



J.BRACIC & ASSOCIATES
TRADE REMEDY ADVISORS

PO Box 3026
Manuka, ACT 2603
Mobile: +61 499 056 729
Email: john@jbracic.com.au
Web: www.jbracic.com.au

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Director Operations 2
Anti-Dumping Commission
GPO Box 1632
Melbourne VIC 3001

**Dumping investigation into alloy round steel bars exported from the
Peoples Republic of China**

Dear Director

This submission is made on behalf of Stemcor Australia Pty Ltd (Stemcor) in response to the Anti-Dumping Commission's position paper published on 4 May 2017.

Scope of goods under investigation

Stemcor supports the view presented by Donhad Pty Ltd (Donhad) that grinding bar possesses significantly different characteristics to engineering and spring steel in terms of physical, commercial, functional and production attributes. For this reason and given that grinding bar represents the predominant share of the subject imports, Stemcor submits that that grinding bar should be treated as a discrete product category and warrants being separately investigated from other forms of alloy round bar.

Australian industry producing like goods

If the Commission continues its investigation into alloy round bar as defined in its initiation notice, Stemcor reiterates the point made in its most recent submission that the Australian industry producing like goods comprises:

- i) production of grinding bar by Moly-Cop, whether consumed internally or processed under a tolling arrangement with OneSteel Manufacturing; and
- ii) production of other round alloy bar by OneSteel Manufacturing.

Scope of like goods produced by OneSteel Manufacturing

Stemcor also notes the submission made by OneSteel Manufacturing dated 23 March 2017 in response to an issue raised by Thyssen Krupp Mannex, as to whether the heat treated (quenched and tempered) alloy steel bars are excluded from the subject goods on the basis that the applicant does not produce such goods. OneSteel Manufacturing states:

PUBLIC VERSION

The issue of whether or not the applicant produces in Australia, like goods to the goods under consideration is a secondary matter. Therefore, the assessment of a domestic producer's production of "like goods" does not "broaden the scope of range of goods in this investigation" as the respondent's submission appears to suggest. [original emphasis]

Stemcor agrees with OneSteel Manufacturing's interpretation that the domestic producer's production of like goods does not and cannot broaden or narrow the scope of the range of goods under investigation. That is, the parameters of the goods under investigation is to a large extent determined and defined by the applicant in its application, and nothing prevents the locally produced like goods being determined and found to be broader than or narrower than the goods subject to investigation. The only required determination by the Commission is to establish whether the local industry manufactures like goods and to ensure that all such like goods are included in its assessment of material injury.

To highlight using the example in the Commission's guidelines for applicants, if the applicant defines the goods as blue and red pencils, but itself produces blue, red and yellow pencils, the goods subject of the investigation for the purposes of determining dumping is not defined by the applicant's like goods. The investigated goods are defined by the goods description, being blue and red pencils, and like goods are defined by the applicant's 'like' production, being blue, red and yellow pencils.

Likewise, if the applicant defines the goods as blue, red and yellow pencils, but itself only produces blue and red pencils, the goods subject of the investigation for the purposes of determining dumping is not defined by the applicant's like goods. The investigated goods are defined by the goods description, being blue, red and yellow pencils, and like goods are defined by the applicant's 'like' production, being blue and red pencils.

To that end, Stemcor notes that OneSteel Manufacturing has defined the goods subject to investigation as *'hot-rolled solid sections of 'alloy steel', having round or near-round cross-sectional dimensions of not less than 9.5 millimetres (mm) and not greater than 98.5 mm, not in coil.'* and excluded the following goods from investigation:

- round or near-round hot rolled solid steel sections composed of:
 - 'stainless steel' as defined under Note (e) "Stainless steel" to the Tariff; or
 - 'high-speed steel' as defined under Note (d) "High speed steel" to the Tariff;
- steel reinforcing bar containing indentations, ribs, grooves or other deformations produced during the rolling process;
- steel rod in coil;
- chromium plated steel; and
- solid sections of steel which may be square, rectangular or hexagonal in cross-section.

Therefore, the Australian industry is defined by all and any goods which are identical to or possess characteristics closely resembling *hot-rolled solid sections of 'alloy steel', having round or near-round cross-sectional dimensions of not less than 9.5 millimetres (mm) and not greater than 98.5 mm, not in coil.* This is supported by the Commission's statement in the OneSteel Manufacturing visit report:

Like goods are defined by section 269T of the *Customs Act 1901* (the Act) as:

goods that are identical in all respects to the goods under consideration or that, although not alike in all respects to the goods under consideration, have characteristics closely resembling those of the goods under consideration.

That is, like goods in this case include all goods produced by OneSteel Manufacturing that ‘*have characteristics closely resembling those of the goods under consideration*’. This would include goods produced by OneSteel Manufacturing such as steel reinforcing bars, rod in coils, chromium plated steel and solid sections of steel of non-circular shapes which comply with the description of **hot-rolled rolled solid sections of ‘alloy steel’, having round or near-round cross-sectional dimensions of not less than 9.5 millimetres (mm) and not greater than 98.5 mm, not in coil**. In those circumstances, local production of those types of alloy round bar would possess characteristics closely resembling the imported goods and therefore must be considered to be like goods for the purposes of defining the Australian industry and assessing material injury.

The mere fact that the applicant excludes those sub-types from the goods description does not prevent those excluded goods from meeting the definition of like goods. To again highlight using the earlier example of pencils, if an applicant defines the goods under investigation as coloured pencils but specifically excludes red pencils, and itself produces coloured pencils including red pencils, then all locally produced coloured pencils including red pencils that have characteristics closely resembling the goods, must be considered like goods and relevant for the purposes of determining material injury.

Stemcor therefore contends that the Commission must define and determine like goods for material injury purposes to include all types of alloy round bar produced by OneSteel Manufacturing, including steel reinforcing bars, rod in coils, chromium plated steel and solid sections of steel of non-circular shapes if they possess characteristics closely resembling. In doing so, the Commission’s material injury assessment must include these like goods as required by subsection 269TAE of the Act. On that basis, it is unclear then whether OneSteel Manufacturing has provided all relevant cost and sales information required by the approved form in respect of these like goods or whether it has limited its cost and sales information only to those goods falling within the parameters of the ‘goods’ subject to investigation.

In essence then, it is incumbent on the Commission to undertake a thorough assessment of all local production of **hot-rolled rolled solid sections of ‘alloy steel’, having round or near-round cross-sectional dimensions of not less than 9.5 millimetres (mm) and not greater than 98.5 mm, not in coil**, for the purposes of determining which products possess characteristics closely resembling and are like goods, and as a consequence, identifying which local producers comprise the Australian industry in this case.

Yours sincerely

John Bracic