

28 May 2024

Director
Investigations 4
Anti-Dumping Commission
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Canberra ACT 2601

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Public File

Dear Director

Investigation No. 632 – Iron ore Railway Wheels – Submission by BHP Limited

We refer to the revised submission by BHP Limited (“BHP”) dated 15 December 2023 (EPR Document 016).

Commonwealth Steel Company Pty Ltd (“Comsteel”) considers it appropriate to comment on certain matters in BHP’s submission. Comsteel’s comments in this submission do not detract from its submission in response to Statement of Essential Facts No. 632 (“SEF 632”) (EPR Document 029).

(a) Quality and safety of Comsteel wheels

Comsteel refutes BHP’s claim that “*Since the implementation of the anti-dumping measures in 2019, Comsteel have not engaged with BHP to demonstrate that their Goods can meet BHP’s specifications and these performance requirements.*” BHP then embarks on arguments suggesting that as a consequence, Comsteel has caused “self-inflicted injury” due to non-purchases by BHP.

BHP’s claims are incorrect and misleading.

Comsteel unequivocally rejects BHP’s statements concerning non-engagement with the customer. Comsteel has engaged with BHP on numerous occasions only to be rejected by BHP citing it is working on other priorities.

Over the period following the imposition of measures, Comsteel has actively sought to engage with BHP on the issue of supply for revised specifications, requesting that it work with the BHP engineering team. The most recent engagements have been with the new BHP Procurement team member in November 2023 and March 2024.

This engagement is demonstrable as per the attached emails and meeting notes (Refer Confidential Attachments 1 for July 2019 email exchanges between Comsteel and BHP; Confidential Attachment 2 – Oct 2023 meeting summary).

Comsteel elected not to engage with BHP for its 2023 contract extension as the contract sought agreement to terms and conditions by Comsteel but without any obligation for BHP to order from Comsteel. Comsteel indicated that engagement in the contract extension process would only occur if BHP had a genuine intent to purchasing some volume as part of the contract.

All previous claims on quality and the independent reports provided by BHP confirmed Comsteel’s iron ore railway wheels were manufactured in accordance with the specifications applicable at the time of the order. No out-of-



specification or manufacturing defects were identified. A number of recommendations to BHP have been provided as a result of Comsteel's review to change both the wheel design and specification to potentially address the issues raised. To date, BHP has not responded to Comsteel's recommendations.

Comsteel has not received any notifications of wheel failures since the 2019 review. In the instances of previous reports, the issue was the cracking of the wheel rim – caused by either asymmetric running and/or thermal events. Both of these causes are attributed to network and/or operator induced issues (and not the integrity of the Comsteel wheel). Comsteel's knowledge of other customers in this sector is that the wheel failure is not due to wheel manufacture.

Comsteel does not dispute that the safe operation of the railway network is a priority concern. Comsteel does, however, reject the unsupported claims by BHP that the Comsteel wheels are defective.

(b) Dumping of goods

Comsteel has addressed the dumping as assessed for the Chinese exporter in its response to SEF 632 (refer EPR Document 029). Similarly, Comsteel's response to SEF 632 addresses its view as to the likely recurrence of material injury to the Australian industry should the measures be allowed to expire on 16 July 2024.

Conclusions

Comsteel rejects BHP's claims that following the imposition of measures in July 2019 that it has not engaged with the customer to discuss and review BHP's concerns. Comsteel can demonstrate BHP's assertions are incorrect. Comsteel is committed to manufacturing iron ore railway wheels to the customer's specification and has not supplied goods that are not in specification or defective.

Comsteel has addressed the Anti-Dumping Commission's preliminary findings in SEF 632 concerning dumping and the likely recurrence of material injury. Comsteel reiterates its views as detailed in its response to SEF 632 (EPR Document 029) that should the Minister allow the measures to expire on 16 July 2024 it is considered likely that the Australian industry will experience a recurrence of the dumping and material injury that the measures are intended to prevent.

If you have any questions concerning this submission, please do not hesitate to contact the undersigned.

Yours sincerely,

Nikola Kojic
Head of Finance - Australia