

# STAUGHTONS

Staughtons Trade Advisory Group Pty Ltd – ABN 65 605 424 459

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1<sup>st</sup> March 2019

The Director,  
Investigations 2,  
Anti-Dumping Commission,  
Canberra,  
ACT 2600

BY Email:

Please refer to the attention of Jukka Mantynen:

PUBLIC RECORD VERSION  
CASE No 499 –Hot Rolled Structural ex Thailand  
MCC Structure on EQ's (Yield Strength).

Dear Director,

I Refer to my previous communication dated 25<sup>th</sup> February 2019 concerning the above investigation and the Commission's subsequent response to that communication.

I am writing on behalf of the producer/exporter **Syam Yamato Steel (SYS)** for which you have my authority to act and I am requesting the Commission's consideration to treat the issue of Model Control Codes (MCC) in accordance with the policy expressed in ADN No 2018/77 and consider changing the current Sub-Category B on Yield Strength.

Specifically I am requesting an assurance that the MCC structure stated in the Exporter Questionnaire for Case No 499 may be *'modified during the case were necessary. For example , the MCC structure may be modified during exporter verification visits based on the facts and evidence pertaining to a particular exporter.'*

In the case of SYS that involves a domestic model referred to as [REDACTED] (MODEL NO) which in the original investigation on this product category was considered to be the most appropriate domestic model comparable to the 'grade 300' produced to AS/NZS 3679.1.2016 and which is exported to Australia by SYS.

The Commission would be aware from the original investigation and subsequent review enquiries on this product group that the Australian market for both imported and locally produced/supplied subject goods demands that the product satisfy 'grade 300' in terms of the product's mechanical properties (MPa) which the appropriate standard requires a theoretical range of 280-320MPa.

Whilst recognising that the Commission in nominating the Yield Strength categories of < 265MPa and => 265MPa has more than likely relied on information from the applicant, this Current MCC Structure is considered problematic on the basis of what the Australian market demands , being 'grade 300' and being within the range expressed in TABLE 14 of the AS/NZS 3679 standard.

I can of course speculate on the applicant's motivation for having the < 265MPa and => 265MPa Yield Strength range which includes an intention to create 'entrapment' in relation to the Commission determining dumping duty margins favourable to the interests of the applicant by way of treating a 520MPa product the same as a 265MPa product.

SYS would welcome a verification visit by the Commission during which SYS can evidence the actual average Yield Strengths of its most comparable domestic products to the 'grade 300' produced for the Australian market . I understand that in terms of both Cast and Product analysis SYS is confident of demonstrating to the Commission that the current A and B Yield Strength categories are not only at odds with what the Australian market demands but that they need to be modified in accordance with the product and market reality.

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PUBLIC RECORD VERSION  
CASE No 499  
MCC Structure on EQs (Yield Strengths)

Proposed change to parameters for Sub Category B : (Yield Strength MPa)

Category A to read as is : Less than 265 MP a

Category B to read as follows- Equal to 265 MPa , but not greater than 370 MPa

New Category C to read as follows- Greater than 370 MPa

The exporter for which I am authorised to represent is confident that it can support actual average MPa Yield Strengths of its like goods produced for the domestic market for purposes of determining the most appropriate comparable domestic models to the ‘grade 300’ produced for Australian market.

This will be evidenced by mill test certificates and what the exporter provides by way of a Process capability report on respective Yield Strengths.

#### **EQ Response –Section C 2 on Domestic Models.**

**The current MCC sub category structure on Yield Strength is considered to have the potential to adversely affect the commercial interests of SYS in terms of SYS providing any disclosure of all domestic ‘models’ on the public record version of the EQ response by SYS.**

The Commission is also requested to consider allowing SYS not to disclose it’s domestic MCC models on the basis of this request that the Commission give consideration to changing the sub category A & B MCC structure relating to Yield Strength being based only on a minimum yield strength that refers to steel made to a standard which explicitly specifies minimum yield strength. SYS is requesting the Commission to consider changing the current sub categories on Yield Strength to include steel that has been made and which can be evidenced to have an actual yield strength different to a specific standard..

Please contact me for any clarification, and thank you for your consideration.

Regards,

M J Howard

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