11 October 2018

Mr Michael Kenna
Assistant Director
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Dear Mr Kenna

Public File

Re: Investigation No. 466 - Certain Railway Wheels exported from France and the People’s Republic of China – Submission on behalf of MG Valdunes of 2 October 2018

I. Introduction

I refer to the recent submission provided to the Anti-Dumping Commission (“the Commission”) on behalf of the French exporter of iron ore railway wheels (“the goods”) to Australia, MG Valdunes (“Valdunes”).

II. Valdunes normal value

It is claimed on behalf of Valdunes that the Commission has:

- “over adjusted” the variance amount from standard costs to Valdunes’ CTMS normal value;
- Denied certain downward adjustments for Valdunes that relate to SGA costs;
- Including an upward adjustment for Commission charge that Valdunes claims is double counting;
- Understated domestic credit costs; and
- Overstated export credit costs.

The identified upward and downward adjustments have been made by the Commission’s verification team following its visit to Valdunes. The adjustments are required to permit a fair comparison between domestic and export CTMS data, to ensure that the relevant costs are correctly reflected in the determination of normal value. Based upon the detail provided in Valdunes' public file submission, the adjustments made by the Commission are consistent with the policies contained in the Dumping and Subsidy Manual (refer Section 14).

III. Like goods

The Valdunes submission seeks to argue that the iron ore railway wheels are unique goods that are purposefully designed for heavy axle loads. Comsteel does not disagree with this assessment. Whilst agreement exists in terms of the unique specifications of the goods, this does not mean that Valdunes is the only producer capable of supplying goods to the specifications of the iron ore customers (whether BHP Iron Ore, Rio Tinto Iron Ore, Fortescue or Roy Hill).

It is well documented that Comsteel has been a long-term supplier of the goods to the specifications of Australia’s Pilbara region. Comsteel’s locally produced goods have operated successfully in the nominated end-uses for over thirty years, and the company continues to supply iron ore railway wheels to meet the specifications and standards required by the industry. Valdunes has contended that Comsteel’s ingot casting manufacturing process is in some way inferior to the continuous casting process as the former allows for “inherent impurities” in the steel used in the
manufacture of the goods. Comsteel reiterates that the isolated occurrences of wheel failures cannot in any way be attributed to the manufacturing process of ingot casting and that there are numerous factors (also previously addressed by Comsteel, including the applicable maintenance programs followed by end-users) that impact performance of the goods.

Comsteel strongly rejects Valdunes abrasive comments that it has “a complete disregard for its customer’s needs” and “a surprising disregard for the …. potentially devastating consequences of wheel failures”. It should also be noted that the failures have occurred across all suppliers as previously evidenced to the Commission. It has been demonstrated that Comsteel has responded to end-users concerns in respect of wheel fatigue (including recent experiences brought to the attention of Comsteel by BHP in May 2017) and the wheel packaging safety concerns of RTIO.

Comsteel’s responses to BHP and RTIO’s concerns do not demonstrate a “total disregard” for performance and/or safety concerns for locally produced iron ore railway wheels. Comsteel considers it also relevant to reconfirm with the Commission that following recent supply issues for the supply of imported goods, Comsteel has been called on to supply locally produced goods for the industry demonstrating satisfaction with Comsteel-supplied goods.

IV. Material injury and causal link

It is noted that Valdunes has supported BHP’s assessment of injury to the Australian industry as outlined in the BHP submission dated 11 September 2018. This would be expected as Valdunes seeks to achieve an outcome that does not result in the imposition of interim dumping duties on its exports to Australia that impacts the competitiveness of its exports.

The Valdunes commentary on injury and causal link does not provide any new evidence for the Commission’s injury assessment and only reiterates representations by BHP that the injury sustained by the Australian industry can be attributed to “factors other than dumping” that has not been materially demonstrated.

V. Concluding remarks

Comsteel understands that Valdunes is aggrieved by the Commission’s assessment of a weighted average dumping margin of 37.2 per cent on its exports to Australia. The Commission’s determination of normal value for Valdunes is consistent with the requirements and guidance contained in the Dumping and Subsidy manual, including the adjustments made for fair comparison purposes.

Valdunes’ representations in its 2 October 2018 submission are motivated to deflect the impact of its exports – at margins of dumping that can only be described as substantial – to other factors as the cause(s) of injury sustained by the Australian industry.

It is expected that Valdunes would support the assertions of its customer BHP’s representations to attribute injury to factors other than the dumping, including the very limited and isolated occurrences of wheel performance that have not been independently identified as having resulted from Comsteel’s manufacturing process.

Comsteel has demonstrated to the Commission that the locally produced goods have been supplied to the end-users requirements over an extended period of time. There can be no issue that the Australian industry’s goods are “alike” in respects to the imported goods. The Australian industry has suffered injury that is not immaterial, not insignificant and not insubstantial as a direct consequence of losing sales volumes and market share (as well as price suppression) impacting profit and profitability to dumped exports of the goods from China and France. Valdunes submission, therefore, does not provide any new information to the Commission that has not previously been submitted by BHP.
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