



**TOYOTA TSUSHO (AUSTRALASIA) PTY. LTD.**

A.B.N. 24 056 847 315

24 July 2012

Ms Lydia Cooke  
 Manager, Operations 1  
 International Trade Remedies Branch  
 Australian Customs and Border Protection Service  
 5 Constitution Avenue  
 CANBERRA ACT 2600

Dear Ms Cooke,

We refer to the Australian Customs and Border Protection Service ("Customs") investigation initiated by BlueScope Steel Limited ("BlueScope") into alleged dumping of hot rolled coil steel ("HRC") exported from, amongst others, Japan.

This submission is made by Toyota Tsusho (Australasia) Pty Ltd ("Toyota Tsusho"), as a purchaser of HRC. Toyota Tsusho provides HRC to Australian component manufacturers who supply to Toyota's automotive production in Australia. In summary, Toyota Tsusho supports the application made by Nippon Steel Corporation ("Nippon") to exclude a subset of steel, comprising of identifiable grades or qualities of steel, from any dumping duty imposed by the Minister.

#### Submission

The quality and technical specification of HRC used in Toyota's automotive production, as supplied by Nippon, does not have a domestic equivalent:

- (a) BlueScope does not produce an equivalent product to the requisite specification as is supplied by Nippon;
- (b) BlueScope's product, which is of an equivalent grade, has not been approved by our quality management department for use in the production of Toyota automobiles; or
- (c) BlueScope does not produce the requisite measurement, namely the requisite thickness, in a grade equivalent to that supplied by Nippon.

There are additional qualitative and performance issues which make the BlueScope product unsuitable for Toyota's Australian production. We address this issue further below.

#### Steel Comparison

In its automotive production, Toyota requires HRC product that meets particular steel grade specifications.

We confirm that Toyota Tsusho purchases HRC meeting the following specifications from Nippon:

- (a) [REDACTED]



(b) [REDACTED];

(c) [REDACTED]; and

(d) [REDACTED].

These products are purchased from Nippon as BlueScope is not able to cater to Toyota's needs as further detailed below.

[REDACTED]

**Toyota Tsusho's Purchase of HRC**

Table 1 below depicts Toyota Tsusho's import of steel meeting the above mentioned specifications during the investigation period.

**Table 1: Toyota Tsusho's Import data (Note: all figures shown are in metric tons (mt))**

[REDACTED]

As can be seen from the Toyota Steel Grade Table, BlueScope can manufacture steel with an equivalent grade to:

(a) [REDACTED];

(b) [REDACTED]; and

(c) [REDACTED].

Significantly however, BlueScope is only capable of manufacturing steel with a minimum thickness of [REDACTED], and a maximum thickness of [REDACTED].

In the case of steel products meeting the [REDACTED] specification, a significant portion of the steel required by Toyota is [REDACTED] thick. Accordingly, BlueScope does not produce an equivalent product to that produced by Nippon and subsequently purchased by Toyota Tsusho.

Table 2 below depicts the breakdown of Toyota Tsusho's purchase of [REDACTED] steel during the investigation period.

Table 2: Toyota Tsusho's purchase of [REDACTED] steel (Note: all figures shown are in metric tons (mt))



BlueScope's [REDACTED] equivalent product has not been submitted by BlueScope for approval, and is therefore not able to be used by Toyota (see below).

Steel products meeting the [REDACTED] specification are required by Toyota to be of [REDACTED] thickness. In August 2011, all [REDACTED] of steel imported by Toyota Tsusho (see Table 1) was of [REDACTED] thickness. Once again, BlueScope does not produce the required product as the equivalent steel grade it is able to produce has a maximum thickness of [REDACTED]. BlueScope therefore does not have an equivalent product to Nippon.

#### Quality Control

Toyota Motor Corp Australia ("TMCA"), through its Quality Control Department, sets steel specification required by Toyota for its automotive production. These specifications are predominantly fixed for the model life of the particular vehicle, generally 5 years or longer.

Once the requisite specification is determined, Toyota Motor Asia Pacific Engineering & Manufacturing ("TMAP-EM") undergoes Global Toyota Standard Testing (TS) in order to ascertain whether the steel purchased for Toyota's automotive production meets the requisite criteria<sup>1</sup>.

<sup>1</sup> The steel products are tested for their strength – to ensure ANCAP 5 Star rating; weight – to maximise fuel consumption; durability – for warrantable corrosion resistance; and formability – for press process quality consistency.

In October 2011, BlueScope closed its Hot Strip Mill in Western Port and moved its production to Port Kembla. The Port Kembla operation, however, was not approved by TMAP-EM and in turn all of BlueScope's grades were required to go through the TMAP-EM's approval process.

As BlueScope's [REDACTED] equivalent grade, namely [REDACTED], was not submitted by BlueScope to TMAP-EM for approval, its steel products cannot be purchased by Toyota Tsusho, and no locally manufactured equivalent to Nippon's [REDACTED] is available to Toyota.

Furthermore, Toyota Tsusho has observed qualitative and performance differences and advantages enjoyed by Nippon steel over BlueScope steel. In at least three respects BlueScope steel has been shown to be deficient:

- (a) formability;
- (b) rust staining; and
- (c) coil camber.

[REDACTED]

[REDACTED]

#### Conclusion

BlueScope is unable to meet all of Toyota's automotive production needs. For some products there is no Australian produced or manufactured product that is equivalent to the product purchased by Toyota Tsusho from Nippon. Where there is an equivalent this only represents a small proportion of overall HRC requirement. Specifically:

- (a) BlueScope does not produce the [REDACTED] equivalent steel in the required [REDACTED] thickness;
- (b) BlueScope's [REDACTED] equivalent steel, [REDACTED], has not been submitted for approval to Toyota's quality management department;
- (c) BlueScope does not produce the [REDACTED] equivalent steel in the required [REDACTED] thickness; and
- (d) BlueScope does not produce steel equivalent to [REDACTED].

In light of the above, Toyota Tsusho supports Nippon's application to exclude a subset of goods from any dumping duty imposed by the Minister at the conclusion of the investigation being undertaken by Customs. The imposition of any duty on this product will adversely affect the operation of Toyota Australia's local component suppliers.

Yours sincerely



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Toyota Tsusho (Australasia) Pty. Ltd.

Acknowledged by



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Metals Division  
Toyota Tsusho Corporation (Japan)