



Milltech Martin Bright
5 Laverick Avenue
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Mayuran Jeyarajah
Assistant Director
Anti-Dumping Commission
Level 35, 55 Collins St
MELBOURNE VIC 3000
By email

PRECISION GROUND (PG) ALLOY STEEL BARS

Dear Mayuran

Milltech is providing information on Precision Ground (PG) Alloy Steel bars in response to your email dated 8 August 2017.

Milltech has previously expressed the view that these products are not like goods to the goods under consideration in *Investigation No. 384*. The reasons for this view are re-stated below.

1. Milltech does not support the view that Precision Ground (PG) bars fit within the description of like good for the following reasons:
 - a. They lack physical likeness:

PG Alloy bars are in many ways physically alike to Heat Treated or Peeled Alloy bars. They are circular steel bars made from the same alloy grades and are available in similar weights and diameters. Both of these products differ from Heat Treated Alloy bars which do not have any form of surface processing.

A key difference between PG Alloy bars and Peeled Alloy bars is the standard that they are made to, in particular the surface finish and tolerance. PG Alloy bars can be made to a dimensional tolerance complying with h7 under the ISO System of Limits and Fits while Peeled Alloy bars are only able to achieve a dimensional tolerance of h10¹. This results in a product dimensional accuracy that is more than 50% tighter than Peeled bars.

- b. They lack commercial likeness:

The PG and Peeled Alloy bars do not compete directly with each other in the market. It is possible to substitute a Peeled Alloy bar with a PG Alloy bar but not the opposite in applications where the dimensional tolerance is important. An Alloy bar produced to h10 tolerance cannot be used in an application requiring h7 tolerance.

¹ Milltech Martin Bright Technical Handbook 2006 p.24 note 5, http://milltechmartinbright.com/wp-content/uploads/2016/04/Miltech_Martin_Bright_Technical_Handbook.pdf accessed 8 September 2017

The production process for PG Alloy bars results in a significant price difference compared to Peeled Alloy bars. Milltech typically charges [redacted] [confidential amount] per tonne for PG Alloy bars over Peeled Alloy bars reflecting the additional production costs and increased value to end use customers.

The PG Alloy bars are also packaged differently for sale compared to Peeled Alloy bars. The PG Alloy bars are individually oil coated and are packaged in protective cardboard tubes to protect the superior surface finish. Peeled Alloy bars are typically bundled together with no surface protection other than oil for corrosion protection.

c. They lack functional likeness

As discussed previously, PG Alloy bars and Peeled Alloy bars are typically not interchangeable in use. Peeled Alloy bars typically require further work before use while PG bars can be cut to length and be used directly in end use applications with no further work. The Peeled Alloy bars cannot be substituted for PG Alloy bars in applications requiring specific tolerances.

d. They lack production likeness

Milltech does not consider the PG process is not a 'minor modification' envisaged by the goods description and applicable to Heat Treated and Peeled Alloy bar.

PG Alloy bars are produced by Milltech passing 4140, 4340 and EN26 grade Peeled Alloy bars through a series of grinding processes. Multiple passes through the grinding machines are usually required in order to achieve the very tight finished tolerances and surface finishes that are required. This could involve [redacted] [confidential production information] passes through the equipment with adjustments made at each stage to achieve the tolerance. By comparison, peeling is usually carried out in one pass as the bars typically undergo further processing.

2. Milltech does not have any information to suggest that sales and the selling price of PG Alloy Bars are impacted by imports to the same extent that Heat Treated and Peeled Alloy bars are for the reasons stated previously.
3. The Cost to Make and Sell (CTMS) data requested by the ADC for PG Alloy bars is attached.
4. Milltech remains of the view that these products do not meet the Goods description, are not like goods and should not be included in the analysis.



Dean Taylor

Commercial Manager

Milltech Pty Ltd