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**The Director
Operations 3
Anti-Dumping Commission
1010 La Trobe Street
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commercial+international

By email

Dear Director

Hyundai Steel Company – hot-rolled structural sections Further response to applicant’s submission re comparative products

We refer to a further submission from OneSteel that has been placed on the public record of this investigation relating to product comparisons, dated 6 May 2014.

The statement that our letter dated 17 April 2014 contains “*continued misleading claims*” is wrong. Neither ourselves nor our client take kindly to that criticism.

We assume that OneSteel’s letter dated 6 May 2014 is intended to expose these alleged “*continuing misleading claims*”. Therefore, let us review what it is that OneSteel’s letter actually does say, to see whether it gives credence to that criticism.

1 The OneSteel letter says this:

OneSteel again rejects the claims in the Hyundai submission that hot rolled structural product sold in its domestic market to grade SS400 is the nearest equivalent to AS/NZS 3679.1- Grade 300.

We are not aware of that being said in any of our submissions. Our position is that Hyundai Steel’s SS400 hot rolled structural sections sold on the Korean domestic market are the closest comparator to Hyundai Steel’s Grade 300 hot rolled structural sections sold to the Australian market.

2 The OneSteel letter says this:

Hyundai’s claim that the provision of certain test certificates for domestically sold SS400 that exceed the minimum yield and tensile requirements for AS/NZS 3679.1 – Grade 300 is evidence that Hyundai grade SS400 is equivalent to AS/NZS 3679.1 – Grade 300, is not valid.

Again, this is neither factually or semantically correct. Hyundai Steel did not selectively provide “certain” test certificates that showed the SS400 product sold domestically exceeded the

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minimum yield and tensile requirements for Grade 300. What occurred is that Hyundai Steel advised the visit team that the minimum yield and tensile strength of every single sale of SS400 on the Korean market met the yield and tensile strength standards of AS/NZS "Grade 300". What Hyundai Steel did was to provide multiple mill certificates for SS400 and SS490 products sold in the domestic market, selected at random by the visit team from Hyundai Steel's domestic sales spreadsheet. From these certificates the visit team verified the facts as put forward by Hyundai Steel. Every mill certificate supported the advice given by Hyundai Steel to the visit team.

The semantic error in OneSteel's letter is that Hyundai Steel has provided the Commission with a *factual* basis for the comparison of Hyundai Steel's SS400 product with Hyundai Steel's Grade 300 product.

OneSteel's continued protestations rely on a comparison of *standards*, and not on a comparison of *actual products*. This is reminiscent of the claim made by OneSteel in earlier submissions that steel producers manufacture products that are "rolled light" so as to intentionally exploit cost savings made available by the least exacting tolerances permitted by whatever standard is being applied. Hyundai Steel rejected this accusation in so far as OneSteel might have sought to apply it to Hyundai Steel's production, and demonstrated to the visit team that the accusation was not correct.

The accusation does cause us to ask whether this "rolled light" or overall "lowest common denominator" approach is representative of OneSteel's manufacturing practices.

3 The OneSteel letter says this:

OneSteel has obtained from customers and end-users numerous test certificates for Hyundai product exported to Australia as AS/NZS 3679.1 – Grade 300.

Although we do not doubt that OneSteel has obtained such test certificates, and that the content of them is accurate (being Hyundai Steel documents) we note that they have not been provided to us and presumably will not be provided to us. We do not know what "numerous" means. We do not know whether OneSteel has presented all test certificates it has or whether it has only provided a selection that suits one or other argument it is trying to make.

4 Turning now to what OneSteel says about those test certificates, the OneSteel letter says this:

The products are produced to AS/NZS 3679.1 – Grade 300, not to the plate standard AS3678- Grade 300 that Hyundai's earlier submissions claim.

We are not aware of it being said, in any of our submissions, that the hot rolled structural sections exported by Hyundai Steel to Australia were not produced to AS/NZS 3679.1 – Grade 300, or that they were produced to the plate standard AS3678- Grade 300. Of course, they were produced to at least achieve the minimum standards of the hot rolled structural sections standard, and to suggest otherwise would be ridiculous.

What was said on behalf of our client was that "[d]uring the period of investigation, Hyundai Steel only sold goods to Australia that match the AS/NZS 3678 300 standard. Hyundai Steel did not sell goods to Australia that meet the higher standard AS/NZS 3678 350 standard." This was a reference to the matching of the yield and tensile strength of what is considered by the plate steel standard to be a Grade 300 product as compared to what the plate steel standard considers to be a Grade 350 product. Hyundai Steel simply sought to draw these parameters to the Commission's attention.

This was clarified and explained in our letter dated 17 April 2014. The simple point that we made and continue to make on behalf of our client in that regard is that the grade requirements for products referred to as “Grade 300” and “Grade 350” in steel standards are relevant, in terms of the industry’s perception of their yield and tensile strength performance. Those grades were matched to the SS400 and SM490 respectively in the literature to which we referred.

We understand that this is not determinative of the question, and we have already said as much (“*The grouping together of ‘AS/NZS3678-300’ with what BlueScope considers to be the equivalent international standards clearly provides a relevant reference in working out the international grades which are considered to be comparable to the steel grade used for compliance with AS/NZS3679.1.*”) What is determinative of the question is the actual comparative situation, ie the facts as demonstrated by Hyundai Steel.

5 In its continued reference to the test certificates, the OneSteel letter says this:

The products exported to AS/NZS 3679.1- grade 300 exceed the minimum yields for SM490A and importantly also specify minimum requirements for carbon, silicon and manganese which is important for weldability. The minimum requirements for these elements are not specified for grade SS400.

In relation to this statement our client simply cannot respond in any precise way because OneSteel has not deigned to provide those facts to us.

Although it would be preferable for us to be provided with the data, ultimately that is not required, because the statement itself continues to misconstrue the real issue. The real issue is: what are the most comparable products. The *factual* performance characteristics and the *factual* costing information pertaining to Hyundai Steel’s domestic grade SS400 and its exported Grade 300 demonstrated that they are the most comparable products for comparison purposes. Again, the question is not the matching or comparison of standards.

We query the statement that “[t]he products exported to AS/NZS 3679.1- grade 300 exceed the minimum yields for SM490A and importantly also specify minimum requirements for carbon, silicon and manganese...” in a number of respects. It refers to “yields” not tensile strength, and we wonder why this is so. We recall that OneSteel’s previous submissions have attempted to ignore or downgrade the importance of tensile strength in assessing comparability.

The reference to “*importantly also specify*” is unclear, and we assume that the object of that phrase is the test certificates and not the products. Again, this demonstrates the odd thinking of OneSteel that we are being forced to constantly respond to. The indication of various “ingredients” of the steel produced by Hyundai Steel as a Grade 300 export does not somehow make the steel different to SS400 because the SS400 *standard* does not specify “ingredients”. Clearly, the ingredients concerned have to be there.

The actual composition of steel is of course a very relevant measure of likeness, and in that regard we point out for the better understanding of all concerned that the verified cost of the SS400 products actually produced by Hyundai Steel was almost identical to the verified cost of the Grade 300 products actually produced by Hyundai Steel. The minor difference was submitted and verified by the visit team for adjustment purposes. The verified cost of the SS490 actually produced by Hyundai Steel exceeded that cost difference by a factor of [CONFIDENTIAL TEXT DELETED – number].

6 Also on the topic of the test certificates, the OneSteel letter says:

Most of these test certificates also exceed the grade requirements for SM490Y which is a grade that is nearest equivalent to AS/NZS 3679.1 – Grade 350

It is telling that OneSteel uses the word “most” in this context. Again, we do not know the providence of the group of test certificates obtained by OneSteel, so as to verify what is actually being said. However the very fact that all of the test certificates do not meet the “SM490Y” requirements bears out what we have been saying. Here, OneSteel admits that Hyundai Steel’s exported grade 300 does not meet SM490Y “standards”. This has been demonstrated to the Commission - that Hyundai Steel’s exported grade 300 *“did not always meet the minimum yield and grade strength of SS/SM490”* (see our letter dated 17 April 2014). And again, we refer to the fact that SS490 products have other characteristics that must be met, and demonstrated higher costs than the Grade 300 exported by Hyundai Steel to Australia.

7 The OneSteel letter says this:

[Hyundai Steel] seek[s] to link an error in a marketing document produced by another company that is for a product not relevant to this investigation.

The “other company” to which OneSteel refers is BlueScope Steel (“BlueScope”). We have some difficulty with the propositions that:

- technical information on the BlueScope website since August 2009 can now be referred to as an “error in a marketing document”;
- the information in the document is now being recanted by one Australian industry in favour of another Australian industry in the context of an anti-dumping investigation;
- interested parties have not been permitted to see the terms of that recanting, which is claimed by OneSteel and/or BlueScope to be confidential.

We note that the document still appears on the BlueScope website in the same form as before, without any evidence of the aforesaid recanting.

Nonetheless, we have already indicated the reason we adverted to the grouping together of Grade 300 with SS400 and of Grade 350 with SS490, and to the broad relevance of that grouping for the purposes of undertaking comparisons. We have also stated that it is not determinative and need not be considered to be determinative.

8 The OneSteel letter says this:

Hyundai’s claim that OneSteel’s comparison is misleading is wrong and is rejected by OneSteel. This claim also needs to be assessed against the fact that Hyundai originally sought to disguise the fact that their comparisons for like goods were based on plate grades not hot rolled structural grades.

We are not aware of the disguising of any fact. Considering that the full pages from the “Xlerplate” website were provided, and that the standard was specifically referred to, this suggestion from OneSteel is plainly incorrect. The use of the words “sought to disguise” constitutes a libel. We would ask that OneSteel argue the case on its facts and merits, rather than making intemperate statements such as this.

9 The OneSteel letter says this:

The above table of grade comparisons clearly shows that:

- SS400 is closest to the redundant AS/NZS 3679.1 - Grade 250, whilst still failing to meet the minimum requirements.

- SS400 is well below the minimum requirements for yield, weldability and tensile strength to be considered the nearest equivalent to AS3679.1 – Grade 300.

In response to this table, and to the things that are said about it, we will state the position again. We trust that the Commission is by now cognisant of Hyundai Steel's position but it seems that our client must restate it over again.

A comparison of the standards does not represent the factual situation established at the verification and cannot divert the Commission from these facts:

- Hyundai Steel's domestic sales of SS400 met the minimum yield and tensile strength of the AS/NZS "300" standards referred to in the table;
- Hyundai Steel's domestic sales of SS490 far exceeded the minimum yield and tensile strength of the AS/NZS "300 standards" - in fact they met the requirements of the "350" standard; and
- therefore, the closest comparator to Hyundai Steel's exports of Grade 300 for margin calculation purposes is Hyundai Steel's domestic sales of SS400.

11 The OneSteel letter says this:

Hyundai's claim that grade SS490 "far exceeds" AS/NZS 3679.1- Grade 300 is clearly incorrect. Grade SS490 has a lower minimum yield and no carbon equivalent requirement for weldability, the two critical factors for Hot Rolled Structural steel performance.

We are not aware of that being said in any of our submissions. What we said was the following: *"The fact is that the yield and tensile strength of SS400 that Hyundai Steel sold domestically in the period of investigation, as shown on the mill certificates, met the yield and tensile strength standard of AS Grade 300, in all cases. This is a verified fact. Hyundai Steel's SS/SM490 far exceeds that standard. It would be more comparable with the higher standard of AS Grade 350."*

So, it is clear that what was said was that *Hyundai Steel's SS/SM490 far exceeds the AS/NZS "300" standard. Accordingly OneSteel's criticism of Hyundai Steel's submission as being "clearly incorrect" is itself clearly incorrect.*

From the foregoing it can be seen that there is no credence to the criticism levelled at the submissions we have made on our client's behalf, and that the arguments that OneSteel has made on these points are neither correct for the circumstances of this case nor relevant for the determination that must be made.

Yours sincerely



Daniel Moulis
Principal