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Public version

Director, Operations 1
Anti-Dumping Commission

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Response to Position Paper Scope of the Goods Description
Case: Dumping Investigation No. 384 – Alloy Round Steel Bar exported from China

This submission is response to ADC's Position Paper on scope of the goods description on behalf of Daye Special Steel Co., Ltd (Daye).

Daye's strategy is to develop and focus on the high-quality and high value-added special steel. Daye would fully co-operate with the Commission to defend its market share, which has nothing to with unfair trade.

Daye notes and supports the view of Commission in its goods position paper that *the process of heat-treatment of the alloy round bar is a completely separate process to the production of alloy round bar, and is considered to be significant.*

The heat treatment process is a separate and substantial process which, on the one hand, will significantly improve the mechanical properties of alloy round bar, and on the other hand, will sharply increase the cost and price thereof. Daye's cost data and sale data submitted in EQR could be a good evidence to support this view.

During the POI, Daye's exports of alloy round bar in Australian market are [LIMITED INFORMATION] bars, with a certain proportion of Q&T bar. As for a certain grade bar, [LIMITED INFORMATION] for example, the cost of production of [LIMITED INFORMATION] is [LIMITED INFORMATION] % than that of [LIMITED INFORMATION] without Q&T, while the price of Q&T [LIMITED INFORMATION] bar is [LIMITED INFORMATION] % than that of [LIMITED INFORMATION] bar without Q&T¹.

Daye also notes the view of Commission on the surface treatment quoted as follows:

In addition to heat treatment, there are a number of surface treatments that may be

¹ Please refer to "G-5 Australia CTMS" and "B-4 Australian Sale" in Daye's Exporter Questionnaire Response.

applied to the alloy round bar. These include the following:

- *Rough turned;*
- *Machined;*
- *Peeled;*
- *Peeled and polished;*
- *Centreless ground; and*
- *Cold drawn.*

The Commission understands that these surface treatments can remove surface defects, alter the straightness of the bar and thus enable tolerance to tighter dimensional requirements.

Technically, Daye agrees with the Commission that surface treatment is a separate process which can remove surface defects, more or less. However, some surface treatment methods, such as peeled & polished², cold drawn, are real value-added and substantial processes. While some surface treatment methods, such as machined and rough turned are relatively simple processes. The difference between the alloy round bar with simple surface treatment and the alloy round bar in the “as rolled” or “black” condition, in some cases, is not so significant. Daye hereby suggests the following alloy round bar with heat treatment and surface treatment, shall be excluded from the scope of the goods the subject of the investigation:

- alloy round bar with heat treatment applied, especially Quenched and tempered;
- and the alloy round bar with no heat treatment but at least a substantial surface treatment, peeled & polished or cold drawn is applied.

Yours sincerely

Qing SONG

² Please see Exhibit 1 for the picture of the such product which are easily recognizable.

Exhibit 1.





