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18 March 2015

Mr Tim King Investigator Anti-Dumping Commission C/o Australian Customs and Border Protection Service **Customs House** 1010 La Trobe Street **DOCKLANDS VICTORIA 3008** 

For Public File

Dear Mr King

Investigation into Steel Reinforcing Bar exported to Australia from the Republic of Korea, Malaysia, Singapore, Spain, Taiwan, the Kingdom of Thailand and the Republic of Turkey – response to Issues Paper 2015/01

#### Introduction

OneSteel Manufacturing Pty Ltd ("OneSteel") welcomes the opportunity to review and provide comment on the model-matching criteria proposed for normal value purposes as outlined by the Anti-Dumping Commission (the "Commission") in Issues Paper 2015/01.

Accurately being able to identify goods sold in the exporters' domestic market that most closely align to the physical and technical characteristics of the exported goods under consideration ("GUC") will be critical to enabling a fair comparison of normal values.

### The Commission's proposed position

The Commission has proposed in Issues Paper 2015/01, the application of modelmatching in respect of the following three criteria:

## 1. Minimum yield strength

The Commission is of the view that the most closely resembling goods to the goods under consideration are rebar products with a minimum yield strength of 500MPa, 300MPa and 250MPa.

#### 2. Shape

The Commission intends to match domestically sold and exported models according to whether they are in coils, or in straight lengths.

# 3. Diameter

The Commission intends to match domestically sold and exported models according to the diameter of the rebar. Where domestic rebar diameters vary by small amounts from the exported rebar diameters, the Commission may compare rebar products that are close, though not absolutely identical in diameter.

The Commission further mentions that consideration is being given to whether carbon equivalence is an appropriate model-matching criterion.

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#### OneSteel's response

It is OneSteel's view that the model-matching criteria chosen by the Commission provides a reasonable basis for comparison of goods in the exporters' domestic markets that most closely align with the GUC exported to Australia. OneSteel offers the following additional comments for consideration by the Commission.

#### 1. Minimum yield strength

It is OneSteel's understanding that the bulk of the GUC exported to Australia are produced to AS/NZS 4671:2001 G500N. OneSteel's submits that the most relevant grade to be model matched for normal values should be the domestic grade that most closely matches G500N characteristics. OneSteel's assessment of the grades defined in the relevant Standards for the exporters' domestic market that most closely match G500N is included as Non-Confidential *Attachment 1*.

The exporting Mills identified in OneSteel's anti-dumping application have all been accredited by the Australasian Certification Authority for Reinforcing and Structural Steel "ACRS" (apart from Wei Chih Steel Taiwan who has since been listed as a "non-producer").

The certificates issued by ACRS are available on the website http://www.steelcertification.com and these indicate the minimum yield strength of rebar that each of the mills is certified to produce, as made to AS/NZS 4671. The majority of these are only certified to produce 500N (or 500E) rebar. The exceptions are AmSteel Mills (Malaysia) and Millcon (Thailand) who are certified to produce 250N (Millcon) and 250N and 300E (Amsteel) along with 500N grade.

Rebar with minimum yield strength of 500MPa may not be commonly sold in all exporters' domestic markets. It will therefore be necessary to make an adjustment based upon any premiums associated with the grade that most closely compares to G500N compared to the typical domestic grade. It is not unrealistic to expect a grade that delivers a higher yield strength will command a premium over a lower strength grade.

Based on market research obtained prior to application lodgement – refer Confidential *Attachment* 2 - the domestic price premium is evident for

As per Pg 6 of Confidential *Attachment 2*, the most commonly used rebar grade in **a set of the closest match**, considered to be the closest match

for the G500N exported to Australia, sells for around an additional Page 20 similarly shows a difference of

(considered to be

between the commonly used grade the grade most appropriate for model-matching).

The independent information in Confidential *Attachment 2* confirms that grades with a lower yield strength than G500N will sell at lower prices. The Commission will therefore need to take full account of price differences for normal values based upon grades with yield strengths lower than the G500N grades.

## 2. Shape

OneSteel agrees with the Commission that the form of rebar (whether straight bar or in coil form) is an important model-matching criterion that should be applied in assessment of normal value.

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OneSteel has indicated that rebar in coil form would generally command a premium in most overseas markets. This is evidenced on Pages 13 and 26 of Confidential Attachment 2 for respectively. It is expected that a difference in price for coiled versus straight rebar will exist for all the countries involved in this investigation. As such, normal values for rebar in coil form are expected to be higher than normal values for rebar straights.

# 3. Diameter

It is OneSteel's view that the domestic rebar diameter that most closely aligns with the exported rebar diameter is a reasonable approach for size comparison.

The 13mm rebar produced for sale in a number of the exporters' domestic market should be readily comparable to the 12mm rebar produced for export to Australia. In the case of exporting mills who sell a 22mm and 25mm rebar domestically but export 24mm rebar to Australia, it is OneSteel's view that both the 22m and 25mm domestic sales can be compared to the 24mm export sales (with appropriate adjustments).

The bulk of the export sales to Australia are likely to align with the size range most commonly used in Australia. These typically include the sizes in the range of diameters 12mm up to 36mm. OneSteel expects that there will be sufficient sales quantities in this size range in exporters' domestic markets for an adequate comparison to be made.

# Carbon equivalent

OneSteel considers the carbon equivalent to be an important characteristic to be included in the model matching criteria. The carbon equivalent of 0.44max required by steels conforming to AS/NZS 4671:2001 G500N, ensures that rebar produced to this standard is readily weldable ie. does not require any special heat treatment processes to be applied prior to or after welding.

Where an exporter produces two domestic grades meeting the same strength requirement around 500MPa but requiring a lower carbon equivalent for one of those grades, it is OneSteel's view that the grade with the lower carbon equivalent requirement (most readily weldable) should be chosen as the appropriate grade for model matching.

# Other factors

OneSteel considers that the criteria discussed above covers the key physical and technical characteristics to be assessed for model-matching rebar produced for sale in the exporters' domestic markets with the GUC exported to Australia.

The Commission does however state in Issue Paper 2015/01 that "there may be circumstances where, despite applying a model-matching criteria, there may still be grounds to apply adjustments under subsections 269TAC(8) and (9) of the Act in order to ensure a fair comparison between export price and normal value".

It is OneSteel's view that grounds for applying adjustments may include the following:



- A different method of production is employed for a given grade (G500N) of rebar when produced for the domestic market compared to the export market. An assessment of the different production methods for a given grade may show an additional cost of production (e.g. an expensive alloy addition such as vanadium) for one method which is not applicable to the other production method (for example water-guench). This difference in production cost may be factored into the sales prices of the goods. In this instance, an appropriate adjustment must be made to ensure a fair comparison between export price and normal value. An example of the differences in pricing for "V-added" versus "quench" rebar of the same strength is available in the attached (Confidential Attachment 3).
- The basis for sale of rebar by exporters may differ for export sales compared to • domestic sales. Given the mass per metre tolerances of ±4 to 6% provided in all rebar Standards for the countries involved in this investigation (refer Non-Confidential Attachment 1), it is important that the sales transaction basis be established. The (Confidential Attachment 4) expands on the practise attached employed by rebar producers to gain the benefits of selling on a theoretical weight basis within the mass per metre tolerance limits allowable. The attached (Confidential Attachment 5) again refers to the difference in pricing of rebar on a theoretical versus actual weight basis.

If you have any questions concerning this letter please do not hesitate to contact OneSteel's representative Mr John O'Connor on (07) 3342 1921 or Mr Matt Condon of OneSteel on (02) 8424 9880.

Yours sincerely

the Gal

Matt Condon Manager – Trade Development **OneSteel Manufacturing Pty Ltd** 

# Issues Paper 2015/01 - Attachment 1

COUNTRY	Australia	Malaysia⊨	Singapore	Thailand	Korea	Taiwan	Spain	Turkey
STANDARD	AS:4671	MS 146	SS 2	TIS 24-2536	KS D 3504	CNS 560 A2006	UNE 36-068	TS 708
GRADE (that most closely approximates 500N)	<b>500N</b> Note - grades 500E and 250N also covered	<b>500</b> Note - grade 460 also included	RB500W	<b>SD50</b> Note - grades SD30 and SD40 also covered	<b>SD500W</b> Note - grades SD300, 350, 400, 500, 600, 700 and SD400W also covered.	<b>SD490</b> Note - grades SD280, SD280W, SD420 and SD420W also covered.	<b>B500S</b> Note - grade B400S also covered.	VCH IV A Note - grades VCH I A and VCH III A also covered
C <sub>eq</sub>	0.44 max	0.51 max	0.50 max	0.60 max	0.50 max	0.57 max	0.50 max	0.50 max
Yield Stress	500 MPa Lower Cv 650 MPa Upper Cv	500 MPa Lower Cv	500 MPa Lower Cv	490 MPa min	500 MPa min	490 to 625 MPa	500 Mpa Lower Cv	500 Mpa min
Preferred bar sizes, in mm	12, 16, 20, 24, 28, 32 & 36	8, 10, 12, 16, 20, 25, 32 & 40	6, 8, 10, 12, 13, 16, 20, 22, 25, 28, 32, 38 and 40.	10, 12, 16, 20, 22, 25, 28, 32, 36 & 40.	4, 5, 6, 8, 10, 13, 16, 19, 22, 25, 29, 32, 35, 38, 41, 43, 51, 57.	10, 13, 16, 19, 22, 25, 29, 32, 36, 39, 43, 50 and 57.	6, 8, 10, 12, 14, 16, 20, 25, 32 and 40	8, 10, 12, 14, 16, 18, 20, 22, 24, 25, 26, 28, 30, 32, 40 and 50
Mass per metre tolerance	Plus or minus 4.5%	Plus or minus 4.5%	Plus or minus 5 or 4%, depending on bar size	Plus or minus 6, 5 or 4%, depending on bar size	For bar sizes <10mm: +not specified/-8% For bar sizes 10- 15mm: +/-6% For bar sizes 16- 28mm: +/-5% For bar sizes 29 and over: +/-4%	For bar sizes 10- 13mm: +/-7% For bar sizes 16- 25mm: +/-5% For bar sizes 29 and over: +/-4%	Plus or minus 4.5%	Plus 4% Minus 6%