



30 July 2019

Director  
Investigations 2  
Anti-Dumping Commission  
GPO Box 2013  
Canberra ACT 2601

BY EMAIL:  
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Dear Director,

Continuation Inquiry 505 and Review of Measures 499 concerning Hot Rolled Structural Steel Sections exported from Japan, Korea, Taiwan and Thailand

SUBMISSION OF THE AUSTRALIAN INDUSTRY

ONESTEEL MANUFACTURING PTY LIMITED (**Liberty Steel**) provides the following submission in response to the Exporter Verification Report<sup>1</sup> for hot rolled structural steel sections (**HRS**) exporter from Thailand, Siam Yamato Steel Co. Ltd (**SYS**).

1. Model Control Codes (MCCs) for minimum yield strength based on Standards, not Mill Test Certificates (MTCs)

Liberty Steel fully supports the verification team's MCC classification approach for minimum yield strength category based on the relevant Standard based on evidence presented:

*"Having considered the evidence presented by SYS, the verification team considers that the MCC categories for yield strength **should be based on the minimum yield strength in the relevant standard, not the actual strength on the MTC. This is because customers buy on the basis of the standard that the HRS meets, rather than the actual MTC results.**"<sup>2</sup> [emphasis added]*

In the Investigation 223 Exporter Verification Report for SYS, the verification team reported:

*"SYS identified all sales of HRS made on the domestic market (within the size range of the goods subject to investigation) it considered to be like goods to the HRS exported to Australia. On examination of all sales, **it was determined that SYS had only included sales of grade SS 400, G300, A36 and the dual-grade SS/SM 400. The Commission observed that sales of SM 490 grade product were also made that were within the goods description but were not included in the REQ domestic sales listing. Copies of mill certificates were requested, which, when examined,***

<sup>1</sup> EPR Folio No. 499/026 and EPR Folio No. 505/017.

<sup>2</sup> EPR Folio No. 499/026 and EPR Folio No. 505/017 at p. 6.

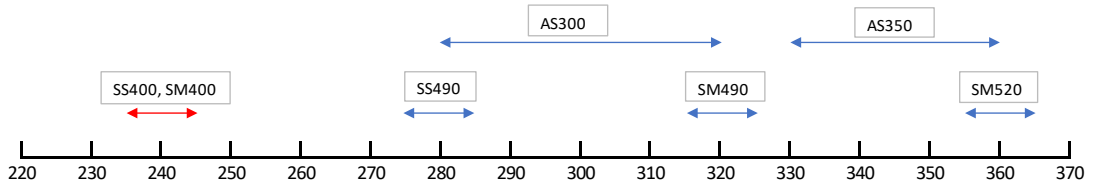


revealed that SM 490 products were not closely comparable to G300 exported HRS and therefore were excluded for the purposes of comparing normal values.<sup>3</sup>

2 Liberty Steel seeks to understand whether SYS have again excluded sales of grade SM490 from their domestic sales listing.

2.1 If Standards were compared (current approach) rather than MTC results for SM490 against G300 Standard requirements (approach in INV223), the verification team would have concluded close comparability on the basis of minimum yield strength between grade SM490 and G300 and correctly included those sales for the purposes of comparing normal values, rather than excluding them.

2.2 Based on the extracts below from the SYS catalogues for the Thai Standard<sup>4</sup>, TIS 1227-2558 (2015) for Structural Steel, and International Standards<sup>5</sup> including AS/NZS 3679.1, the range (depending on thickness) of minimum yield strength for grade SM490 at 315 to 325MPa must be considered closest to that of G300 at a range of 280 to 320MPa. By contrast, there is no overlap at all between the range of minimum yield strengths for grades SS400 and SM400 at 235-245MPa and G300 at 280-320 MPa. Whilst grade SS490 minimum yield strength range also overlaps with that of grade AS300, as an SS grade (general structures not welded structures) with no carbon or manganese limits specified by the Standard, it could not be considered a good match for the readily weldable grade AS300 (which has maximum limits for carbon, manganese and a maximum carbon equivalent value requirement).



| Type of Product  | Classifications      | Yield Point (min.) N/mm <sup>2</sup> |           |     |
|------------------|----------------------|--------------------------------------|-----------|-----|
|                  |                      | Thickness                            |           |     |
|                  |                      | t ≤ 16 mm                            | t > 16 mm |     |
| Structural Steel | TIS 1227-2558 (2015) | SS400                                | 245       | 235 |
|                  |                      | SS490 <sup>A</sup>                   | 285       | 275 |
|                  |                      | SS540                                | 400       | 390 |
|                  |                      | SM400                                | 245       | 235 |
|                  |                      | SM490 <sup>A</sup>                   | 325       | 315 |
|                  |                      | SM520                                | 365       | 355 |
|                  |                      | SM570 <sup>A</sup>                   | 460       | 450 |

**Remark** A-nsunndio SYS wevornunthun thnsunamrd  
(Please contact us in advance for these items)

| Type of Product  | Classifications      | Yield Point N/mm <sup>2</sup> (min.) |             |             |        |     |
|------------------|----------------------|--------------------------------------|-------------|-------------|--------|-----|
|                  |                      | Thickness                            |             |             |        |     |
|                  |                      | t < 11                               | 11 ≤ t < 17 | 17 < t < 40 | 40 ≤ t |     |
| Structural Steel | AS/NZS 3679.1 : 2010 | 300                                  | 320         | 300         | 280    | 280 |
|                  |                      | 300LO                                | 320         | 300         | 280    | 280 |
|                  |                      | 300L15                               | 320         | 300         | 280    | 280 |
|                  |                      | 350                                  | 360         | 340         | 340    | 330 |
|                  |                      | 350LO                                | 360         | 340         | 340    | 330 |

<sup>3</sup> EPR Folio No. 223/075

<sup>4</sup> Non-Confidential Attachment A

<sup>5</sup> Non-Confidential Attachment B

Although SYS' product catalogue suggests grade SM490 may not be a commonly stocked grade in the domestic Thai market, the remark "please contact us in advance for these items" indicates that it is available and likely to have been sold. Thailand steel distributors Taweechoke Panich Co. Ltd (TWC) and Sinthawee Thai-Laos Co.,Ltd (STL) both report H-beams in grades SS400, SS490, SS540, SM400, **SM490** and SM520 being available for purchase on their websites<sup>6</sup>.

3. Despite Standards comparison, domestic grade with minimum yield strength of 245MPa considered the closest match for export grade of minimum yield strength 300MPa

Although the verification team has not disclosed the grades considered the most comparable grades matched to the export grade, they have detailed the following findings:

*"The verification team considers that, given the closer alignment of the AS/NZS 3679.1-300 (AS300) grade prices in the Thai domestic market and the **pricing of a certain Thai grade in the domestic market, that the minimum yield strength should be reduced to 245 MPa for category B so that it is consistent with the requirements of the relevant Thai Standard.** The verification team also considers that a maximum yield strength should also be applied to category B and that this should be set below the minimum yield strength for a Thai grade with a higher minimum yield strength given the price difference to the AS300 grade and the lower yield strength Thai grade.*

*"The verification team also notes that the Australian Standards also specify a higher grade HRSS (AS350) which has a minimum yield strength of 340MPa which is more broadly consistent with the requirements of the higher Thai grades regarding yield strength."<sup>7</sup>*

In the absence of grade disclosure in the paragraph above, Liberty Steel's inferred understanding of the verification team's treatment of grade mapping based on the SYS Thai Standard properties extract included at (1) above, is that domestic sales of grades SS400, SS490 and SM400 have been grouped together with AS300. Grades SM490 and SM520 have been grouped together with AS350 for consideration of sales for dumping margin calculation.

Liberty Steel requests the following clarification concerning sales of AS300 into the Thailand market:

- a. Given that SYS sales of HRS produced to the Thai Standard TIS 1227-2558 (2015) is likely to be prevalent, what proportion of total domestic sales did AS300 comprise and were sales of AS300 consistently present and representative throughout the investigation period?

SYS in a recent submission has provided:

*"SYS however had matching, identical domestic sales to those exported (DELETED) and **for some periods of the investigation**, those domestic sales satisfied both requirements of the OCOT and SUFFICIENCY tests."<sup>8</sup> [emphasis added]*

The SYS statement suggests that there were some periods of the investigation where domestic sales of AS300 were not present. Which domestic grades' sales were included by the

<sup>6</sup> Non-Confidential Attachment C

<sup>7</sup> EPR Folio No. 499/026 and EPR Folio No. 505/017 at p 6

<sup>8</sup> EPR Folio No. 499/032 and EPR Folio No. 505/024 at p 2



verification team during those periods when sales of AS300 did not satisfy OCOT and SUFFICIENCY test requirements?

- b. For Thai domestic sales of AS300, were those sales transactions:
- i. Ordered as grade AS300?
  - ii. Ordered as a Thai grade but supplied with AS300 as surplus export stock offered at a discount?
  - iii. Offered as non-standard sizes, eg. 6m short lengths? For the Australian market, HRS is sold predominantly in lengths of 9m or greater, shorter lengths would be considered non-standard. If shorter 'off-cuts' were produced by SYS as part of an export order for Australia, have these been offered to domestic customers at a discount price to clear product not suitable for sale to Australia from their production storage facility?

Liberty Steel appreciates the Commission's consideration of these matters in preparation of Statement of Essential Facts 499 & 505.

**FOR AND ON BEHALF OF**

**THE AUSTRALIAN INDUSTRY APPLICANT**