

PUBLIC RECORD VERSION

March 7, 2014

The Director
Operations 3
Anti-Dumping Commission
1010 La Trobe Street
Docklands Vic 3008

Attn: Mr Matthew Williams

Dear Sir,

With respect to the investigation case: Quenched and Tempered Steel Plate, we, JFE Steel Corporation (JFE) submit this letter in response to the initiation of an anti-dumping investigation and proposed anti-dumping measures in relation to exports from JFE Steel Corporation referring to:

- the application for the publication of an anti-dumping duty notice with respect to quenched and tempered steel plate from Finland, Japan and Sweden lodged by Bisalloy Steel Ltd (Applicant) on 20 November 2013;
- the Australian Anti-Dumping Commission's consideration report in relation to the application (CON 234) dated 30 December 2013;
- the subsequent Anti-Dumping Notice (ADN 2014/01) providing notice of the initiation of an investigation into alleged anti dumping pursuant to the ADC's consideration of the application.

1. No Competition

With minor exception, JFE QT plates do not compete with the Applicant's product. JFE has been selling QT plate for many years based upon the customer's requirement in Australia. We in no way harm the Australian steel producer like the Applicant has alleged. Therefore, we would like to fully cooperate with the ADC investigation in order to oppose these claims made by the Applicant.

2. Different products production process

Product range of JFE is considered significantly different from that of the Applicant.

JFE has developed many types of QT plate like EH (EH stands for EVERHARD, JFE's brand of abrasion resistant plate) - SP(titanium-carbide added plate), EH & HITEN (HITEN is brand name of JFE's high strength steel) - LE(-40C degree Charpy Impact Test Guarantee), which satisfy the customers various requirements.

Technically, JFE's quality control system and manufacturing method is completely different from the Applicant's .Illustrative flow chart supplied as Annex G.1.1

JFE is an integrated steel manufacturer and can control quality throughout production process from selection of raw material, iron making, steel making, rolling, heat treatment, non destructive inspection, physical inspection, marking and shipment. Leading edge grades of JFE HITEN is produced by TMCP process. TMCP process means Thermo Mechanical Control Process'. Compared to JFE, the Applicant has only heat treatment processing equipment and purchases QT green plate from other plate manufacturers. The Applicant therefore can only control some portion of heat treatment.

3. Supply experience

JFE₇ believes₈ that no antidumping measure should be imposed on JFE's QT plate. At the time this investigation was initiated, the definition of the GUC was considered ambiguous, however, after clarification of difference between competing products, the GUC and other products should now be clearly differentiated.

In determining like products, it needs to be understood that JFE has been globally supplying QT plate for many years and it is JFE's experience that global and Australian end users of QT plate decide what and whose products they require for the specific application. JFE sells its QT plate on quality, and not on price and in terms of Australian market JFE's sales of QT plate satisfy an essential economic requirement. JFE has been selling almost all grades of EH and HITEN LE series that guarantee Charpy Impact Value at -40 C degree since year 2001. JFE appreciates the ADC's consideration and undertakes to fully cooperate this investigation.

4. JFE's Supply Chain is more Value Added.

While JFE QT plate is not only considered technically different, the distribution channels in Australian market are also different from those of the Applicant.

The distribution channels of JFE QT plate have become essential to the customers. We have supplied QT plate for many years in these distribution channels different from those of the Applicant. In this sense, JFE QT plate does not compete with the Applicant.

More specifically, we understand that the Applicant sells 80% of its QT plate in Australia through a network of distributors as 'full plate' without any processing and 20% directly to larger OEM-customers including for repairs and maintenance.

With minor exception, JFE QT plate does not compete with the sales through the network of the distributors being 80% of the Applicant domestic sales.

JFE's main customers are [REDACTED] and [REDACTED] and [REDACTED] are both service centers and they provide the Australian mining and resource sector with an ESSENTIAL service as their functions combine stockist, processor and machine shop functions etc, using their equipments which the Applicant does not possess. Approximately [REDACTED]% of [REDACTED] sales and [REDACTED]% of [REDACTED] sales are conducted after processing QT plate like cutting, drilling and beveling. Those merits in doing so are passed onto their OEM customers, and this service can be considered to be in the national interests of Australia.

These service centers provide the best possible service to the mining and construction equipment manufacturers in Australia. They have contributed to the resources industry in Australia on 24 hours a day, 7 days a week basis, and both have demonstrated the capacity to deliver the required functional goods (fabricated/worked/specific) in a timely manner avoiding significant unforeseen mining costs because of stock abilities, customer supplied drawing, expertise, equipment, industry acceptance etc. The function of these service centers is essential for the Australian resources industry, and must be supplied on short notice resulting in the need to carry stocks.

5. Production capacity

It should be considered that the Applicant production capacity is only 65,000 tons at the maximum (please see the Applicant Annual Report), and thickness of QT plate is limited up to 100 mm based on the Applicant's data sheet (but according to Consideration Report, the maximum thickness is 110mm) which is not satisfactory for the customers. These facts mean that the production capacity and range of the Applicant cannot satisfy the domestic demand of 80,000 tons. The QT plate materials required by the end users are mainly for machine parts companies for resources business. Our customers operate 24 hours a day, 7 days a week. The stable and steady supply of QT plate is indispensable, and both [REDACTED] and [REDACTED] have developed sufficient capability in providing these value added services to our Australian customers.

6. Public Interest to Australian Economy

One of the main points in the antidumping investigation allows for the public interest to be taken into consideration, which naturally includes the profit of the nation and its consumers. Since QT plate is used mainly for mining machinery equipment, if high quality plate like JFE EH / HITEN should not be supplied, both continually and timely, it will surely give adverse affect to mining industry in Australia.

7. Conclusion

In conclusion, JFE has responsibly supplied QT plate through these service centers for many years, and JFE as well as [REDACTED] have received the trust and confidence of many customers and the extremely high evaluation of the quality of JFE QT plate.

JFE, as an integrated steel manufacturer, provides high-end products with strict quality control system and acquire customer's trust. JFE has exported only a limited amount of QT plate due to the specific requirements of certain customers in Australia for several decades. Imposition of antidumping measure on JFE QT plate in this investigation will only lead to damage our Australian customers whose function is extremely important for the overall economic climate of this resources-driven land.