



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 Anti-Dumping Measures Hollow Structural Sections Exported from the Peoples Republic of China, the Republic of Korea, Malaysia and Taiwan
Date	Wednesday 28 November 2018
Participants	Messrs. Howard and Waincymer
Time opened	11:00 AEDT
Time closed	11:30 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 Peoples Republic of China, the Republic of Korea, Malaysia and Taiwan.

The conference was held pursuant to section 269ZZHA of the *Customs Act 1901* (the 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 Review Panel has regard to, and is therefore not reflected in this conference summary.

Discussion

1. The Review Panel sought a Conference with Tianjin Youfa following receipt of a letter from Tianjin Youfa's representative to the Review Panel on 8 November 2018. The letter related to the reinvestigation requested by the ADRP on 4 September 2018 and



restated Tianjin Youfa's position in relation to the Commission's failure to make an adjustment to the costs of structural grade HRC.

Confirmation of Grounds for Review

2. It was noted that Tianjin Youfa's Review Application, dated 6 July 2018, contained two Grounds for Review. In its submission of 23 August 2018, Tianjin Youfa withdrew the first Ground for Review. This was confirmed by Tianjin Youfa's representatives in the Conference.
3. This left the Second Ground for Review, which is in two parts. The first is that the Commission, when identifying production costs, ought to have limited itself to a consideration of only those entities within the Tianjin Youfa group which had exported the goods to Australia. However, the Commission took the view that as all entities within the Tianjin Youfa group were producing like goods to those exported to Australia it was reasonable to have regard to the production costs of all entities within the group.
4. The second arm of the Second Ground for Review is that the Commission did not have regard to the income generated from the sale of scrap, produced in the production of the goods. The Commission had, in fact, settled upon the cost of the raw material input (HRC or narrow strip) without allowing any reduction in costs realised upon the sale of scrap.
5. In relation to having regard to the costs of all entities within the group, the Review Panel indicated the approach adopted by the Commission was reasonable. In relation to the net cost of scrap, the Review Panel had asked the Commission, at a conference held on 9 August 2018, to provide amended figures reflecting the income derived from scrap.

HRC Adjustment

6. Tianjin Youfa's representatives took issue with the Commission's regard to the production costs of all entities within the group. Tianjin Youfa's representatives noted the benchmark settled upon Korean and Taiwanese exporters who produced goods having a structural grade or application. Logically, they must have been using a more expensive grade of HRC to produce goods having a structural grade. As the Chinese producers, including Tianjin Youfa, typically used narrow strip, a product unique to China, but which could not produce goods of structural grade, the Commission



sought to adjust the more expensive benchmark to reflect the use of narrow strip. It sought to do this by identifying the percentage difference between the cost of narrow strip and the cost of HRC capable of producing goods of a structural grade and then to make a downwards adjustment to the benchmark to reflect the percentage difference.

7. Tianjin Youfa's representatives were of the view that the Commission ought to have limited this examination to only one entity within the group, as that entity consumed both "structural HRC and also narrow strip coil." By looking at all entities within the group, the Commission, in essence, mixed in a lot of nonstructural HRC prices which lead to a distorted adjustment.
8. Tianjin Youfa's representatives acknowledged that there were a number of ways in which an adjustment could be made for the difference in cost between structural great HRC and narrow strip. It was suggested the Commission could have looked at the China wide structural HRC costs and the China wide narrow strip costs. However, as the Commission only chose to look within the Tianjin Youfa group, it should have limited its examination to the entity which buys both structural and narrow strip and compare the cost differences between the two.
9. In relation to Tianjin Youfa's comments regarding the significance, if any, in an adjustment to the benchmark adopted by the Commission in relation to scrap, Tianjin Youfa's representatives confirmed that this argument had been addressed by the Commission's recalculation referred to above.
10. The Conference then addressed the relevance to Tianjin Youfa of an adjustment to Ursine brought about by the Commission's reinvestigation. The Review Panel indicated that if the Commission did change its position and accept the date of the export sales contract, rather than the date of the export sale invoice, as the operative date, it would not have any impact upon Tianjin Youfa. By way of example, the Commission compared a March export invoice price with a contemporaneous March domestic sale price, notwithstanding that the material terms of the export sale, having regard to raw material input costs, had been settled in January on the date of the export sales contract, which reflected the January price of HRC. Should the Commission change its position, as a result of the reinvestigation, an option would be for the Commission to compare a January export sales contract price with a domestic sales price also occurring within January.



11. Tianjin Youfa's representatives pointed to a further rationale as to why the Commission's consideration of all of the entities within the group was not correct and preferable. Tianjin Youfa's representatives noted that those entities who purchased HRC rather than narrow strip did so in order to produce circular products having a larger diameter than the goods under consideration. This was, it was said, a further justification for the Commission to limit its examination to the entity which purchased both HRC and narrow strip coil.

Paul O'Connor

Panel Member Anti-Dumping Review Panel

January 2019