



ADRP Conference Summary

Review No. 131 - Hollow Structural Sections exported from the People’s Republic of China, the Republic of Korea, Malaysia, Taiwan and the Kingdom of Thailand

Panel Member	Paul O’Connor
Review type	Review of Minister’s decision
Date	23 April 2021
Participants	[REDACTED] (representatives of Orrcon Manufacturing Pty Ltd)
Time opened	11:00 AEST
Time closed	11:40 AEST

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, Taiwan and the Kingdom of Thailand.

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

In the course of the conference, I invited Orrcon Manufacturing Pty Ltd’s (Orrcon) representatives to clarify arguments, claims or specific detail contained in their application. 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 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 some 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 participants:

- 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.



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- 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 participants 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.

Discussion

1. Orrcon's representatives confirmed that the focus of the first Ground of Review was the Anti-Dumping Commission's (ADC) treatment of Orrcon's submission of 17 December 2020 (submission) in response to the Statement of Essential Facts, particularly the ADC's consideration of the information submitted relevant to the period following the review period, i.e. post September 2019.
2. Orrcon does not dispute that the ADC considered the submission but argues the ADC was in error in rejecting the most up to date information contained in the submission and falling back into reliance upon data gathered in the review period.
3. Orrcon's representatives expanded upon the methodology summarised in Confidential Table 1: Orrcon's Kukje Steel Co., Ltd (Kukje) Dumping Margin Methodology to the application. This methodology was also the basis of the analysis relied upon in the submission to demonstrate that in the latter phase of the review period, Kukje was likely to have been dumping. The methodology also demonstrated that beyond the review period the dumping margin had increased to [REDACTED] and that it was probable that the margin would remain positive thereafter.



4. It was noted that Hot Rolled Coil (HRC) was the major raw material input used in the production of Hollow Structural Sections (HSS) and as a result accounts for in excess of 85% of the costs to make HSS. As such, generally there has been a correlation between movements or changes in the price of HRC and HSS such that HSS prices mirrored or tracked movements in the cost of HRC. Orrcon's representatives noted this relationship was reflected in Confidential Chart 1: Orrcon's Kujke Dumping Margin Methodology Outcome which forms part of the application.

5. Referring to Confidential Chart 1, given the apparent long-standing relationship between the cost of HRC and Kujke's normal value, Orrcon's representatives were asked to comment on the reason why, in 2019, that relationship [REDACTED], as contrary to past practice Kujke's normal values appear to have [REDACTED]. Orrcon's representatives noted its methodology was based upon [REDACTED] price data which confirmed that between FY19 and FY20 there had been a movement in the [REDACTED].

6. Orrcon's representatives confirmed that the data relied upon in its submission and in the application had been compiled on a financial year basis such that the 2020 data goes up to 30 June 2020.

7. Orrcon's representatives acknowledged there was a difference between the method adopted by the ADC in determining dumping margins to Orrcon's methodology as reflected in Confidential Table 1 of its application. The ADC adopts Model Control Codes (MCC) which are then weight averaged but that data is not visible to other parties such as Orrcon. Accordingly, as Orrcon's methodology was necessarily reliant upon data from reputable published sources, such as [REDACTED], the differences between its methodology and that adopted by the ADC were not unexpected.

8. Referring to the submission, REP 529 noted it contained "errors ... which caused the analysis and subsequent conclusions to be unreliable" and that "Orrcon has over- and under - estimated certain elements of its calculations". Orrcon's representatives acknowledged that its methodology did incorporate some estimates [REDACTED]
[REDACTED]. Estimates of the [REDACTED].
[REDACTED]. Accepting that there may have been some variance between Orrcon's estimates and [REDACTED], such variances would not account for



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the magnitude of the difference in the dumping margin calculated by the ADC (negative 5%) and Orrcon [REDACTED], suggesting that a positive margin was nevertheless probable.

9. Orrcon's representatives confirmed their application relies, in part, upon the argument that the existing measures, i.e. Kukje's floor price, have kept Kukje disciplined, to a large extent, in relation to its export price to Australia but that if the measures are allowed to lapse other economic indicators are such as to suggest that Kukje would further reduce its prices to compete in the Australian market. Orrcon's representatives argue that even in the latter phase of the review period, notwithstanding the floor price, Kukje was exporting in positive dumping margin territory and that if the measures are removed Kukje would revert to further dumping.
10. In relation to the second Ground of Review, Orrcon's focus is upon the probable continuation or recurrence of material injury. Orrcon correctly notes the legislation does not set any *de-minimis* level in relation to material injury. Orrcon argues it is a price taker in the market and the ADC has accepted that Orrcon's prices have been undercut by Kukje's export prices. Accordingly, it is vulnerable in terms of material injury and any further reduction in Kukje's export prices will exacerbate that injury to a material extent.
11. In terms of the third Ground of Review, Orrcon is critical that the ADC only excluded Chinese and "unknown" sources of HRC from the Korean market rather than excluding imports from all sources as was done in other reports, such as REP 521 and 522, which was published after REP 529. Orrcon bases its argument on the fact that the export prices of Chinese producers of HRC benefit from Government of China (GoC) influence. As China is a major exporter of HRC into Asian markets its products impact upon prices of HRC within those markets. Therefore, exports of HRC from all sources ought to have been excluded from the benchmark calculations for Korea thereby eliminating any influence of the GoC on prices.
12. Orrcon's representatives noted that although the goods under consideration in REP 521 and 522 were flat metallic coated steel and were therefore different to the goods the subject of REP 529, nevertheless both involved steel products from China and both feature HRC as a major raw material input. Therefore, the extent of the GoC influence over steel production was likely to have the same impact upon the goods the subject of REP 521 and 522 as those the subject of REP 529.



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