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16 November 2016

Commissioner of the Anti-Dumping Commission
Anti-Dumping Commission
GPO Box 1632
Melbourne VIC 3001

**APPLICATION FOR EXEMPTION FROM DUMPING AND COUNTERVAILING DUTIES –
HOT ROLLED PLATE STEEL**

Dear Commissioner

Please accept this application on behalf of Bao Australia Pty Ltd (Bao Australia) for an exemption from interim dumping and countervailing duties applying to certain exports of hot rolled plate steel.

1. Description of the goods to which the notice relates.

The Anti-Dumping Commission's (the Commission) Report No. 198 describes the goods as follows:

Flat rolled products of iron or non-alloy steel or non-heat treated alloy steel of a kind commonly referred to as Quench and Tempered (Q&T) Green Feed:

- *of a width greater than 600mm;*
- *with a thickness equal to or greater than 4.75mm;*
- *not further worked than hot rolled;*
- *not in coils;*
- *with or without patterns in relief.*

The following categories are excluded from the goods subject to the measures:

- 250 megapascal (MPa) yield strength grades of plate steel with a thickness greater than 150mm;
- 350 MPa yield strength grades of plate steel with a thickness greater than 100mm;
- Q&T Green Feed grades of plate steel with a thickness greater than 105mm; and
- heat treated Q&T grades of plate steel.

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In accordance with Ministerial exemption certificate 2014/8 & 9 and 2015/1, IDD and ICD do not apply to the following exempt goods:

- Plate steel specified to the ASTM International A516-GR70 standard with a thickness equal to or greater than 105mm;
- Plate steel specified by Japanese Industry Standard (JIS) G4051-S45C (Australian Standard AS3678/K1042) with a thickness equal to or greater than 105mm;
- Goods subject to Tariff Concession Order TC1413674.

2. Exempt goods

Bao Australia Pty Ltd (Bao Australia) seeks an exemption from the interim dumping and countervailing duties applying to the following goods:

Steel, Hot Rolled micro alloyed non-heat treated steel sheet:

- **conforming to steel grades BS700MCK2 and BS700MCK4,**
- **with a yield strength NOT less than 680 Mpa, and**
- **of a thickness NOT less than 2.5 mm and NOT greater than 16mm, and**
- **a Carbon Equivalent Value (CEQ) of less than or equal to 0.50.**

The relevant tariff classification for the exempt goods is 7225.40.00, statistical code 22.

A copy of the relevant product catalogue which includes technical specifications and characteristics of the exempt goods are at **Attachment A**.

3. Grounds for exemption

Sections 8(7)(a) and 10(8)(a) of the Customs Tariff (Anti-Dumping) Act 1975 provides that the Minister may exempt goods from interim dumping duty and interim countervailing duty respectively if satisfied:

that like or directly competitive goods are not offered for sale in Australia to all purchasers on equal terms under like conditions having regard to the custom and usage of trade.

Bao Australia understands that there is no Australian producer of hot-rolled steel sheets with yield strength exceeding 680 Mpa. Bao Australia has contacted and sought comment from the original applicant for the imposition of anti-dumping measures and sole producer of hot rolled plate steel in Australia, Bluescope Steel Limited (Bluescope), on the proposed exempt goods. Bluescope has confirmed that they do not object to the granting of the exemption on the described products as they do not offer for sale in Australia, a like or directly competitive good.

This is further confirmed by product information found on Bluescope's website which provides an overview of the different grades of hot rolled flat steel products sold by Bluescope. None of the flat steel products marketed under the "XLERPLATE" or "XTRAFORM" steel brands identified on Bluescope's website have a yield strength exceeding 680 MPa, with the highest being XTRAFORM 500 with a minimum yield strength of 480 Mpa. Therefore, Bao Australia submits that it is reasonable to conclude that there are no directly competitive goods produced in Australia to the exempt goods.

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The relevant technical datasheet for Bluescope's XTRAFORM 500 product is at **Attachment B**.

In assessing whether the products produced and sold by Bluescope on the Australian market are 'like' or 'directly competitive' to the exempt goods, the like goods framework adopted by the Commission has been used.

a) Physical likeness

The high strength steel which comprises the exempt goods is used specifically in applications requiring increased strength and durability properties for increased payloads. This includes applications such as heavy load truck chassis, cranes and earthmoving machines.

To deliver the high strength properties required of the applications, the key physical characteristic of the relevant hot rolled steel is the yield strength. To that end, the yield strength required for such applications ranges from a minimum of 680 Mpa to 960 Mpa and above.

By contrast, the closest locally manufactured product is Bluescope's 'Xtraform 500' which has a minimum yield strength of 480 Mpa and is typically used in automotive componentry. The lower yield strength of this product provides a significant and critical difference in the physical characteristics of the various products.

b) Commercial likeness

In examining the commercial likeness between the exempt high strength steel and locally produced Xtraform 500, Bao Australia has addressed the key questions posed in the Commission's Dumping and Subsidy Manual.

1. Are the goods directly competitive in the market? e.g. do the goods compete in the same market sector? Within a market sector, are the goods similarly positioned?

No. Bluescope's Xtraform 500 is primarily utilised by the automotive industry in the manufacture of automotive components as noted on the relevant datasheet. By contrast, the exempt goods are sold into and used by the construction industry in demanding load-bearing structures.

2. To what extent are participants in the supply chain willing to switch between sources of the goods and like/directly competitive goods? e.g. willingness of participants to switch between sources may suggest commercial interchangeability.

Given that the minimum yield strength is critical to the durability of the steel in the end-use application, there is no willingness of participants to switch between the high strength steel requested to be exempt, and the substantially lower strength steel produced by Bluescope. This is confirmed by the relevant end-users of the corresponding steel with the automotive sector being the primary target of Bluescope's Xtraform 500. By contrast, the primary end-users of the exempt goods are construction equipment and machinery companies involved in the mining industry.

3. How does price competition influence consumption? e.g. close price competition may indicate product differentiation is not recognised by the market.

There is no price competition between the exempt goods and Bluescope's lower strength steel as the products are sold into different market segments and used in very different end-use applications.

c) Functional likeness

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In examining the functional likeness between the exempt goods and locally produced hot rolled flat steel products, Bao Australia has addressed the key questions posed in the Commission's Dumping and Subsidy Manual.

1. Do the goods have the same end use? To what extent are the two products functionally substitutable?

The exempt goods and the hot rolled flat steel products supplied by Bluescope are in their simplest form functionally the same in that they are both categorised as structural steel. However as explained earlier, the key characteristic of yield strength of the various grades of available structural steels has a significant impact on their end use.

2. To what extent are the goods capable of performing the same, or similar functions?

The exempt goods and locally produced steel products are not reasonably able to perform the same functions in their respective end use applications. For example, the high strength steel requested to be exempt does not possess the required formability of Bluescope's Xtraform 500 to be used in automotive componentry.

Likewise, Bluescope's Xtraform 500 does not possess the necessary minimum yield strength required of the typically demanding load-bearing structures.

3. Do the goods have differential quality?

Both the exempt and locally produced goods cannot be differentiated on quality as both are considered to be of prime quality and both possess the necessary chemical and mechanical properties required to fulfill their intended end use.

4. Is consumer preference likely to change in the future?

No. The structural steels which are discussed in this application are not affected by consumer preferences.

Yours sincerely

John Bracic