

8 April 2015

Mr Tim King
Investigator
Anti-Dumping Commission
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 Habas submission 028 of 19 March 2015

Introduction

In Issues Paper 2015/01, the Anti-Dumping Commission ("Commission") outlined the model-matching criteria it proposed to apply for the purpose of identifying the steel reinforcing model(s) sold in the exporters' domestic market that have the most identical physical and technical characteristics to the exported model(s). Following the release of the public file version of the submission of Habas Sinai Ve Tibbi Gazlar Istihsal Endustrisi AS ("Habas") regarding the model-matching criteria proposed by the Commission, OneSteel Manufacturing Pty Ltd ("OneSteel") makes this submission in response. In summary, OneSteel does not agree with the views expressed by Habas in relation to yield strength for reasons discussed below.

Habas' view on yield strength

- Habas has stated that "yield strength based comparison is not necessary" and that "products with different yield strength still are comparable for dumping margin calculation purposes".
- Habas also contends that rebar producers "can obtain different yield strengths at no significant cost difference via a method known as quenching" and that quenching is merely a "controlled cooling process".
- Habas refers to similar pricing that exists for grade 250N compared to grade 500N rebar in the Turkish and Australian domestic markets in an attempt to explain its view that yield strength based comparison for dumping margin calculations is not necessary.

OneSteel's comments in response

- It does not appear accurate that all Habas rebar is made using the QST (quench & self-temper) method. The recent Canadian rebar anti-dumping case (where a

3.8% dumping margin was imposed on Habas) public complaint document stated¹ that “Turkish producers manufacture a different variety of rebars for their home market that costs less to produce than the rebar they produce for export sales”.

Rebar for export is often produced “using the more expensive air cooled process which involves the addition of additional alloys in order to meet the specification. In addition, the air cooled product is more rust resistant than the QST product, which is prone to rusting when shipped overseas to North America²”.

OneSteel urges the Commission to verify the production methods employed by Habas for rebar made for the domestic market compared to export market and any additional costs associated with vanadium micro-alloyed rebar production. Where appropriate, the necessary adjustments must be made to ensure normal value determination on a comparable basis.

- Habas has selected grades 250N and 500N to attempt to explain its pricing argument and has evidenced similar pricing 2006 points by OneSteel for these grades in the Australian market.

Grade 250N is produced in [REDACTED] by OneSteel for customers involved in swimming pool construction. Grade 250N does not undergo [REDACTED] during rolling. This is to ensure that a lower strength rebar is delivered given the ductility required in the application of swimming pool construction (needs to be easily bent/shaped). Customers value this lower strength property for use in this application in much the same way that a 500N rebar customer values the high yield strength (together with the other chemical and mechanical properties) given the application for which that bar is intended.

OneSteel does not produce grades in the >250MPa to <500MPa yield strength range. In countries where a range of grades with differing yield strengths within this range are produced, it is likely that rebar with a lower yield strength e.g. 400MPa will be sold at a lower price and 500MPa rebar (which may also be less commonly available) would command a premium. Even if both bars were produced through a QST process, the 500MPa rebar would allow a customer to potentially use less steel for a given building application (given the higher strength) than when purchasing 400MPa rebar, thus justifying the price difference.

Attaining the combination of mechanical and chemical requirements for a 500MPa rebar grade is typically more difficult (compared to a 400MPa yield strength) to achieve first time, every time when rolling. A producer of rebar that supplies a range of yield strengths will be able to “downgrade” rebar that has not met a 500MPa yield strength by first intent to another lower yield strength grade for sale. While additional costs incurred for 500MPa material that was not rolled “first time prime” may be difficult to assess during verification, the Commission is requested

¹ “Dumping and Subsidization of Rebar originating in or exported from the People’s Republic of China, the Republic of Korea and the Republic of Turkey” Public Complaint Pg 17 point 73.

² “Dumping and Subsidization of Rebar originating in or exported from the People’s Republic of China, the Republic of Korea and the Republic of Turkey” Public Complaint Pg 17 point 75.

to ensure selling prices for different yield strength grades are verified and understood.

OneSteel has previously included evidence of pricing differences based on yield strength for a couple of the countries (refer submission No. 027 on the EPR).

OneSteel encourages the Commission to ensure yield strength remains a key element taken into consideration for model matching for normal value determination.

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



Matt Condon
Manager – Trade Development
OneSteel Manufacturing Pty Ltd