

15 February 2019

Mr Patrick Quiggin  
Assistant Director  
Anti-Dumping Commission  
Level 35, 55 Collins Street  
MELBOURNE VICTORIA 3000

Email: [Patrick.Quiggin@adcommission.gov.au](mailto:Patrick.Quiggin@adcommission.gov.au)

## Public File

Dear Mr Quiggin

### **Re: Investigation No. 466 - Certain Railway Wheels exported from France and the People's Republic of China – Comments re Submission on behalf of CCCME**

I refer to the submission on behalf of the China Chamber of Commerce for Imports and Export of Machinery and Electronic products ("CCCME"), dated 6 February 2019.

Commonwealth Steel Company Pty Ltd ("Comsteel") is, of course, concerned by the further extension of time granted by the Commissioner to prepare a report and final recommendation(s) to the Minister for Industry. The extended delays to the completion of the investigation impact the Australian industry in the following ways:

- The expiry of provisional securities that cannot be held for a period exceeding four months; and
- Ongoing commercial uncertainty in the Australian market for iron ore railway wheels caused by the extended investigation.

Comsteel reaffirms its position supporting the findings detailed in Statement of Essential Facts No. 466 ("SEF 466"). Comsteel notes the 6 February 2019 submission on behalf of the CCCME which seeks the Anti-Dumping Commission ("the Commission") to reassess the "*particular market situation*" finding as detailed in SEF 466. It argues that the Commission has not considered that Masteel manufactures its own steel inputs and that certain raw materials (i.e. iron ore) are sourced externally to China.

The CCCME submission conveniently does not address the remaining raw materials that are sourced from within China that are the subject of the Government of China ("GOC") influence and contribute to raw material locally-produced steel being sold at prices below global trading levels. The artificially low steel input prices that exist in China were confirmed by the Commission when it contrasted market price steel billet – sourced from the French producer MG Valdunes for a comparable product in terms of composition (including alloys and downstream processing costs), size and shape – with Masteel steel billet prices (of the same composition). This "benchmark" comparison represents a more superior and accurate analysis than contrasting *commodity steel billet* prices in China with a Platts Latin America export price for steel billet.

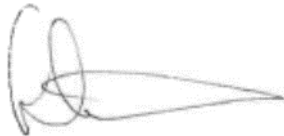
Comsteel does not consider that the representations of CCCME have demonstrated that the Commission has, in SEF 466, erred in its approach. The methodologies followed by the Commission as reflected in SEF 466 are consistent with the methodology endorsed by the Federal Court in *Steelforce Trading Pty Ltd v Parliamentary Secretary to the Minister for Industry, Innovation and Science* [2018] FCAFC 20 and in *Changshu Longte Grinding Ball Co., Ltd v Parliamentary Secretary to the Minister for Industry, Innovation and Science (No 2)* [2018] FCA 1135, NSD 952 of 2017, 3 August 2018.

The Commission has correctly relied upon the most relevant, market-determined pricing, for steel billet used in the manufacture of iron-ore railway wheels ("the goods"). The MG Valdunes pricing information is reliable and independent and demonstrates that steel billet manufactured in China is sold at artificially low prices (including by integrated producers such as Maanshan Iron and Steel Co., Ltd). As such, steel billet costs used in the manufacture of the goods exported to Australia cannot be considered to reflect "*competitive market costs*" as the steel billet costs are artificially low and subject to GOC influence.

Comsteel urges the Commission to re-iterate its findings as detailed in SEF 466 that Chinese costs for the goods do not reflect *competitive market costs* and that a particular market situation exists in China for iron ore railway wheels.

If you have any questions concerning this letter, 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

A handwritten signature in black ink, appearing to be 'Lindsay Reid', written in a cursive style.

Lindsay Reid  
General Manager