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24th July, 2012

Director Operations 1
International Trade Remedies Branch
Australian Customs and Border Protection Service
Customs House
5 Constitution Avenue
CANBERRA ACT 2601

Re : INVESTIGATION INTO THE ALLEGED DUMPING OF HOT ROLLED COIL STEEL EXPORTED TO AUSTRALIA FROM JAPAN, THE REPUBLIC OF KOREA, MALAYSIA AND TAIWAN

The application alleges that the goods have been exported to Australia at prices less than their normal value and that dumping has caused material injury to the Australian industry through price depression, price suppression, reduced revenue, reduced employment and reduced return on investment.

Further, in the application it is alleged in section 7.2.2 that Japan sourced steel has increased market share and that volumes have increased post the GFC.

This submission is on behalf of Tokyo Boeki Australia(TBA) who are referred to as an importer and we are fully cooperating with the Customs and Border Protection Service in this investigation

TBA are involved in Hot Roll Coiled Steel importing to the automotive sector and specifically ,over 50 years, support one customer only, Ford Australia . Steel is supplied from JFE and Nippon Steel Mills, The parent company of Tokyo Boeki Steel & Materials(TBSM) act as the exporter, TBA is the importer to the end user, Ford. TBSM and TBA are trading companies and are paid a fixed fee for service to organize and manage logistics. Price negotiation is conducted between JFE/Nippon Steel and Ford. The supplying mills and the end user set the price.

TBSM and TBA may be viewed as the exporter and importer, but in this long standing transaction process they do not receive distribution margins and do not perform the roles of a distributor. JFE / Nippon Steel and Ford therefore are the key decision makers on commercial matters.

Further, Ford tell us of the 7 specifications involved they do not recognize the claim in the application sections 3.1 and 5.6.4 that Australian grades are interchangeable . Locally manufactured vehicles meet performance standards, have been crash tested, have been certified to Australian Design Standards (ADR's), and tooling and facility manufacturing standards have been met using the specified steel to warrant the parts. It simply is not the case that steel which may appear similar can be substituted in the Automotive sector. It is our understanding Bluescope's steel is currently not approved for Ford Production.

TBA submit that in its involvement with the Japanese steel industry and Ford as the end user, that the facts do not support the claims . This may well be Automotive sector specific , but along with Bluescope, TBA have suffered the same issues,e.g., 3 years of losses, reduced revenue, and restructuring / reduction of employment levels.

The local production volumes in the Australian Automotive sector are significantly down year on year even though the overall market is strong. Ford, our only customer is at historical lows with no prospect of improvement on both locally produced vehicle volumes and steel tonnage. (refer attached) As recently as last week Ford announced cuts to production again and the loss of a further 440 jobs. In section 5.5.2, Bluescope claim volumes have recovered from 08/09 levels when in fact automotive steel volumes especially to Ford have declined to historical lows. The application does not accurately explain or depict cause and effect of the decline.

The application describes the steel making process. Our knowledge of the Australian and Japanese steel industries leads us to conclude the Japanese industry is demonstrably more efficient which reflects in pricing. The Japanese industry utilizes continuous flow mini mills so the four process steps described in Bluescope's application are synchronous. By way of example the costly slab transport and reheat stage in Bluescope's process simply doesn't exist in the Japanese process. The Japanese process is lower cost, delivers less time to delivery lower energy consumption and less scrap .Also there is less variability in properties from the more capable process which enables minimum roll tolerancing and overall delivers considerable cost reduction when compared to the older legacy process employed by Bluescope. In addition to having no scale of production and high in bound freight costs, their process and equipment is very inefficient when compared to the Japanese industry.

In conclusion TBA submit remedies are not required for the following reasons.

1. Automotive steel is not like general steel and the claim that similar steels can be substituted is not true.

2. Market shares in the period discussed have not materially changed, volumes have reduced to historical lows for our only customer, Ford, with no prospect of improvement. The application is inaccurate in this regard.

3. Prices are set by JFE /Nippon Steel and the end user ,Ford. The exporter and Importer do not set those commercial terms. Australia does have to acknowledge it is in the WTO,that these companies operate globally, global economies of scale, and the efficiency inherent in the Japanese Steel Industry, are reflected in better pricing than could be expected from Bluescope .Therefore in global terms pricing is normal value.

4. The same alledged injury claimed by Bluescope has occurred to TBA because the true root cause of the injury is the collapse in demand and therefore volume in the automotive sector. Specific sector factors should be fully considered in the investigation.

We would appreciate your consideration of the points raised above.

Yours sincerely,

P. P. Hiroshi Shigezumi
Managing Director
Tokyo Boeki(Australia) Pty.Ltd.