

**Ford Motor Company of Australia Limited**

A.B.N. 30 004 116 223 Private Mail Bag 6, Campbellfield, Victoria, 3061

Carl Parkin  
General Purchasing Manager

02 August 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,

Ford Motor Company of Australia Limited ("Ford") would like to address the Australian Customs and Border Protection Service Dumping Notice No. 2012/30, "Hot Rolled Coil Steel, Exported from Japan, the Republic of Korea, Malaysia & Taiwan; Initiation of an investigation into the alleged dumping" initiated by Bluescope Steel Limited and Bluescope Steel (AIS) Pty. Ltd. (together "BSL").

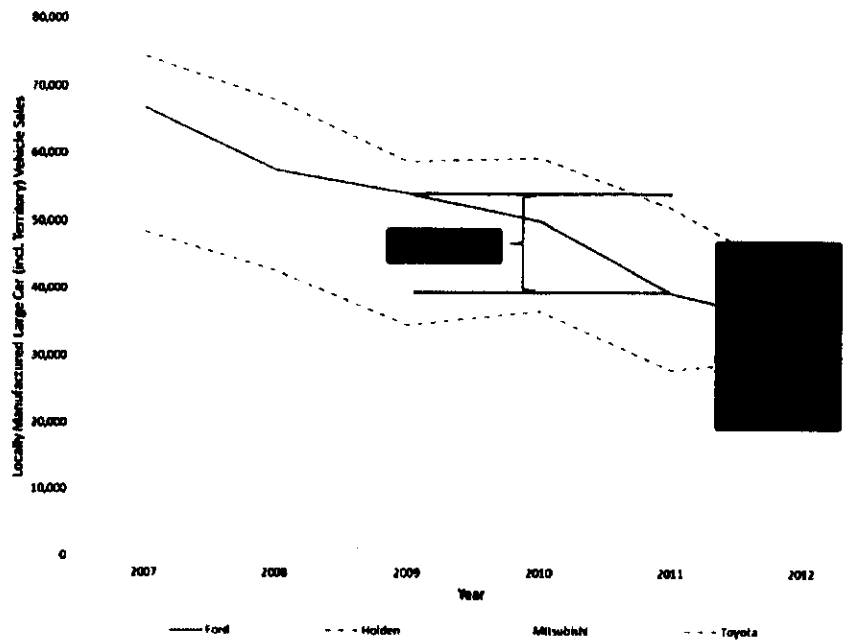
This submission is made by Ford on the premise of being an end user of automotive grade Hot Rolled Coil Steel ("HRC") imported from Japan and the Republic of Korea.

Ford submits that:

- Ford's sources of automotive grades of HRC have not changed significantly over the last 5 years, thereby having little effect on BSL's market share.
- Ford does not consider BSL grades to be equivalent to those currently engineered into our vehicles (and vice-versa) given the differences in key characteristics, such as Yield & Tensile Strengths and also Crash/Impact Performance (i.e. the major considerations for vehicle development).
- BSL does not typically produce HRC having a either a thickness less than 1.6mm or a width greater than 1550mm, which makes up a portion of HRC used by Ford.

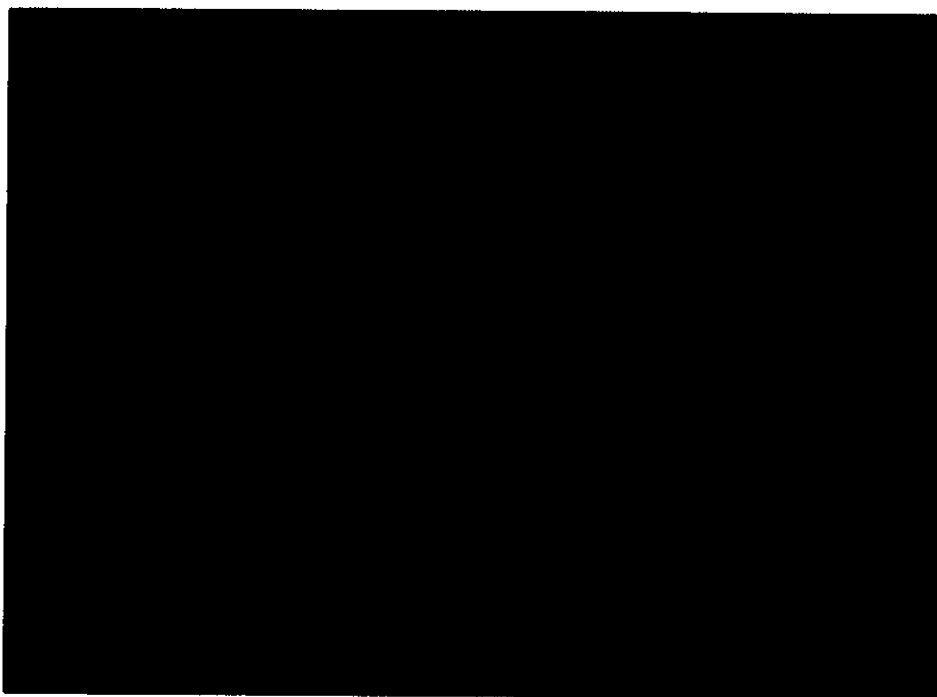
**Volume & Injury**

Given the sharp reduction in large sedan vehicle sales since at least 2009, all suppliers to Ford have experienced a significant reduction in component and material sales.



Graph 1: Locally Manufactured Large Car, SUV & Utility Vehicle Sales (Australia) Year-on-Year.

From an automotive steel perspective, excluding minor design changes and minor product actions, the volume in automotive steel purchases (by Ford) relating to large sedan has also uniformly decreased.



Graph 2: Steel Receipts by Supplier 2010 vs. 2011

The Design Process, Steel Selection & Sourcing

In the Automotive Industry, steel grade selection is seldom based on price. Steel grades are also very specific and, once validated, are rarely changed due to the significant engineering resource required.

The Technical Specification (or Grade) of all steel used by Ford is determined long before [REDACTED] pricing is considered. The grade of steel used in an automobile, be it of HRC variety or other, is dictated by the enormous amount of design and development conducted for each part. The final specification is ultimately selected by the Engineering team and is based on various performance attributes required (Stiffness, Strength, Formability, Weld-ability, Mechanical Behaviour, Corrosion Resistance, Paint Adhesion and Crash/Impact performance).

During the design process, various grades of steel are considered for each part. It is only after all of the engineering disciplines are satisfied that Ford will seek to source each grade and size required.

In some cases, overseas steel mills *may* produce steel to a BSL specification (India, China or New Zealand most frequently) although Ford does not directly procure any BSL grades/specifications from any of BSL's competitors.

Ford last conducted an extensive design process, where sheet metal (incl. HRC) design/sourcing was affected, for the [REDACTED]

Since the [REDACTED] release, Ford's sources for automotive grades of HRC have not changed significantly. In addition, steel pricing is governed by the raw material indices for Steel (London Metal Exchange) and its' inputs (Coking Coal, Iron Ore). Imported steel is also largely governed by the AUD:USD exchange rate.

**Equivalent Grades**

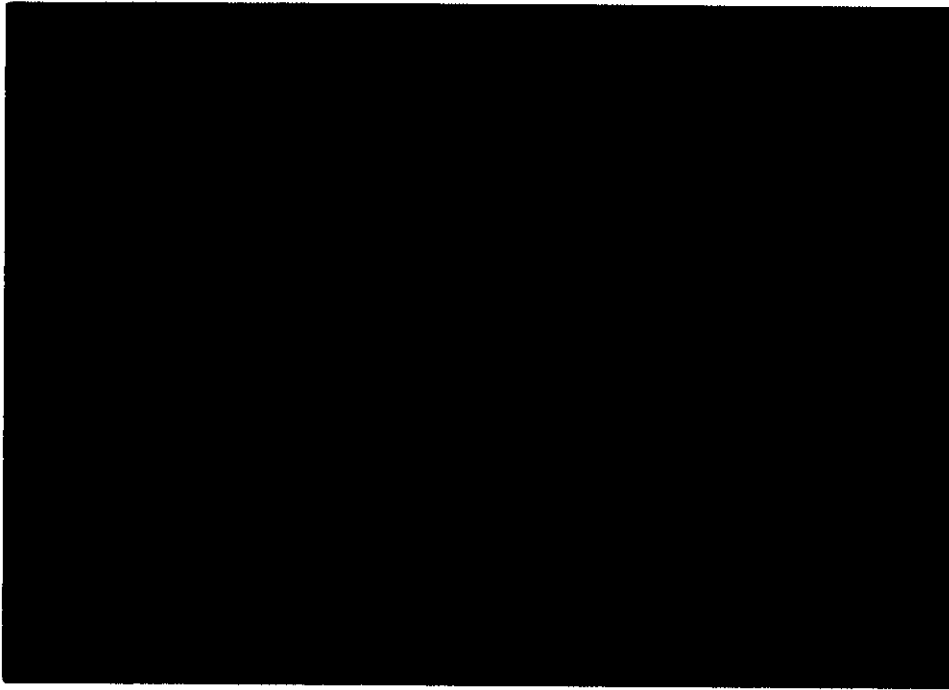
Ford reiterates that automotive grade steel requirements are very specific. With very few exceptions, we do not consider each grade to have an equivalent available from an alternative Steel Mill.

For Ford to change the validated steel grade for any part, a metallurgical investigation must first take place, potentially followed by an extensive design analysis (including virtual testing). Once a level of confidence is achieved, prototype build trials will take place and parts may be physically tested before being approved for use.

Of [REDACTED] HRC grades/sizes Ford directly purchases for use in locally built vehicles, only [REDACTED] of these have changed source since [REDACTED] (representing [REDACTED] of all Ford purchased [REDACTED] HRC by quantity). Each of these changes required the level of testing outlined above. Please note that no [REDACTED] grades/sizes have changed.

Grades may occasionally need to be changed due to field issues or a desire for improved attribute performance.

Furthermore, there are [REDACTED] grades/sizes that BSL cannot produce (or propose a close equivalent for) due to sizing restrictions (representing [REDACTED] all Ford direct purchased HRC by quantity).



Graph 3: Hot Rolled Coil Steel Purchased by Ford 1/4/2011 – 31/03/2012

As a key player of Australian Industry, Ford remains committed to continue purchasing steel from BSL (pending quality, delivery and cost performance) and empathizes with their current financial position. Currently sharing a healthy working relationship with BSL (as it does with all of its steel suppliers), Ford will also remain committed to considering current and new BSL grades during the design selection process, and also for various product actions, provided that it continues to produce steel that meets our requirements (including competitive pricing).

In an already difficult operating environment, we believe that any duty added to the HRC purchased by Ford will only add further cost pressure to the local automotive industry that it, itself, is trying to compete with cheaper imports without any tariffs or duties imposed. Any incremental duties will not add to BSL's product portfolio as we are unlikely to change any steel grades currently in use. Please consider Ford's position and the potential significant impact this will have on our operations.

Regards

Carl Parkin  
General Purchasing Manager  
Ford Motor Company of Australia Limited  
Phone: +61 3 8301 2312  
Email: cparki13@ford.com