

NOTE FOR FILE

MEETING BETWEEN COMMONWEALTH STEEL COMPANY PTY LTD
AND THE ANTI-DUMPING COMMISSION

13 AUGUST 2018

Representatives of Commonwealth Steel Company Pty Ltd (Comsteel) requested a meeting with the Anti-Dumping Commission (the Commission) to discuss issues that Comsteel planned to include in a submission to the Commission in response to submissions made by BHP Billiton Iron Ore Pty Ltd (BHP).

The following is a summary of the points made by Comsteel during the meeting:

- Comsteel noted that on the same day that it had been advised by BHP that the company had issues with the quality of Comsteel's railway wheels, BHP had made a submission to the same effect to the Commission;
- Comsteel refuted BHP's claim that Comsteel had been suspended as an approved supplier in the 1990s and stated that it would provide evidence of continual supply to BHP throughout the decade;
 - Comsteel stated that BHP identified opportunities in the 1990s to improve steel cleanliness leading to improved performance as axle loads increased. Comsteel had worked with BHP and Institute of Rail Technology at the time to develop a new wheel specification.
- Comsteel stated that it was aware of the failure of eight of its wheels experienced by BHP but stated that operational elements led to increased stress and cyclic load. This was common in the reports undertaken by a third party;
- Comsteel discussed elements leading to increased wheel stress including:
 - Maintenance deferral
 - Bogie and track alignments and maintenance programmes
 - Brake contact and alignment
- Comsteel questioned BHP's blanket position on mitigation of wheel failures if they are isolated to one subset of the population, considering the tracking systems available, the issue does not appear isolated.
- Comsteel questioned why BHP had only now suspended Comsteel's approval as a supplier of railway wheels when the wheel failures had commenced in 2016;
 - Comsteel advised that it had been given a short period to respond to BHP recent requests. Considering the submission to the Commission they made comment that a usual time would be 2 to 3 times greater.
 - To date Comsteel are yet to receive a failed wheel to conduct a root cause analysis.
 - Comsteel noted that BHP had, between February and May 2018, negotiated the terms of a new contract for the supply of wheels without any mention of wheel quality concerns;

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- Comsteel claimed to have evidence it would provide with its submission that similar issues had been experienced by all suppliers of like goods with the same fleet.
- Comsteel noted that it believed competitors' railway wheels manufactured from continuous cast feed in operation in Australia had not yet reached a comparable age of the Comsteel wheels that had been involved in the failures;
- Comsteel rejected the claim that railway wheels produced from steel obtained from continuous casting was superior to steel produced using the ingot method;
 - It stated that the only difference in integrity between the two methods was at the centre of the ingot and that this area is punched out in the wheel production process;
 - Comsteel stated that it would provide the results of steel 'cleanliness' testing carried out by an independent body which has benchmarked 10 of the world wheel manufactures;
 - Comsteel said that the majority of high speed wheel manufacturers (high speed wheels having the highest specifications), including Lucchini of Italy, used ingot steel.

Comsteel inquired about mechanisms for ensuring that any anti-dumping measures that might be levied in relation to railway wheels were not absorbed by exporters or importers of the goods. The Commission advised that the legislation included provisions whereby the Australian industry can apply for, or the Minister can request, the Commission to investigate certain circumvention activities, including where it is suspected that there has been the avoidance of the intended effect of the duty. The Commission undertook to provide Comsteel with further information about the anti-circumvention provisions.