



AUSTRALIAN CUSTOMS DUMPING NOTICE NO. 2006/25

CERTAIN HOLLOW STRUCTURAL SECTIONS

EXPORTED FROM

THE PEOPLE'S REPUBLIC OF CHINA, THE REPUBLIC OF KOREA, MALAYSIA, TAIWAN AND THAILAND

Initiation of an investigation into alleged dumping

CUSTOMS ACT 1901 – PART XV B

The Australian Customs Service (Customs) has initiated an investigation into an application lodged by Smorgon Steel Tube Mills Pty Ltd, OneSteel Trading Pty Ltd and Orrcon Operations Pty Ltd on behalf of the Australian industry for a dumping duty notice in respect of certain hollow structural sections (HSS) exported to Australia from the People's Republic of China, the Republic of Korea, Malaysia, Taiwan and Thailand.

The application alleges that the goods have been exported to Australia at prices less than the normal values and that the dumping has caused material injury to the Australian industry through:

- lost sales volume;
- lost market share;
- price suppression;
- price undercutting;
- reduced profit and profitability;
- reduced capacity utilisation;
- reduced return on investment;
- reduced attractiveness for re-investment; and
- decline in employment levels.

The public version of the application, available to interested parties (as defined by subsection 269T(1) of the *Customs Act 1901* (Act)) on request, contains the basis of the alleged dumping.

A notice under subsection 269TC(4) of the Act advising initiation of this investigation was published in *The Australian* newspaper on 8 June 2006. Interested parties are invited to provide written submissions in response to that notice.

The goods

The goods the subject of the application are electric resistance welded pipes made of carbon steel, comprising circular and non-circular hollow sections in galvanised and non-galvanised finishes. The product is normally referred to as either CHS (circular hollow sections) or RHS (rectangular or square hollow sections).

In market terms, the goods are collectively known as Hollow Structural Sections ("HSS"), and they are commonly used in structural and mechanical applications.

Finish types for the goods the subject of the application include in-line galvanised ("ILG"), pre-galvanised, hot-dipped galvanised and non-galvanised HSS. Non-galvanised HSS is typically of painted, black, lacquered or oiled finished coatings. Sizes of the goods the

subject of the application are, for circular (including oval) products, those exceeding 21 mm up to and including 165.1 mm in outside diameter and, for square and rectangular products, those up to and including 1277.3 mm in perimeter (parameters as per the Australian Harmonised Customs Tariff). CHS with other than plain ends (e.g. threaded, swaged and shouldered) is also included in the goods the subject of the application.

HSS, in particular CHS, is normally produced to either the British Standard BS 1387 (which is the equivalent of Australian Standard AS 1074) or the Australian Structural Standard AS 1163. HSS can also be categorised according to its minimum yield strength. The most common classifications are 250 and 350 mega Pascals (MPA).

HSS is also described as extra light, light, medium, heavy or extra heavy according to its wall thickness.

The following categories are excluded from the goods subject of the application:

- conveyor tube (made for high speed idler rolls on conveyor systems, with inner and outer weld fin protrusions removed by scarfing [not exceeding 0.1mm on outer surface and 0.25mm on inner surface], and out of round standards [i.e. ovality] which do not exceed 0.6mm in order to maintain vibration-free rotation and minimum wind noise during operation);
- precision RHS with a nominal thickness of less than 1.6mm (is not used in structural applications and is produced from cold-rolled coil);
- air heater tubes to AS 2256; and
- hot dipped galvanised, welded, circular hollow section, steel pipe in nominal sizes DN 15 to 100 exported to Australia from Thailand (anti-dumping measures currently apply).

The Australian industry stated that the goods are classified to tariff subheadings 7306.30.00 and 7306.60.00 in Schedule 3 of the *Customs Tariff Act 1995*. Based on information provided in the application, Customs' Tariff Branch confirmed that the goods are correctly classified to tariff subheadings 7306.30.00 (CHS) and 7306.60.00 (RHS) in Schedule 3 to the *Customs Tariff Act 1995*. The goods from China, Malaysia and Korea are subject to DCS rates of duty - the current DCS rate for tariff heading 7306 is 4%. The goods from Thailand are subject to the rates of duty set out in Schedule 6 to the *Customs Tariff Act 1995* - the current rate is 4%. The goods from Taiwan are subject to the DCT rates of duty - the current rate is 5%.

Investigation process

The investigation period is 1 January 2005 to 31 December 2005. Customs will examine exports to Australia of the goods under consideration during that period to determine whether dumping has occurred. Customs will examine details of the Australian market from 1 July 2001 for injury analysis purposes.

In reaching its findings Customs must consider whether:

- (a) the export price of the goods that have already been exported to Australia is less than the normal value of those goods; and
- (b) the export price of like goods that may be exported to Australia in the future may be less than the normal value of the goods; and
- (b) because of that, material injury to the Australian industry producing like goods has been caused and is likely to continue.

In view of the potentially large number of exporters who may provide information in relation to the application, it may not be practicable to determine the existence of dumping and to work out individual dumping margins for each exporter. Therefore, pursuant to subsection 269TACB(8) of the Act, the Minister may, on the basis of information obtained

from selected exporters decide whether dumping exists, and, if it does, fix dumping margins for such selected exporters and for exporters who are not so selected.

Lodgement of submissions

Interested parties (as defined) are invited to lodge submissions no later than the close of business on 18 July 2006, addressed to:

The Director
Trade Measures, Operations 4
Australian Customs Service
Customs House
5 Constitution Avenue
CANBERRA ACT 2601

All parties wishing to participate in the investigation must ensure that submissions are lodged promptly. Parties may be granted an extension of time for lodgement of a submission, provided the request is in writing and is reasonable and practical given the circumstances. Parties may reply to matters raised by other parties during the course of the investigation and in response to the statement of essential facts.

Parties should note that the CEO is not obliged to have regard to a submission received by Customs after the end of the 40-day period mentioned above if to do so would, in the CEO's opinion, prevent the timely placement of the statement of essential facts on the public record.

Customs must maintain a public record of each inquiry. The public record must contain, among other things, a copy of all submissions from parties (letters and electronic mail are generally regarded as "submissions" if they contain information relevant to the inquiry).

Parties claiming that information contained in their submission is confidential, or that the publication of the information would adversely affect their business, must:

- provide a summary containing sufficient detail to allow a reasonable understanding of the substance of the information, or
- satisfy the CEO that there is no way such a summary can be given to allow a reasonable understanding of the substance of the information.

Submissions containing confidential information must be clearly marked "In-Confidence".

Parties may lodge a non-confidential version or a summary of their submission in accordance with the requirement above. In either case parties must provide two copies of each for the public record.

The public record may be examined at:

Trade Measures Branch
Customs House
5 Constitution Avenue
CANBERRA ACT 2601

To access the public record, contact Trade Measures office management on telephone number (02) 6275 6547.

Provisional measures

A preliminary affirmative determination may be made not less than 60 days from the date of initiation. Provisional measures in the form of securities in respect of interim duty that may become payable on the goods may be imposed after the preliminary determination has been made.

Statement of essential facts

The dates specified in this notice for lodging submissions must be observed to enable Customs to report to the Minister within the legislative timeframe. A statement of essential facts will be placed on the public record by 26 September 2006 (or by such later date as the Minister may

allow). The statement will set out the material findings of fact on which Customs intends to base its recommendation to the Minister. That statement will invite interested parties to respond, within 20 days, to the issues raised.

Report to the Minister

Submissions received in response to the statement will be taken into account in completing the report and recommendation to the Minister. A recommendation to the Minister will be made in a report due on or before 10 November 2006 (or such later date as the Minister may allow), unless the CEO terminates the investigation.

Review Officer

Certain parties will have the right to seek review in accordance with Division 9 of Part XVB of the Act of either a decision by the CEO to terminate the investigation, or a decision of the Minister after considering the CEO's report.

Customs contact

Enquiries concerning this notice may be directed to the case manager on telephone number (02) 6275 6729, fax number (02) 6275 6990 or e-mail tmops4@customs.gov.au.

Andrew Rice
National Manager
Trade Measures Branch
CANBERRA ACT

8 June 2006