



ADRP Conference Summary¹

Review No. 88A – Reconsideration of Certain Hollow Structural Sections exported from the People’s Republic of China

Panel Member	Paul O’Connor
Review type	Review of Minister’s decision
Date	13 November 2020
Participants	Rhys Piper, Adam Hourigan and Larry Isaac – Anti-Dumping Commission representatives
Time opened	1:30 pm AEDT
Time closed	2:45 pm 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 Certain Hollow Structural Sections exported from the People’s Republic of China by Tianjin Youfa Steel Pipe Group Co Ltd.

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

In the course of the conference, I was able to ask Anti-Dumping Commission (Commission) representatives to comment on the Conference Summary of the conference on 22 October with Tianjin Youfa’s representative.

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

At the time of the conference, I advised the Commission representatives:

- That the conference was being recorded and transcribed by Express Virtual Meetings Pty Ltd, and that the recording would capture everything said during the conference.

¹ This Summary does not purport to be a verbatim transcript of the discussion between the parties to the conference.



- That the conference was being recorded for the Review Panel to have regard to when preparing a conference summary. The conference summary would then be published on the Review Panel's website.
- Any confidential information discussed during the conference would be redacted from the conference summary prior to publication.

Prior to the conference, participants were provided with a copy of the Review Panel's Privacy Statement. The Privacy Statement outlines who the conference recording and transcript may be disclosed to. The Privacy Statement is available on the Review Panel's website [here](#). The Commission representatives indicated that they understood the Privacy Statement and consented to:

- The recording of the conference; and
- The recording being dealt with as set out in the Privacy Statement.

Prior to the conference, the Commission, via the Review Panel Secretariat, provided the Review Panel with the following three documents:

- *"419 Calculation of benchmark. xlsx."* This document detailed Hot Rolled Coil (HRC) purchases from the four cooperating exporters from Taiwan and Korea, and had been provided to the Review Panel when it first considered this matter;
- *"ADRP 2020-88A-Confidential Attachment 3-dumping margin. xlsx"*. This document had previously been provided to the Review Panel during its consideration of the Tianjin Youfa dumping margin but has been amended for the purpose of providing the Review Panel with options for its current reconsideration; and
- *"Tianjin Youfa Product Map. docx"*. This document contains data from Tianjin Youfa's sales of the Goods Under Consideration (GUC) to Australia comprising Circular Hollow Sections (CHS) and Rigid Hollow Sections (RHS) produced from HRC or Hot Rolled Strip (HRS) otherwise known as narrow strip. It was derived from the information which has previously been provided to the Review Panel – specifically, *419 - ADRP - Confidential Attachment 3 - Revised dumping margin* (worksheet 'Aust sales'). A confidential copy of the Product Map is attached.



Discussion

1. Reference was made to 419 *Calculation of benchmark*, which details the raw material purchases of the four cooperating exporters from Taiwan and Korea, which were used as the basis for the calculation of the external benchmark of HRC costs.
2. It was noted that one of the Taiwanese exporters purchases, [REDACTED], purchased more than 30 different grades of HRC. The Commission representatives noted it was not immediately apparent from that document which of those goods were structural grade HRC and which were not. Further, the Commission noted that any raw material input product code containing the number 250 or above suggested the product had a yield strength of 250 MPA or above, and was likely to be considered to be a structural grade, but could not be certain without further examination.
3. It was noted that the Taiwanese manufacturer's largest purchases by volume of black HRC were of two grades and these accounted for approximately [REDACTED]% of all purchases of that type of HRC. Similarly, that manufacturer's purchases of pre-galvanised HRC also comprised two grades which again accounted, by volume, for approximately [REDACTED]% of all purchases of pre-galvanised HRC. The Commission representatives noted that although one of those grades appeared, by its product description or code, to be structural, there was no certainty that the second grade was also structural. The Commission representatives noted that a similar situation existed for the other Korean and Taiwanese exporters whose purchases were the basis of the benchmark calculation.
4. The Review Panel noted that ADRP Report No.88 (at para. 157) stated "in a conference convened on 1 March 2019, Commission representatives confirmed that the Korean and Taiwanese benchmark was derived exclusively from those manufacturers purchases of structural grade HRC." However, the Commission representatives now stated that the benchmark would appear to have been based upon all grades of HRC both non-structural and structural.
5. The Commission representatives acknowledged that the majority of the Korean and Taiwanese manufacturers purchases were probably of a structural grade and such purchases would have had the greatest influence over the benchmark outcome. A further complexity is that one of the Taiwanese manufacturer's purchases [REDACTED] indicate that not all grades of HRC were purchased in all quarters of the review period.



6. The Commission representatives noted there may be a price difference between structural and non-structural grades of HRC but that has not been addressed to date in the review and there has been no accounting for any such differences in the benchmark.
7. A discussion then ensued regarding the feasibility of removing from the benchmark purchases of structural grades of HRC in order to come up with a non-structural benchmark which could then be compared to Tianjin Youfa's purchases of HRS (narrow strip), to the extent that these were also non-structural.
8. Reference was then made to *419 - ADRP - Confidential Attachment 3 - Revised dumping margin*, and in particular to the "Aust sales" tab. That tab identifies what grade of raw material was used to produce the goods exported to Australia. Data from that tab was used in the preparation of the Product Map. The Product Map shows that relatively small quantities of non-structural grade [REDACTED] HRC and HRS were used in the production of RHS. It was noted that RHS has been said by Mr Waincymer to have been produced exclusively from structural grade HRC. The Product Map therefore questions that assertion.
9. The Review Panel notes the vast majority (approximately [REDACTED]%) of Tianjin Youfa's exports of CHS to Australia were derived from non-structural grade HRS (narrow strip) and, of the remainder (being RHS) exported to Australia, approximately [REDACTED]% was derived from structural grade HRC.
10. Commission representatives then referred to *Confidential Attachment 1*, a document previously supplied to Tianjin Youfa's representative. That document reflects what is referred to as the "uplift factor". The Commission representatives confirmed that document only accounts for the RHS and the CHS uplift factors, which in turn only accounts for differences in whether those shapes consumed HRC or HRS. The document does not differentiate between non-structural and structural grades of each of those raw material input types.
11. The Commission representatives noted that, in adjusting or determining the benchmark, the Commission ought to have regard to all the actual sales as they occurred. The Commission representatives acknowledged that the Product Map confirmed that almost all CHS exported to Australia by Tianjin Youfa was constructed from non-structural HRS i.e. narrow strip.
12. A general discussion then occurred as to the practicalities of calculating an appropriate adjustment as it now appeared, (from the Product Map) that a



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differentiation on the basis of RHS and CHS may not reflect the true inputs to the exported goods as both structural and non-structural grades of both HRS and HRC were used in the production of RHS goods.

13. Commission representatives suggested one option may be to identify the weighted average difference between HRC and HRS purchases for those entities within the Tianjin Youfa group which had exported the goods under consideration to Australia and to then use that percentage difference to adjust the existing benchmark down to derive what was described as “a narrow strip equivalent benchmark”. This would then be subject to the application of the uplift factors. It was said this approach would be similar to the methodology adopted in REP 419.
14. In relation to differences between structural and non-structural grades, the Commission representatives agreed to explore the practicalities of revising the calculation to ensure these differences are taken into account.
15. The Commission representatives undertook to consider the application of this methodology, and having done so, prepare a short explanation of what would be likely to change in terms of the data inputs and methodology. The conference would then reconvene to further explore the issue.

Attached: Confidential copy of the Product Map

Paul O'Connor

Member

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Product map for Tianjin Youfa's Australian sales

HRS or HRC	Structural/non-structural	Grade	Australian standard	Shape	Quantity (MT)	Quantity % of total
HRS	Non-structural	████	Mostly 1074 Some 1163	Mostly CHS Some RHS	████	████
	Structural	████	1163	Mostly CHS Some RHS	████	████
HRC	Non-structural	████	1163	RHS	████	████
	Structural	████	1163	RHS	████	████
	Structural	████	1163	RHS	████	████