



ADRP Conference Summary

2018/88 Certain Hollow Structural Sections exported from the People's Republic of China, the Republic of Korea, Malaysia and Taiwan

Panel Member	Paul O'Connor
Review type	Review of Minister's Decision - Certain Hollow Structural Sections exported from the People's Republic of China, the Republic of Korea, Malaysia and Taiwan
Date	1 March 2019
Participants	Mr Rhys Piper and Mr Adam Hourigan (Anti-Dumping Commission)
Time opened	1:00pm AEDT
Time closed	1:45pm AEDT

Purpose

The purpose of this conference was to obtain further information in relation to the review before the Anti-Dumping Review Panel (Review Panel) in relation to Hollow Structural Sections exported from the People's Republic of China, the Republic of Korea, Malaysia and Taiwan.

The conference was held pursuant to s 269ZZHA of the *Customs Act 1901* (Act).

In the course of the conference, I may have asked parties to clarify an argument, claim or specific detail contained in the party's application or submission. The conference was not a formal hearing of the review, and was not an opportunity for parties to argue their case before me.

I have only had regard to information provided at this conference as it relates to relevant information (within the meaning of section 269ZZK(6) of the Act. Any conclusions reached at this conference are based on that relevant information. Information that relates to some new argument not previously put in an application or submission is not something that the ADRP has regard to, and is therefore not reflected in this conference summary.

Discussion

1. The Commission representatives confirmed the Hot Rolled Coil (HRC) benchmark was based upon the Korean and Taiwanese producers' purchase prices of HRC and that all the HRC was of a structural grade.



Australian Government
Anti-Dumping Review Panel

2. The Commission representatives acknowledged that, “narrow strip is a product unique to China; and, the vast majority of the goods exported to Australia were produced from narrow strip.” Accordingly, the Commission gave consideration to an adjustment to accommodate any demonstrable price differences between structural grade HRC and non-structural grade HRC.
3. The Commission would grant an adjustment only where the data submitted by Tianjin Youfa clearly demonstrated a price differential between structural and non-structural HRC grades. As narrow strip is unique to China, in the absence of company data that would be reliable for the purposes of an adjustment, the Commission would have no other external reference point to inform an adjustment.
4. As a starting point, the Commission looked at the purchase prices paid by the [REDACTED] Tianjin Youfa entities (which exported goods to Australia) for structural grade HRC over the prices paid for non-structural grade HRC on a Quarter by Quarter basis. The Commission aggregated the purchase prices of both non-structural and structural HRC as the analysis of Tianjin Youfa’s data did not demonstrate the existence of the claimed price differences between structural and non-structural grades of HRC. To demonstrate this outcome, reference was made to the spreadsheet headed *419-ADRP-Confidential Attachment 4-Dezhong’s raw material purchases* which highlighted many instances in which the purchase price of non-structural grade HRC was higher than that of a structural grade.
5. Rigid Hollow Sections (RHS) exported by the [REDACTED] Tianjin Youfa entities was all of structural grade and, therefore, produced from structural grade HRC. As the Commission had not identified a premium for structural grade HRC over non-structural grade HRC from the data submitted by Tianjin Youfa, the Commission aggregated Tianjin Youfa’s purchase prices of both structural and non-structural grade HRC and compared those aggregated prices to the benchmark and made consequential adjustments.
6. The vast majority of the goods exported to Australia were in the form of non-structural grade Circular Hollow Sections (CHS) derived from non-structural grade raw materials i.e. either HRC or a narrow strip. An examination of the quantities



Australian Government
Anti-Dumping Review Panel

purchased by the exporting entities suggests the vast majority of exports were manufactured from narrow strip.

7. Tianjin Youfa argued that narrow strip was a product unique to China, different from the structural grade benchmark and, therefore, an adjustment was needed. Accordingly, the Commission looked to the data supplied by Tianjin Youfa relating to its [REDACTED] entities which had exported the goods to Australia to determine if the data provided sufficient assurance to form the basis of the claimed adjustment.
8. Reference was made to the spreadsheet headed "*419-ADRP-Confidential Attachment 1-Revised Uplift*" which recorded Tianjin Youfa's purchases of both narrow strip and HRC (both structural and non-structural) on a quarterly basis. Narrow strip accounted for approximately [REDACTED]% of all purchases. In the [REDACTED] Quarter, HRC only attracted a "premium" of [REDACTED]% over the purchase price of narrow strip. In the [REDACTED], the "premium" was [REDACTED]%. The "premium" for [REDACTED] Quarters of the Review Period each marginally exceeded [REDACTED]%.
9. Therefore, the Commission representatives stated "on a Quarter to Quarter basis, there is no consistent difference between [REDACTED] and HRC in terms of purchase price." As the Commission could only reference the data supplied by Tianjin Youfa, it did not have a sufficient knowledge of the narrow strip purchasing arrangements in China to be able to determine if the "premium" realised in any given Quarter was appropriate to apply throughout.
10. Accordingly, for the purposes of an adjustment to the benchmark applicable to exports of CHS, the Commission considered it appropriate to aggregate the purchase prices of HRC and narrow strip together and then compare that aggregate with the benchmark, making any consequential adjustments. As noted above, this was done in the context of the earlier conclusion that there was no apparent difference in the purchase prices for structural versus non-structural HRC.