

28th March 2014

Mr Adam Yacono
Manager
Anti-Dumping Commission
C/o Australian Customs and Border Protection Service
Customs House
1010 La Trobe Street
DOCKLANDS VICTORIA 3008

Dear Mr Yacono

Investigation into Hot Rolled Structural Sections exported from Japan, Korea, Taiwan and Thailand – Submission on behalf of Siam Yamato Steel Co. Ltd and PAD No. 223

Introduction

I refer to the normal values and dumping margins determined for Siam Yamato Steel Co. Ltd (“SYS”) as detailed in Preliminary Affirmative Determination (“PAD”) No. 223 and the submission of 19 March 2014 on behalf of SYS.

PAD No. 223 - SYS

OneSteel Limited (“OneSteel”) notes that the Anti-Dumping Commission has preliminarily determined normal values for SYS based upon domestic selling price information contained in SYS’ exporter questionnaire response. As indicated in its submission dated 28 March 2014, OneSteel has submitted that certain domestic sales of hot rolled structural sections (“HRS”) that are produced in accordance with Thai International Standard TIS 1227 – 2537 (1994) are not considered to be the equivalent of HRS exported by SYS to Australia during the investigation period.

SYS’ Exporter Questionnaire response identifies costs associated with physical characteristics for domestic sales that – it is assumed – are not incurred on export sales¹. As indicated above, HRS sold predominantly in Thailand is of a lesser quality and standard (including mass and yield strength differences) to the HRS exported by SYS to Australia. On this basis, an upward adjustment to account for specification differences between the inferior HRS sold domestically in Thailand and the higher quality HRS for export to Australia is required.

OneSteel rejects any suggestions by SYS that its normal value should be adjusted in a manner otherwise than an upward adjustment to normal value as outlined above.

The ADC is further requested to examine SYS’ domestic sales to ensure the correct and appropriate comparison of domestic and export sales is made. It is OneSteel’s position that SYS’ normal value will require an upward adjustment to account for the grade and specification differences that exist between HRS predominantly sold domestically in Thailand and product exported to Australia. OneSteel’s claim is further supported by the statement in the Leon Huat Hardware Exporter Questionnaire².

¹ SYS’ statements in the Public File Exporter Questionnaire response have been wholly redacted. This prevents interested parties from understanding the substance of the claim for adjustment made by SYS. The ADC is requested to require SYS to adequately disclose the nature of the adjustment claimed.

² Leon Huat Hardware Exporter Questionnaire , page 12

“AS3679.1 grade 300 requires more items to be stated in chemical compositions, physical/chemical laboratory approval....both Taiwan and Thailand steel mills charge a higher rate for AS3679.1 grade 300 compared to EN10025, ASTM or JIS standard.

It is further observed by OneSteel that SYS may have sought an adjustment for level of trade differences as identified in its Exporter Questionnaire response³. SYS's asserted costs associated with domestic sales has been wholly redacted from its Exporter Questionnaire Response, again making it difficult for interested parties to understand what claims have been made that would warrant a level of trade adjustment. The only information available to interested parties is the ADC's comment at P. 18 of PAD No.223 indicating that *“the Commission has not made an adjustment for claimed level of trade differences between domestic and export sales”*.

OneSteel anticipates that SYS has again sought an adjustment of this nature asserting that it has incurred costs on its domestic market for sales to a distributor that it has not incurred on export sales. SYS has previously sought a level of trade adjustment in an earlier HRS investigation⁴.

A level of trade adjustment must be supported by evidence demonstrating that sales to different levels of trade on the domestic market are *“shown to have affected price”*⁵. It is not sufficient to assert there exist certain cost differentials unless there is a clear price differential between customers at different levels of trade on the domestic market.

It is OneSteel's contention that the preliminary normal value assessed by the ADC for the purposes of PAD No. 223 is understated due to the inclusion of domestic sales that are of inferior quality HRS that cannot be included for fair comparison purposes. OneSteel further supports rejection of any claimed level of trade difference by SYS for goods sold on the domestic market that cannot be clearly supported as having being affected by a price differential on the domestic market.

SYS Submission dated 19 March 2014

In a submission on behalf of SYS, it is suggested that OneSteel has not experienced material injury from dumped exports of HRS from Japan, Korea, Taiwan and Thailand during the investigation period.

OneSteel rejects this suggestion and highlights with the ADC that the financial data verified by the ADC and confirmed in the OneSteel Industry Visit Report similarly contradicts SYS' representations.

It is also argued on behalf of SYS that the Arrium Annual Report for 2013 does not support a claim of material injury to the Australian industry. The SYS submission is carefully worded so as not to reference the goods the subject of the application – i.e. Hot Rolled Structural Sections (“HRS”) in statements that the applicant has not suffered material injury. The OneSteel steel business involves numerous businesses that account for more than \$3.5 billion in annual sales, with the HRS business one small element of the OneSteel steel operations.

OneSteel submits that the financial data for *the goods the subject of the application* as verified by the ADC in its recent Verification Visit evidences that the Australian industry has suffered material injury during the investigation period. The commentary referenced by SYS (i.e. Arrium Annual Report, 2013 and Investor Presentation Slides) represent commentary for steel industry interests that extend to a broader industry coverage than the goods the subject of the application.

³ Section E.2.3 of SYS Exporter Questionnaire, P.24.

⁴ Refer Trade Measures Report No.55.

⁵ Refer Dumping and Subsidy Manual, P.64.

Public File

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The comments made on behalf of SYS are therefore not relevant to the goods the subject of the HRS application and investigation and must be dismissed.

Conclusions

OneSteel has demonstrated that HRS predominately sold on the Thai domestic market is of a lower quality and standard (due to grade, and yield strength differences) than HRS exported by SYS to Australia. It is OneSteel's contention that SYS's normal value as determined in PAD No.223 is understated and requires an upward adjustment reflecting the higher costs associated with producing HRS for export to Australia (that is not incurred in producing HRS for domestic sale).

OneSteel does not support a level of trade adjustment to SYS' normal value unless it can be unequivocally demonstrated that a price difference exists between customers on the Thai domestic market that are at different levels of trade.

Finally, OneSteel urges the ADC to reject the assertions made on behalf of SYS that the Australian industry has not suffered material injury in respect of the goods the subject of the investigation as SYS's claims are not supported by the evidence recently verified by the ADC.

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

A handwritten signature in black ink, appearing to read "Matt Condon".

Matt Condon
Manager – Trade Development
OneSteel Manufacturing Pty Ltd