

Continuation Inquiry 590



Exporter verification briefing
HISTEEL Co. Ltd, South Korea
25 November 2021

Agenda

1

The Goods:

- Description
- Uses
- Production process

2

Key cost elements

3

Model matching

4

HISTEEL exporter
questionnaire response

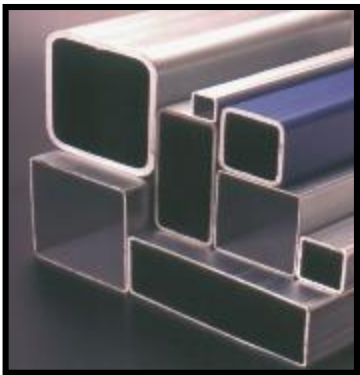


The Goods: Hollow Structural Sections

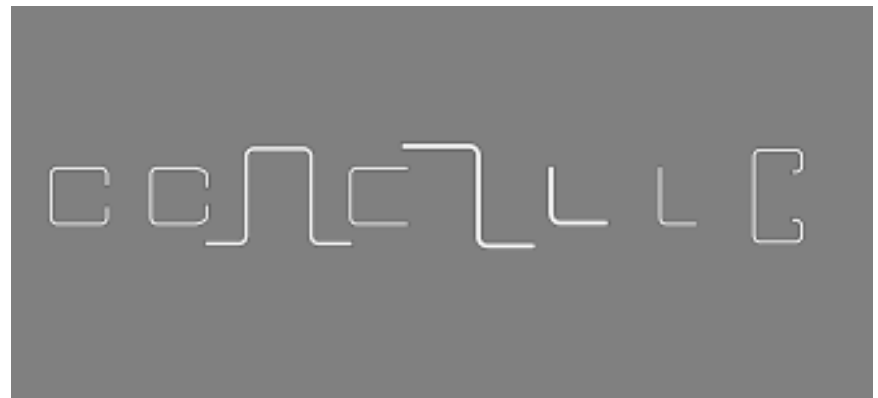


- Electric resistance welded steel pipe and tube
- Either circular (CHS) or non-circular (RHS, SHS, rail, silo - rectangular/square/oval) = collectively HSS
- Circular Product
 - Outside diameter > 21mm to 165.1mm
- Rectangular, square and oval products
 - Up to and including a 1277.3 mm perimeter
- Finish types for the goods include pre-galvanised, hot-dipped galvanised (HDG), and non-galvanised HSS.
- Coatings applied – paint, oil, primer
- Ends may be plain, threaded, swaged or shouldered

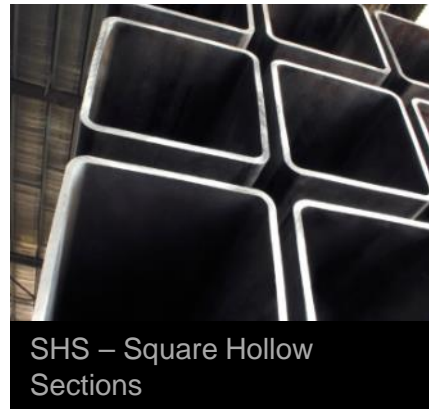
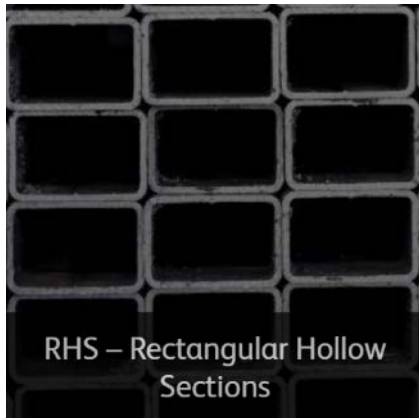
✓ The goods



✗ Not 'the goods'



The Goods: HSS Shapes



Common
(RHS, SHS, CHS)



Less common
(Oval)

How is HSS used?



- Structural elements in buildings and other structures
- A range of manufactured products
- Applications in residential and commercial construction, mining, engineering, manufacturing, agriculture and transport

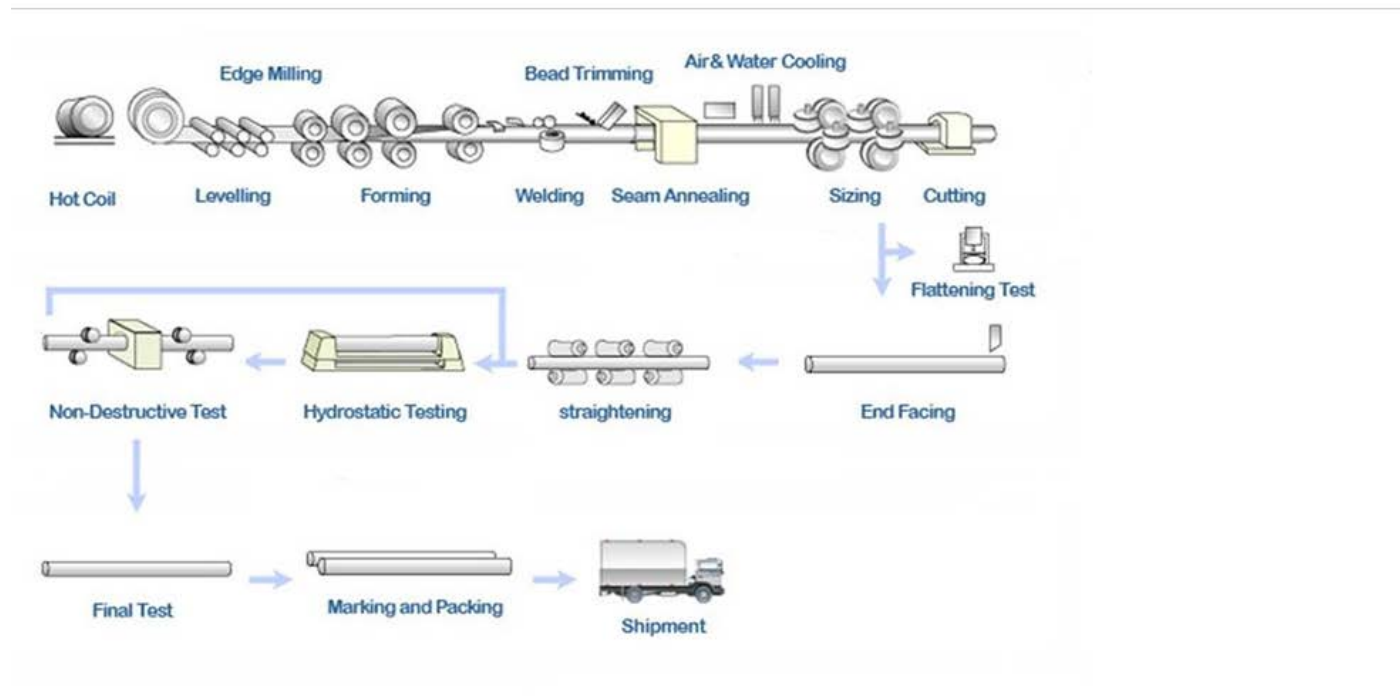


HISTEEL Manufacturing (ERW)



SAW

ERW



Key costs

Cost elements include:

- Hot Rolled Coil
- Energy (electricity and gas)
- Labour
- Mill consumables (coolant, paint, ERW copper work coils)
- Maintenance items (tooling, bearings, housings, ERW welder components)
- Strapping for bundling, export packaging

[industry cost breakdown]



Model Control Codes



Model Control Codes



Item	Category	Sub-category	Identifier	Sales Data	Cost data
1	Prime	Prime	P	Mandatory	Not applicable
		Non-Prime / downgrade	N		
2	Galvanising	Galvanised	G	Mandatory	Mandatory
		None (e.g. mill finish, 'black')	N		
3	Finish	Oiled	O	Mandatory	Mandatory
		Painted	P		
		Anti-rust treatment	R		
		No coating	N		
4	Shape	Circular	C	Mandatory	Mandatory
		Rectangular or square	R		
		Oval	O		
5	Steel grades - nominal minimum yield strength	Steel grade with nominal minimum yield strength less than or equal to 300 MPa	250	Mandatory	Mandatory
		Steel grade with nominal minimum yield strength greater than 300 MPa but less than 380 MPa	350		
		Steel grade with nominal minimum yield strength equal to or greater than 380 MPa	450		
		Steel grade with no nominal yield strength	N		
6	Ends	Plain	P	Optional	Optional
		Threaded (at one or both ends)	T		
		Threaded and coupled	C		

Downgrade costs the same to manufacture as prime but doesn't meet all the requirements to be certified to a Standard

- Sold at a discount in domestic market
- Would not expect to see in export sales
- Exclude domestic sales of non-prime in comparison to export sales

IMPORTANT MCC CATEGORY

Galvanised - higher price than non-galvanised

- Pre-gal hot-rolled coil >xxxxxxx/t more than non-galvanised coil

IMPORTANT MCC CATEGORY

High strength grades – higher price

- Higher strength grades can withstand greater bending, compression and tension forces before yielding (failure).

Grade Standards



■ Square steel pipes for general structures



Standards	Size Range		Certification standards	Related standards
	Outside Diameter	Thickness		
Square steel pipes for general structures	15 x 15 ~ 250 x 250 30 x 20 ~ 300 x 200 2" x 2" ~ 10" x 10"	1.0mm ~ 12.7mm	KS D 3568 JIS G 3466	ASTM A500 BS 4848 AS/NZS 1163 EN 10219-1,2
Painted square steel pipes	15 x 15 ~ 125 x 125 30 x 20 ~ 125 x 75	1.0mm ~ 3.2mm	-	-

■ Steel pipes for general structures

Standards	Size Range		Certification standards	Related standards
	Outside Diameter	Thickness		
Steel pipes for general structures (ERW)	5/8" ~ 12" 15.9mm ~ 318.5mm	1.0mm ~ 12.7mm	KS D3566 JIS G3444	ASTM A500 BS 980/1139/4848 EN 10219 AS/NZS 1163

Grade Standards



Extract: Hyundai Steel Pipe Brochure

KS (JIS)

Specification		KS D 3566 (JIS G 3444)				
Classification		STK 290 (STK 290)	STK 400 (STK 400)	STK 500 (STK 500)	STK 490 (STK 490)	STK 540 (STK 540)
Name of specification		Grade N	Grade 250	Grade 300	Grade 300	Grade 450
		Carbon steel tubes for general structural purposes				
Chemical composition(%)	C(Max.)	-	0.25	0.24	0.18	0.23
	Si(Max.)	-	-	0.35	0.55	0.55
	Mn(Max.)	-	-	0.30 - 1.30	1.50	1.50
	P(Max.)	0.050	0.040	0.040	0.040	0.040
	S(Max.)	0.050	0.040	0.040	0.040	0.040
	Others	-	-	-	-	-
Mechanical properties	Tensile strength (min.)	kgf/mm ²	30	41	51	50
		N/mm ²	290	400	500	490
	Yield point (min.)	kgf/mm ²	-	24	36	32
		N/mm ²	-	235	356	315
	Elongation (min.) (%)	No.11 specimen	30	23	15	23
		No.12 Specimen				20

Standard (what the pipe is certified to)

Steel grade (to which MCC category applies)

MCC subcategory



STEEL PIPE



Note: Korean, American (ASTM) and Japanese (JIS) standards name the grade designation in terms of the minimum tensile strength, not yield strength.

Grade Standard minimum yield strength



Beware: Verification by Mill Test Certificate

[CONFIDENTIAL EXAMPLE]

Grade HiSteel to Australia



[CONFIDENTIAL EXAMPLE]

HISTEEL Exporter Questionnaire





Related parties

EQR – pg 11-12:

HiSteel:

- *founded in 2003 by the spinoff of the pipe production activities of Hanil Iron & Steel Co., Ltd*
- *HiSteel is not a subsidiary of any company*
- *controlled by the family of Mr. Um Chun-Bo, the founder of Hanil*
- *Um family - 37.81 percent of the shares of HiSteel and 50.66 percent of Hanil, and Hanil owned an additional 15.23 percent of the shares of HiSteel.*

Hanil:

- *currently produces and sells steel sheet pilings and H-Beam products, and it also performs coil-slitting and shot-blasting services. During the review period, a total of XXXXX metric tons of skelps that had been slit by Hanil as an outside processor was used by HiSteel in the production of subject products.*
- *The chief executive officer and largest individual shareholder of Hanil, Mr. Um Jeong-Heon (one of the sons of Um Chun-Bo), is also the chief executive officer of Han Young Steel Industry Co., Ltd., which is a distributor of steel plate and coil in Korea. Han Young Steel was not involved in HiSteel's production or sales of subject product during the review period.*
- **[CONFIDENTIAL QUESTIONS RELATED TO VERIFICATION]**
- *HiSteel owns 100 percent of the shares of a U.S. company named HiSteel Pipe and Tube Inc. ("HPT"). HPT buys and re-sells subject products produced by HiSteel and non-subject products (specifically, submerged arc weld pipe) produced by HiSteel and another Korean producer.*
- *HiSteel and Hanil jointly own a Chinese company named Jiangyin Hanil Steel Co, Ltd. ("Jiangyin-Hanil")*



Domestic Sales of purchased goods

EQR – pg 14:

HiSteel had a small quantity of domestic market sales of the goods under consideration purchased from other Korean manufacturers.

HiSteel did not have any exports to Australia of the goods under consideration that it purchased from other manufacturers.

HiSteel also had a small quantity of production of the goods under consideration outsourced by other manufacture. HiSteel provided the raw material and the outsourcing contractor manufactured the pipes.

Sales of subject purchased goods in domestic market were not included in the response, because they were produced by and purchased from other unaffiliated suppliers.

- [CONFIDENTIAL QUESTIONS FOR VERIFICATION]

Australian Exports - incoterms

EQR – pg 38:

- *Delivery terms of the export sales of the goods to Australia is either on FOB basis or on CFR basis.*

EQR – pg 39:

- *All export sales to Australia during the period were on a FOB incoterms, in which the port handling charges were covered.*

[Contradicting delivery/incoterms - verify]



Australian Exports - Payment

EQR – pg 20:

*When production was complete, the merchandise was transported to the port and then loaded onto the vessel for shipment, and a commercial invoice from HiSteel to the customer was prepared. The merchandise was then shipped [to the Australian customer on a XXX basis. After XXXXXXXXXXXXXXXX [export documentation], the customer paid HiSteel by telegraphic transfer. Normally it takes 2 or 3 months from the receipt of order to the shipment of the product and **7 or up to 25 days from the invoicing to the receipt of the payment.***

EQR – pg 37:

*During the review period, HiSteel provided credit to Australian customers in relation to sales of the goods, and the **payments terms for direct export sale are telegraphic transfer 100% on sight of documents.***

[CONFIDENTIAL DISCUSSION]



Domestic sales - payment

EQR – pg 29-30:

For domestic sales, HiSteel manufactures either to order or to stock according to the production planning, and from the receipt of order to the shipment of the product it normally takes a few days when selling from the stock or two or three months when manufacturing to order.

The first written confirmation from HiSteel to the customer of the price, quantity and terms for the sale is the invoice, which is prepared either at the time of shipment or at the end of the month in which shipment occurred.

EQR – pg 32:

[Confidential credit and payment terms and conditions]

EQR – pg 34:

HiSteel's home-market customers generally paid HiSteel on an "open-account" basis (i.e., the customer maintained a running balance and paid in increments that may not be related to particular sales). As a result, there usually is not an invoice-specific payment for each sale. For proof of payment and receivable ledger, the calculation of the average credit period for each sample customer during the review period is provided, along with a copy of sample month's receivables ledger.

Models to Australia

EQR – pg 26:

No public
disclosure of MCC
code

Prime (assumed)

Plain Ends (assumed)

No oil or rust
treatment applied
(assumed)

HiSteel has described all of the goods sold to Australia during the review period in

Exhibit C-1.

During the review period, HiSteel sold only one grade of rectangular pipe product (AS

1163): Since HiSteel has sold pipes under AS/NZS 1163 only with 350 yield strength,

HiSteel assigned pipes under AS/NZS 1163 with 350 yield strength as “AS 1163.”

HiSteel sold one grade of products to Australia during the review period and it did not paint or galvanize them

P-N-N-R-350-P ?

VALID TO 31 DEC
2021

Australasian Certification Authority
for Reinforcing and Structural Steels Ltd



CERTIFICATE OF PRODUCT PERFORMANCE Fabricated Product

Products assessed by ACRS to AS/NZS 1163:2016

To be read in conjunction with Certificate Number: 200208



HISTEEL CO LTD
NAMDONG-GU, INCHEON, KOREA

has satisfied the Authority that it complies with the relevant ACRS Quality and Operations Assessment Procedures. Where appropriate, and as listed below, it manufactures products as indicated by “✓”, below and is entitled to use the ACRS mark with these products.

Cold-Formed Structural Steel Hollow Sections to AS/NZS 1163:2016

Structural Sections	Size	Gauge	C250	C250LO	C350	C350LO	C450	C450LO
SHS	100x100mm to 300x300mm	4.0 to 12.5mm				✓		
RHS	100x125mm to 300x200mm	4.0 to 12.5mm				✓		

Export & Domestic models

Using Exhibit C-4:

[COMPARISON - EXPORT AND DOMESTIC MCC]

Export & Domestic models

[CONFIDENTIAL – Model matching questions for verification]

Price lists

- Pg 31:

3. If sales are in accordance with price lists or price extras list, provide copies of these lists.

Answer

The prices for HiSteel's sales of the subject products to domestic are set through individual negotiations with each customer on a transaction-by-transaction basis. Price lists are not used by HiSteel in connection with those sales.



번호	제목	작성자	날짜
4	상가표(21.05.20)	HISTEEL	2021-05-21
3	국제, 지방세(11.26)	HISTEEL	2020-09-02
2	카탈로그, SAW, 국문	HISTEEL	2020-06-12

[EXAMPLE]

Thank you

