

14 April 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 – Additional Comments re Hyundai submission of 19 February 2014

OneSteel appreciates the decision by the Anti-Dumping Commission (“the Commission”) to require an un-redacted version of the submission dated the 19 February 2014 by Hyundai Steel (“Hyundai”) via its lawyers to be placed on the Electronic Public Record. The un-redacted version fully reveals the claims made by Hyundai and allows the probity of those claims to be properly assessed.

Like goods

The further disclosure of information contained in Hyundai’s un-redacted submission of the 19th February 2014 (“the Hyundai Submission”) is of immediate and important relevance to the determination of normal values for like goods sold by Hyundai. In this regard, OneSteel wishes to bring the following matters to the attention of the Commission:

1. Incorrect Standard and product referenced in the Hyundai Submission

Point 1 of the Hyundai Submission states that:

“During the period of the investigation, Hyundai Steel only sold goods to Australia that match the AS/NZS 3678 300 standard.”

It is OneSteel's submission that this statement is, at best, confused and/or confusing given the focus of the Commission's investigation and should therefore be completely disregarded by the Commission. OneSteel's reasons for that submission are:

- Firstly, the Australian Standard AS/NZS3678 referenced in the Hyundai Submission is the applicable standard for “**Structural Steel – Hot-rolled plates, floorplates and slabs**”, it is **not** the applicable standard for the goods the subject of OneSteel's application for measures (i.e. Hot Rolled Structural (“HRS”) sections). This is made abundantly clear by Clause 1 of AS/NZS 3678 itself which specifically states:

“This Standard does not cover the following: Structural Steel - Hot rolled bars and sections (AS/NZS 3679.1).”

The appropriate standard that applies to the Goods Under Consideration ("GUC") is AS/NZS 3679.1:2010 – Hot-rolled bars and sections.

- Secondly, importers monthly offers¹ to the Australian market during the period of investigation state that Hyundai's HRS sections comply with AS3679.1 2010 Grade 300 - they do not state that their HRS sections comply with AS/NZS 3678 300, nor could they because AS/NZS 3678 specifically excludes HRS bars and sections.
- Thirdly, the HRS sections that are the subject of this investigation cannot be supplied to AS/NZS 3678 and any references to this standard (i.e. steel plate) are irrelevant to the Commission's current inquiry.
- Finally, all references by Hyundai to the BlueScope Steel product data sheets for Xlerplate© should also be considered irrelevant to the current inquiry as this is a marketing document for steel plate product manufactured to AS/NZS 3678 and these products are not at all comparable (let alone like or substitutable) to the GUC in this investigation.

2. Incorrect submission by Hyundai as to comparable grades to Grade 300.

Point 2 of the Hyundai Submission states that:

“Hyundai Steel’s domestic sales grades that match to the 300 export grade are the A36, Grade A, S275JR, SA36, SM400 and SS400 products”

However, a technical description of these grades published in Hyundai’s own product guide² contradicts Hyundai’s own submission. In Table 1 below OneSteel has extracted from the Hyundai product guide the yield strengths of Hyundai’s A36, S275JR, SA36, SM400 and SS400 products: this extract shows that these products only have minimum yield strengths in a range of 215-275 MPa. These yield strengths are equivalent to 250 Grade steels and not 300 Grade steels. Grade 250 is a redundant grade for Hot Rolled Structural sections in AS/NZS 3679.1: 2010.³

¹ Refer Confidential attachment 1

² The Hyundai Steel Products Guide printed April 2010 available for download from Hyundai Steel website www.hyundai-steel.com

³ Point (c) in Preface to AS/NZS 3679.1:2010 lists grades 250, 250L0, 250L15 amongst redundant grades that have been removed from that standard (which is the relevant standard for HRS bars and sections, which in turn are the GUC).

Table 1.⁴

Grade	Minimum Yield Strength (MPa)
A36	250
S275JR	265 - 275
SS 400	215 - 245
SM 400A	215 - 245
SM 400B	

If steels with yield strengths consistent with A36, S275JR, SA36, SS400 or SM400 are used in place of 300 Grade steels, there should be serious safety concerns given these would be understrength by between 14% and 23%. In any event such products - A36, S275JR, SA36, SS400 or SM400 - do not meet the standard required for 300 Grade and, therefore, there is no reasonable basis for the Commission to accept the statement in the Hyundai Submission at Point 2.

In Point 4 of the Hyundai submission the following statement is made

“..... we simply wish to clarify that Hyundai’s exports to Australia do not meet the 350 standard. Hyundai Steel only exported 300 standard products to Australia.”

OneSteel is not in a position to know whether Hyundai did or did not export any 350 grade HRS bars or sections; however what is important to clarify is the domestic grade sold in Korea that is equivalent to Grade 300.

OneSteel submits the following statement in the Hyundai submission is erroneous

“Therefore, Hyundai Steel’s SM490 and SS490 grades sold on the domestic market – being products that meet the requirements of the 350 standard – are not comparative to Hyundai Steel’s export sales and must not be considered to be relevant for normal value purposes”

Table 2 below lists the minimum yield strength requirements for additional grades which appear in the Hyundai Products Guide⁵ on pages 141 and 143 under “Rolled Steel for General Structure” and “Rolled Steel for Welded Structure”. For comparison purposes, Table 2 below also contains the minimum yield strength requirements for 300-Grade and 350-Grade as specified in AS/NZS 3679.1:2010.

⁴ The minimum yield strengths shown were sourced from Pages 112, 113, 141 and 143 of the Hyundai Steel Products Guide.

⁵ The Hyundai Steel Products Guide printed April 2010 available for download from Hyundai Steel website www.hyundai-steel.com

Table 2

Grade	Minimum Yield Strength (MPa)
SS 490	275 – 285
SM 490A	315 – 325
SM 490B	
SM 490C	
SM 490Y A	335 – 365
SM 490Y B	
300 Grade (AS/NZS3679.1)	280 – 320
350 Grade (AS/NZS3679.1)	340 - 360

SS490 and SM490 (A,B,C) have yield strengths of 275 to 325(MPa) and therefore are approximately 300 Grade based on yield strength. SM490 (A,B,C) is the actual closest equivalent to grade 300, as it also has chemical requirements for carbon, silicon and manganese which are important for weldability that SS490 doesn't.⁶ To suggest that these steels are equivalent to 350 grades is incorrect given that their yield strengths are significantly lower than that required for it to be classed as 350 Grade steel.

Hyundai is either confused or confusing the issue by suggesting that SM490 is equivalent to 350 Grade Steel. It is SM490Y (A,B) grade only that is equivalent to 350 Grade and not SM490 (A,B,C). This is made very clear by Hyundai on page 143 of the Hyundai Products Guide⁷.

For normal value purposes, the Commission is requested to only include Hyundai Steel's Grade 300 equivalent domestic sales – i.e. Hyundai Steel domestic sales of Grade SM490 (A,B and C) products. This approach is consistent with the methodology of the then Customs and Border Protection in Inquiry No. 55 whereby Hyundai Steel's normal value was based upon domestic sales of SM490 HRS that were considered alike to the goods exported to Australia.

⁶ Refer to OneSteel submission 28th March 2014 pages 3-4

⁷ The Hyundai Steel Products Guide printed April 2010 available for download from Hyundai Steel website www.hyundai-steel.com

Late disclosure concerning goods exported by Hyundai Steel to Australia

OneSteel is concerned by the statement made by Hyundai Steel in Point 2 that the “coding system” for matching domestic and export sales for Hyundai Steel “appears to have been missing from the original EQ response”.

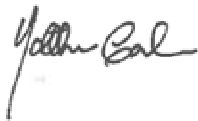
The omission of the product comparison document from Hyundai Steel’s Exporter Questionnaire response explicitly highlights the need for full disclosure of information by exporters on grades exported to Australia during the investigation period, versus comparable grades sold domestically. OneSteel urges the Commission to require exporters (in this inquiry, and future inquiries) to publicly disclose information concerning grades exported to Australia and grades sold domestically so that appropriate comparisons can be made.

Impact on PAD 223

OneSteel respectfully requests the Commission to re-examine Hyundai Steel’s domestic sales included in its normal value calculations for assessing dumping margins for the purposes of Preliminary Affirmative Determination (“PAD”) No. 223. In light of Hyundai Steel’s suggested inclusions of domestic sales of lower grade products as alike for normal value purposes, the exclusion of domestic sales that are not the equivalent of grades SS490 and SM490 (A, B or C) is required. Amendments to the recently published PAD no. 223 may therefore be required.

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