = Coating with materials other than oil and paint**  
N = No coating

Please let us know if you have any questions on the above. Your prompt reply to Shin Yang’s requests on the revised MCC coding is much appreciated.

Sincerely yours,



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<sup>1</sup> See Statement of Essential Facts No. 529 at 74.