



ANTI – DUMPING SPECIALISTS

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NON-CONFIDENTIAL

Ms Candy Caballero
Director Operations
Australian Anti-Dumping Commission
Customs House
1010 La Trobe St
Docklands Vic 3008

Dear Ms Caballero,

**HOT ROLLED STRUCTURAL STEEL SECTIONS FROM JAPAN, KOREA,
TAIWAN AND THAILAND**

This submission, made on behalf of Siam Yamato Steel Co Ltd (“SYS”), in response to Statement of Essential Facts No. 223 (the “SEF”).

If there are to be dumping duties imposed on SYS’ future exports of hot rolled structural steel sections (“HRS”), the method for calculating them should be the floor price duty method. In the particular circumstances of this case it will be unreasonable, illogical and irrational to impose dumping duties calculated by either combination, fixed or ad valorem duty method.

The particular circumstances of this case which make it unreasonable, illogical and unreasonable for any duty imposed on SYS’ exports to be calculated by any method other than the floor price duty method are as follows:

- As the Commission is aware, Australian market prices for HRS were at their lowest level for many years during the investigation period (“IP”) and have since recovered to a more “normal” level;
- Contrary to the claims of OneSteel, SYS’ export prices to Australia follow the Australian market trend and it was because of the low level of the Australian market that SYS’ export prices were at their lowest level for many years during the IP and have since increased to a more “normal” level;
- The Commission has evidence that SYS’ domestic prices and hence its normal value were stable during the IP and continue to be at the same stable level since the IP; and
- The sole reason for the dumping margin determined by the Commission for SYS’ exports during the IP is the low level of the Australian market during the IP.

The Commission has calculated a normal value during the IP of ~THB [REDACTED]/mt (~AUD [REDACTED]/mt) to compare with SYS’ export price of AUD [REDACTED]/mt during the IP, resulting in its dumping margin assessment of 19.8%. The Commission has evidence that the normal value has continued at the same level (~AUD [REDACTED]/mt) since the IP and SYS’ export prices have increased from AUD [REDACTED]mt to >AUD [REDACTED]/mt because of the Australian market trend.

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There is no dumping margin applicable to SYS' exports to Australia at present because of increased export prices and it is highly unlikely that there will be a dumping margin at anywhere near 19.8% in the foreseeable future, as it is highly unlikely that there will be a significant change in the normal value and highly unlikely that export prices, which are based on Australian market prices, will decrease to their IP level in the foreseeable future.

OneSteel's claim that *the Australian HRS market was driven to one of its lowest points in 6 years due to the aggressive pricing of SYS* is false. SYS' export prices are driven by market trend – SYS is a price taker, not a price leader. Furthermore, it is paramount that the purpose of imposition of anti-dumping measures is to protect the Australian Industry producing like goods to the exports subject to those measures from future injury by reason of dumping. Its purpose is not to impose a penalty on exporters found to have exported at dumping prices during the IP, as is suggested by OneSteel.

It will certainly be a travesty if a dumping duty calculated by a method including a fixed duty element (ad valorem or \$/tonne) based on the comparison of SYS' stable normal value and an outdated export price which is about █████% less than current export price levels, when there is no evidence upon which it can be concluded that export prices will return to anywhere near their level during the IP in the foreseeable future.

The Commission has evidence of the stability of SYS' normal value which should lead to a conclusion that to impose a dumping duty calculated by the floor price method will protect the domestic industry against future dumped imports, the objective of the imposition of dumping duty.

In the particular circumstances of this case as outlined above, the imposition of a dumping duty calculated by other than the floor price method on SYS' future exports is unwarranted as it is not necessary to provide protection to the domestic industry against future dumped imports from SYS and the only reason to do so would be to penalise SYS for lowering its export prices during the IP in response to Australian market prices being at a very low ebb at that time.

It is OneSteel's objective to have a dumping duty imposed on SYS' exports which will take them out of the Australian market to reduce market competition. This is not the objective of anti-dumping measures. It is the objective of anti-dumping measures to ensure that imports are not dumped and competition provided by them is fair competition. This objective will be achieved by imposition of dumping duties on SYS' exports calculated by the floor price method given that there is no reason to believe that SYS' normal value is going to increase in the foreseeable future. The movement in Australian market prices and hence SYS' export prices has not had, and will not have, any impact at all on SYS' normal value. Based on evidence before them, it is reasonable for the Commission to believe that future exports at or above floor price will not be dumped and will not provide unfair competition to OneSteel.

In reaching its conclusion on this matter, it is paramount that the Commission clearly understands that the sole reason for SYS' exports during the IP being dumped was the very low level of Australian HRS market prices, the driver of SYS' export prices – its domestic prices/costs (normal value) were, and are, stable. SYS certainly did not decrease its export prices to Australia with significant profit reduction during the IP to increase its penetration of

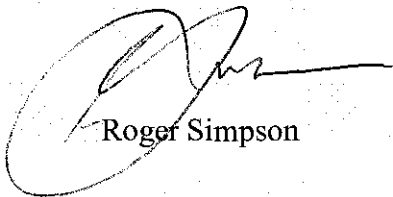
the Australian market. It did so to maintain its presence in the Australian market – its export volume did not increase during the IP.

SYS and its Australian agent, ThyssenKrupp Mannex (“TKM”), should not be taken out of the Australian market by the imposition of Anti-dumping duties calculated by other than the floor price method in the particular circumstances of this case, as is the objective of OneSteel.

Concerning OneSteel’s claim that *SYS had the lowest export price during the investigation period*, it must be borne in mind that it is not SYS’ export price that competes with OneSteel’s selling price in the Australian market, it is the resale price of its Australian agent TKM. There is no evidence that SYS engaged in aggressive price undercutting during the IP, it is a mere OneSteel allegation which is strongly denied by SYS. We reiterate in this context that **it is not the purpose of imposition of anti-dumping measures to impose a penalty on exporters whose imports were found to have been dumped during the IP, it is the purpose of anti-dumping measures to provide protection to the Australian injury against future dumped imports.** This protection will be achieved by imposition of dumping duty calculated by the floor price method.

I would like to also discuss this matter when we meet to discuss SYS’ dumping margin calculation methodology.

Yours sincerely,



Roger Simpson