

13 August 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

Public File

Dear Mr Yacono

**Hot Rolled Structural Sections exported from Japan, Korea, Taiwan and Thailand –
Submissions on behalf of Siam Yamoto Steel Co., Ltd of 31st July 2014 and the 4th August
2014.**

I refer to the submissions made on behalf of Siam Yamoto Steel Co., Ltd (“SYS”) of the 31st July, 4th August and 6th August 2014 recently placed on the Public File.

Letter dated 31 July 2014

OneSteel Manufacturing Pty Ltd (“OneSteel”) completely rejects Mr Simpson’s claim that SS/SM 400 is a superior grade the AS/NZS 3679.1 – 300 (“AS300”). This claim is totally at odds with Dr Stephen Hicks’ independent expert evaluation of the relevant international standards. Dr Hicks’ report states that the closest grades to AS300 are the SM490 (A,B and C), grades which have certified minimum yield strengths that are 30% higher than SM400.

OneSteel does agree with Mr Simpson’s statement that SM grades have a higher weldability quality than SS grades and that superior weldable grades achieve a price premium. This is consistent with OneSteel’s claims throughout the investigation that AS300 grade is superior to SS grades and combined with much higher yield strengths are key reasons why SM490 (A,B and C) grades are the model of goods that most closely resemble the AS300 goods exported to Australia.

OneSteel request that the Commission make a further upward adjustment to SYS’ normal value to reflect the price premium achieved by SM490 grades in the Thai market.

Letter dated 4 August 2014

OneSteel refutes the claim by Mr Simpson that the particular circumstances of this case make it unreasonable and illogical for any duty to be imposed on SYS exports by any method other than the floor price method.

The reasons that it is reasonable and logical to calculate a duty based on a Combination method are as follows:

- It is apparent that Australian HRS prices have recovered from the low levels experienced during the investigation period (“IP”) due to the initiation of the anti-dumping investigation. However, since March 2014 prices have again begun to decline with current offers being approx. \$[REDACTED]/t lower than March 2014.

- SYS's low priced exports to Australia demonstrate that SYS is not just a price taker but also a price setter.
 - The claims that SYS didn't dump into Australia to increase its market penetration but rather maintain a presence in the Australian market is completely contradicted by the fact that SYS volumes increased during the IP by approximately 44%% from the previous year. (approx [REDACTED]). In any event the intentions of an exporter are not a relevant consideration when assessing whether exports have been dumped.
- SYS has no evidence to support the claim that in the absence of effective dumping duties it is highly unlikely that export prices to Australia will decrease (this is pure speculation).
 - The continuing excess of international steel capacity is likely to prolong the surge of world-wide dumped steel exports. Without effective dumping measures the Australian industry will certainly experience future injury.
 - It is OneSteel's view that a combined (i.e. fixed and variable) approach for measures is considered appropriate to ensure exporters are discouraged from reducing export prices to greater injurious levels.
- The submission made on behalf of SYS that it is OneSteel's objective to have a dumping duty imposed on SYS exports which will take them out of the market to reduce market competition is completely false and OneSteel sees it as a fairly disturbing, distracting submission given that the only relevant issue is whether these goods were dumped. OneSteel would add the following in regard to this unjustified and unsubstantiated submission by SYS:
 - The purpose of dumping duties - and OneSteel's objective in seeking to have dumping duties imposed on dumped HRS exports - is to stop the material injury caused by that dumping. SYS and all other exporters are still able to compete in the Australian market based on fairly traded non-dumped prices.
 - If SYS is confident that future sales to Australia will not be at dumped prices it is able to continue exporting to Australia and seek a refund of any dumping duties via a duty assessment.

SYS' attempt to absolve itself of responsibility for its export prices to Australia does not alter the fact that the goods have been exported at dumped prices contributing to the material injury experienced by the Australian industry during the investigation period. At the end of the day, it always remains SYS' decision as to whether to sell its goods at dumped prices.

Letter dated the 6th August

OneSteel rejects Mr Simpson's claims that a cutting cost adjustment is warranted for products that are less than 12 metres. Cutting costs are incurred by SYS on both domestic and export sales and consequently in this respect there are no grounds for an adjustment to normal value under s269TAC(8) because the domestic and export prices are **not** ...*modified in different ways by ...the terms or circumstances of the sales to which they relate*. It is purely SYS' decision to recoup cutting

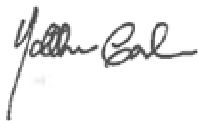
costs in the sales price to domestic customers while providing a free cutting service to export customers.

On two grounds OneSteel also rejects Mr Simpson's claims that an alternative method be used to calculate a greater level of trade adjustment on the basis that SYS sells to an importer (TKM) who acts as a wholesaler in the Australian market. Firstly we believe that the Commission has been generous in granting a level of trade adjustment based solely on observed cost differences of domestic and export sales. It has been the standard and correct practice of the Commission and its predecessor over many years to reject claims for level of trade adjustments based on observed cost differences unless those differences *...are shown to have effected price*.¹ The Commission has already confirmed that there is *... no discernible pattern of difference in prices between the different levels of trade claimed in the domestic market sales data*²...and consequently we submit that the normal for SYS must be recalculated on the basis that there are no grounds for a level of trade adjustment.

Secondly we support the Commission's dismissal in the SEF of Mr Simpson's novel claim for an expanded level of trade adjustment based on speculation of what might occur in a fantasy domestic market.

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

¹ Dumping Manual p.60

² HRS – Exporter Visit Report – Siam Yamato Steel Co Ltd