

23 October 2018

**The Director  
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Anti-Dumping Commission  
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By email

Dear Director

## **Hyundai Steel Company Review 465 – responses to Liberty OneSteel comments**

As you know we act for Hyundai Steel Company (“Hyundai Steel”) in this matter.

The purpose of this submission is to provide some short responses and comments on a number of issues raised by Liberty OneSteel (“LOS”) in their recent comments and submissions. We note, for the record, that the submissions to which we refer were made outside the 20 day interested party submission period after the publication of SEF 465.

### **1 LOS misrepresents Hyundai Steel’s position regarding date of sale**

First of all, we take issue with LOS’s allegation, in its submission dated 31 August 2018,<sup>1</sup> that “*Hyundai’s own claims in a recent US steel investigation... exposes the [ ] statement by Hyundai’s Australian representative as both contrary to their earlier claim and disingenuous*”.

The reason why Hyundai Steel’s view regarding the date of sale for its *Australian* sales has changed since the investigation period of the original investigation, which was over five years ago, was well explained to the Commission during the verification. Particularly, Hyundai Steel pointed out the circumstances pertaining to a certain importer customer it had during the original investigation period, being circumstances that did not exist in the current review period.

The fact that Hyundai Steel approached the date of sale issue in the US investigation differently to the present review in Australia is due to the particular regulatory requirements in the US jurisdiction, and the fact that each market has its own characteristics. The date of sale for each market and each customer can differ because of those characteristics. Indeed, the paragraph that LOS’s submission quoted from the US investigation, which it claims somehow “*exposes*” Hyundai Steel, or its representative, depicts the circumstances of Hyundai Steel’s *domestic market*. The paragraph referred to by LOS is entirely consistent with Hyundai Steel’s position in the present review, being that the date of sale for its domestic market is best determined by the invoice date, and is different to the circumstances for Hyundai Steel’s Australian sales. LOS’s insults betray either a lack of understanding of the facts in the present review in this jurisdiction, or a carelessness with respect to those facts born of its own self-interest.

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<sup>1</sup> LOS submission, EPR 018, pages 3 and 4

## 2 LOS's submission on like goods is misguided

Secondly, regarding like goods, we would like to note that both the Commission and the Anti-Dumping Review Panel have comprehensively examined the correctness and reasonableness of Hyundai Steel's proposed model matching method, and that the Commission is now doing so for the third time. The method has been used to determine the variable factors and the dumping duty, and has been further enhanced due to the revision of the relevant Korean Standards during the period of review. This matter should well and truly over by now. However LOS's obsessive pursuit of its own preferred (and ever-changing) model matching method continues to miss the point.

We would like to reiterate the following:

- Hyundai Steel does not sell *identical* products to those exported to Australia, being the goods produced to the Australian Standard/NZ Standard, in its domestic market. It is fruitless to try to identify a product that is identical or that strictly complies with all the requirements of AS/NZS.
- Determining products which should be considered as *like goods*, being products which have characteristics closely resembling those exported to Australia, requires thorough examination of a wide range of relevant factors. The Commission has correctly come to the view that a subset of Hyundai Steel's domestically sold goods can be considered as like goods to the goods under consideration that Hyundai Steel exported to Australia. This conclusion is based on the Commission's consideration of a range of key factors, including the level of yield strength, tensile strength, shape, dimension, cost differences, cost, the actual physical specification, etc. By contrast, LOS continues to request the Commission to focus on one or other particular narrow criteria, first requiring the Commission to agree with its model matching method by yield strength alone, and now by "weldability".
- Contrary to what LOS may intend to depict, all of the goods in the subset of domestically sold goods identified by Hyundai Steel as like goods to the goods exported to Australia, whether under the "SS400" or "SM400", are weldable.
- Korean domestic customers for HRSS, and we believe it is the same in Australia, focus on mechanical performance such as **[CONFIDENTIAL TEXT DELETED – market intelligence regarding customer preferences and perception of key mechanical performance criteria]**, and not on **[CONFIDENTIAL TEXT DELETED – market intelligence regarding customer preferences and perception of key mechanical performance criteria]**.

Again, we recall that the Commission has again and again correctly determined that the particular subset of goods sold by Hyundai Steel under different standards domestically has physical characteristic closely resembling the goods under consideration, having regard to a wide range of key characteristics. The suggestion that the goods that should be considered "like goods" and used for normal value purpose is SM275, and to disregard all the other domestically sold products which are not identical but overwhelmingly similar to SM275, and more importantly are overwhelmingly similar to the goods exported to Australia, is unjustifiable and purely self-serving.

## 3 LOS' disingenuous submission on a need for more duties

Lastly, we take issue with LOS's submission regarding the form of dumping measures. LOS's submission focuses on the dumping margin determined for Hyundai Steel in the SEF, and the volume of exports, as grounds for changing the form of measures.<sup>2</sup> In terms of the dumping margin, Hyundai Steel has disputed the accuracy of the dumping margin. In Hyundai Steel's view the dumping margin is incorrect and significantly overstated, due to the incorrect determination of the date of sale of its

<sup>2</sup> LOS submission, EPR 015, at page 8

Australian sales, and the exchange rate used. Hyundai Steel is committed to ensuring that these errors are duly corrected.

In terms of the volume of Hyundai Steel's exports, LOS is best placed to explain to the Commission as to why imports from Hyundai Steel increased. Is it true that it is because Hyundai Steel has been selling at the lowest price? Or is it because LOS could not meet the demand of the domestic market because of its own decision not to produce HRSS, to the extent that LOS had to import the HRSS from Hyundai Steel?

We refer the Commission to the information Hyundai Steel submitted in its request for revocation review, which is attached to this letter again. **[CONFIDENTIAL ATTACHMENTS]** We also provide **[CONFIDENTIAL ATTACHMENT AND CONFIDENTIAL TEXT – market intelligence regarding LOS's inability to meet market demand for the GUC]**, such as this:

**[CONFIDENTIAL MATERIAL DELETED -  
demonstration of LOS's supply of Hyundai Steel's product in Australia]**

LOS should explain to the Commission, and to Australian customers for HRSS, why a combination duty method that is likely to impose significant price inflexibility and costs is a more suitable measure for a product with a market known to be cyclical nature, in which LOS could not and still cannot meet the demand itself?

The only plausible reason is that it is a measure that suits LOS's desire to hijack market prices and force them to the highest possible level it can.

Yours sincerely



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