

18 July 2018

Mr Michael Kenna
Assistant Director
Investigations 4
GPO Box 2013
CANBERRA ACT 2601

Email: investigations4@adcommission.gov.au

Public File

Dear Mr Kenna

Re: Investigation No. 466 - Certain Railway Wheels exported from France and the People's Republic of China – Submission by Maanshan Iron and Steel

I. Introduction

I refer to the submission on behalf of Maanshan Iron and Steel Co., Ltd ("Masteel") concerning comments relating to the publication of Preliminary Affirmative Determination ("PAD") No. 466.

The submission contends that there were no "reasonable grounds" for the publication of the PAD and that the Anti-Dumping Commission ("the Commission") has not explained its basis for asserting a *particular market situation*.

II. Reasonable grounds

It has been submitted on behalf of Masteel that there exist no reasonable grounds for the publication of a dumping duty notice. Subsection 269TD(1) of the Customs Act enables the Commissioner to publish a PAD if he is satisfied:

- (a) That there appears to be sufficient grounds for the publication of a notice; or
- (b) That it appears there will be sufficient grounds for the publication of such a notice subsequent to the importation into Australia of goods the subject of an application (for a dumping duty and/or countervailing duty).

The Commission determined preliminary dumping margins for exports from China and France based upon information contained in Comsteel's application and exporter questionnaire responses from cooperating exporters. The Commission had also conducted an industry verification visit with Comsteel and had verified injury to Comsteel. The Commission was satisfied that reasonable grounds exist to conclude a causal link between the dumping and the injury and that "*there appears to be sufficient grounds for the publication of a dumping duty notice*".¹

The Commission's reasonable grounds assessment was therefore determined on the basis of the relevant information and in accordance with the requirements of subsection 269TAD(1).

III. Particular market situation

The Commission's consideration of a particular market situation follows an allegation in Comsteel's application that domestic selling prices for iron ore railway wheels sold in China are unsuitable for normal value purposes. The Commission's preliminary assessment was based upon:

¹ Preliminary Affirmative Determination No. 466, Section 9.11, P.25.

- Recent analysis of the Chinese steel market undertaken by administrations in the U.S., EU and Canada; and
- Recent Commission investigations² into products exported from China that include steel billet as a major raw material input into the finished goods.

This available information enabled the Commissioner to conclude that he was “*preliminarily satisfied that the GOC’s involvement in the Chinese domestic steel market has materially distorted competitive conditions in China for the steel material input to the manufacture of railway wheels.*”

It is therefore incorrect for Masteel to assert that the Commissioner has not explained the basis for his preliminary view on a particular market situation.

IV. Further Injury

It is further argued on behalf of Masteel that the Commission did not consider what *further* injury may be sustained by the Australian industry to justify the publication of the PAD and the imposition of the measures.

Comsteel’s application included information (subsequently verified by the Commission) relating to the loss of sales volumes at [size of customer] iron ore producers. Whilst Comsteel lost a significant proportion of the contract to supply during the investigation period, there remains the balance of the contract that Comsteel continues to supply and remains at risk. These exists a very real and imminent threat of further injury to the Australian industry should the balance of the contract volumes (which was originally scheduled to be supplied by the Australian industry [period]) is supplied by exports from China.

The publication of the PAD and imposition of the provisional measures is, therefore, necessary to prevent further injury to the Australian industry manufacturing like goods.

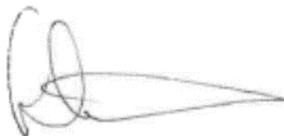
V. Conclusion

Contrary to the assertions contained in the submission made on behalf of Masteel, the Commissioner has detailed the necessary grounds to warrant the publication of PAD 466 and the imposition of provisional measures. These grounds are in accordance with the requirements of subsection 269TD(1). Further, the Commissioner has outlined the reasons for determining that Chinese market prices for the iron ore railway wheels are not suitable for determining a competitive market price free from government influence for normal value purposes.

Comsteel rejects Masteel’s assertions that the PAD and imposition of provisional measures will not address any further injury to the industry as the Australian industry continues to supply like goods to the Australian market which are threatened if the PAD were not published.

If you have any questions concerning this submission, please do not hesitate to contact me on (02) 4974 0346 or Comsteel’s representative Mr John O’Connor on (07) 3342 1921.

Yours sincerely



Lindsay Reid
General Manager

² Including Investigations No. 384 (alloy round steel bar, No. 331 rod in coils(subsidy), No. 322 steel reinforcing bar (subsidy), No. 301 rod in coils (dumping), and No. 300 steel reinforcing bar (dumping).