

FOR BOTH OFFICIAL USE AND PUBLIC RECORD

5 July 2019

The Commissioner of the Anti-Dumping Commission
55 Collins Street
Melbourne VIC 3000

By E-mail: investigations2@adcommission.gov.au

Dear Commissioner

Review No 499 and Continuation No 505 - Hot rolled structural steel sections from Japan, Korea, Taiwan and Thailand

1. We refer to the Submission of the Australian Industry by OneSteel Manufacturing Pty Limited ("**Liberty Steel**") dated 19 June 2019 and make the following reply on behalf of Tung Ho Steel Enterprise Corporation ("**Tung Ho**").
2. Tung Ho are uncomfortable with various comments made by Liberty Steel regarding the Commission's investigation process, verification team and Tung Ho's ethics. Tung Ho can expand in this regard, if required, however would prefer to focus on the facts in this submission.
3. Tung Ho are comfortable with the engagement of an independent, qualified technical subject-matter expert to conduct an assessment of the domestic grades for each of the countries involved in this matter and determine which are most alike to the export grades, although Tung Ho consider it unnecessary due to the following: -
 - a. As explained in previous investigations and reviews, and obviously not understood by Liberty Steel, Tung Ho produce semi-finished goods to exceed minimum specified requirements of like goods of similar groups of standards.
 - b. Tung Ho, unlike Liberty Steel, produces hot rolled structural steel sections ("**HRS**") for numerous markets to numerous international standards, not just AS/NZS 3679.1.
 - c. To be an efficient and competitive international mill, THS manage supply via production of semi-finished products to meet minimum metallurgical design to fulfil the minimum mechanical properties and chemical composition requirements of all similar international standards.
 - d. A comparison of minimum specified requirements of various international standards is not an accurate assessment of like goods compared to comparison of actual properties (via test certificates) of goods produced and sold during the investigation period.
 - e. Liberty Steel's Exporter Visit Briefing dated 14 March 2019 was the first matter addressed at the verification visit with the Commission's verification team, through explanation of the above, and verified through random selection of supporting test certificates for goods for both domestic and Australian sales by the verification team.



Minimum Yield Strength

- f. As stated above, Tung Ho produce semi-finished goods to exceed minimum specified requirements of like goods of similar standard, including minimum yield strength.
- g. In addition, Tung Ho are a quality producer of HRS, who also sell into many markets (including domestic market) with earthquake risk. It is company policy that HRS is produced to exceed minimum requirements, to demonstrate quality product, verifiable by test certificates for marketing, reputation and corporate integrity.
- h. All goods produced in MCC Category -Steel Grade Identifier "2" Carbon Steel for General Structure have a minimum yield strength exceeding 265Mpa (in fact significantly exceeding), verifiable and substantiated by test certificates.
- i. Tung Ho also submit that MCC structure proposed in relation to minimum yield strength of only, less than 265Mpa or greater than 265Mpa, was inappropriate, as much higher minimum yield strength (significantly higher value/cost) HRS produced by Tung Ho, would have been included in comparison with lower value/cost carbon steel for general structure including AS/NZS 3679.1.
- j. For Liberty Steel to propose a minimum yield strength of only, less than 265Mpa or greater than 265Mpa, is disingenuous and demonstrates a blatant attempt to capture significantly higher value/cost goods for comparison with lower value exports to Australia. As discussed with the verification team, it may have been more appropriate to propose minimum yield strength in stepped thresholds.

Carbon Equivalent

- k. Consistent with above, Tung Ho produce semi-finished goods to exceed minimum specified requirements of like goods of similar standard, including carbon equivalent.
 - l. Although some MCC Category - Steel Grade Identifier "2" Carbon Steel for General Structure standards do not require carbon equivalent control, Tung Ho ensures semi-finished goods comply with the maximum carbon equivalent of 0.44 (in fact significantly lower, due to similar Tung Ho strategies as minimum yield strength).
 - m. Again, this can be verified by test certificates. As stated above, those general structure standards that do not require carbon equivalent control, may not have carbon equivalent requirements for the test certificate, however required factors to calculate carbon equivalent are produced on test certificates. The Commission verification team were shown how to calculate carbon equivalent and provided a spreadsheet to automate calculation.
 - n. In relation to Tung Ho classifying "3679G300" to general structure rather than welded structure, as previously explained, that is the category of semi-finished goods utilised to produce AS/NZS 3679.1 HRS.
 - o. Semi-finished goods for MCC Category - Steel Grade Identifier "4" Carbon Steel for Welded Structure produced by Tung Ho, are not measured by carbon equivalent alone, however other requirements, such as, Low Phosphor & Sulphur content, Pcm requirement, and TMCP process, not required by AS/NZS 3679.1 and other carbon steel for general structures standards.
4. Based on the above, should the Commission engage an independent, qualified technical subject-matter expert, Tung Ho consider this should be at Liberty Steel's expense, not the Australian taxpayer, nor the exporters from the countries involved, with exporters costs to comply to be reimbursed by Liberty Steel, as this is an unnecessary additional process.



Summary/Conclusion

5. Goods produced under MCC Category - Steel Grade Identifier “2” Carbon Steel for General Structure, are **identical in all respects**, or that although not alike in all respects (no two test certificates from semi-finished goods are likely to be identical, i.e. slight variances in mechanical and chemical outcomes) have characteristics closely resembling each other.
6. Goods produced under MCC Category - Steel Grade Identifier “4” Carbon Steel for Welded Structure are **not identical in all respects** or that although not alike in all respects **do not** have characteristics closely resembling, goods produced under MCC Category - Steel Grade Identifier “2” Carbon Steel for General Structure.
7. A comparison of minimum specified requirements of various international standards, which are significantly exceeded, is not an accurate assessment of like goods compared to comparison of actual metallurgical properties (via test certificates) of goods produced and sold during the investigation.
8. The Commission have verified and the above remains verifiable.
9. The Commission and verification team should be congratulated for conducting a fair and thorough verification, rather than be criticised, with assumptions and baseless self-serving distorting claims by Liberty Steel.
10. We provide the following table of MCC Category – Steel Grade (referenced above), utilised by Tung Ho and applied by the Commission: -

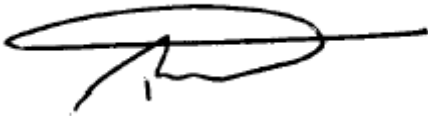
| <i>Identifier</i> | <i>Sub-category</i> |
|-------------------|--|
| 2 | <i>Carbon steel for general structure (SS400, A36, A709G36, 3679G300, G300S0, S235JR, S275JR, S275J0, ABSGA)</i> |
| 4 | <i>Carbon steel for welded structure (SM400A, SM400B)</i> |
| 5 | <i>Alloy steel for welded structure (SM490A, SM490B, SM490BD, SM490BM, SM490YA, A572Gr50, A572G50A, A572G50B, A992, A992M, A709G50, G350L0, S355JR, S355J0, S355J2, S450J0, BVAH32)</i> |



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|----------|--|
| 6 | <i>Carbon steel for building structure</i> <i>(SN400A, SN400B, SN400BF)</i> |
| 7 | <i>Alloy steel for building structure</i> <i>(SN490B, SN490BD, SN490C)</i> |

11. Should you require any additional information, please advise.
12. This submission is non-confidential and can be placed on the public record.

Yours faithfully



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