OneSteel Manufacturing Pty Ltd
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28th March 2014

Mr Adam Yacono
Manager
Anti-Dumping Commission
C/o Australian Customs and Border Protection Service
Customs House
1010 La Trobe Street
DOCKLANDS VICTORIA 3008

Dear Mr Yacono,

Investigation into Hot Rolled Structural Sections exported from Japan, Korea, Taiwan and Thailand – Preliminary Affirmative Determination No. 223 – Negligible Dumping Margins for Feng Hsin and TS Steel

Preliminary Affirmative Determination

OneSteel Limited ("OneSteel") welcomes the recent publication and imposition of provisional securities on certain exports of hot rolled structural sections ("HRS") exported from Japan, Korea, Taiwan and Thailand.

PAD No. 223 notified preliminary dumping margins for exports of HRS from Japan, Korea, Taiwan, and Thailand as follows:

Country	Exporter	Preliminary Dumping Margin
Korea	Hyundai Steel Company	2.2%
	Uncooperative exporters	5.3%
Taiwan	Feng Hsin Iron and Steel Co Ltd	0.7%
	Tung Ho Steel Enterprise Corporation	3.7%
	TS Steel Co Ltd	1.5%
	Uncooperative exporters	5.2%
Thailand	Siam Yamato Steel Co Ltd	14.2%
	Uncooperative exporters	23.7%
Taiwan	JFE Bars and Shapes	5.8%
	Uncooperative exporters	11.7%

The preliminary dumping margins are based upon completed exporter questionnaire responses from cooperative exporters. Provisional securities will be collected on the basis of the preliminary dumping margins, with the exception of those exporters with negligible preliminary dumping margins.

Exporters with dumping margins less than 2 per cent

The Anti-Dumping Commission ("ADC") has preliminarily determined that the Taiwanese exporters Feng Hsin Iron and Steel Co Ltd ("Feng Hsin") and TS Steel Co Ltd ("TS Steel") have dumping margins of 0.7 per cent and 1.5 per cent respectively.

Feng Hsin's dumping margins have been assessed on the basis of an adequately completed exporter questionnaire response. The ADC has stated that Feng Hsin's normal values are based upon domestic sales made in the ordinary course of trade (s.269TAC(1)) of the Customs Act. It is not clear from PAD No. 223 what adjustments were afforded Feng Hsin, however, adjustments were made in accordance with s.269TAC(8).

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In respect of TS Steel, normal values and dumping margins were preliminarily determined on the basis of TS Steel's exporter questionnaire response. Domestic sales were preliminarily deemed to have been in the ordinary course of trade, with normal values assessed under s.269TAC(1). Adjustments were also afforded under s.269TAC(8).

OneSteel draws to the attention of the ADC that the predominant domestic HRS grades sold in Taiwan (similarly in Korea and Thailand) by all three cooperative exporters (Feng Hsin, TS Steel and Tung Ho) are inferior to the HRS grades exported to Australia. In previous correspondence dated 5 March 2014, OneSteel has submitted that all (with the exception of Grade SM490A) of the Korean HRS domestic grades are not comparable with AS 3679.1 and, that the predominant domestic sales in Korea are not equivalent to those exported to Australia. Similarly, the predominant domestic grades of HRS sold in Taiwan are not comparable with exports of AS 3679.1 grades exported to Australia by Feng Hsin and TS Steel.

Comparison of AS 3679.1 Grade Steel with grades in Japan, Korea and Thailand

The following Table highlights the grades of steel with their corresponding regional Standards for producers in Australia/New Zealand and Korea, Japan and Thailand.

Table 1: Grades of Steel and their corresponding regional Standards

Grade	Country of Origin	Standard	Technical Catalogues
300 Grade	Australia/New Zealand	AS/NZS 3679.1	OneSteel
SS 400	Korea	KS D3503 : 1998	Hyundai
	Japan	JIS G3101 : 2008	JFE Steel
	Thailand	TIS 1227 – 2537 : 1994	Siam Yamato
	Taiwan	JIS G3101 : 2008	Tung Ho and Feng Hsin website
SM 400	Korea	KS D3515 : 2008	Hyundai
	Japan	JIS G3106 : 1995	JFE Steel
	Thailand	TIS 1227 – 2537 : 1994	Siam Yamato
	Taiwan	JIS G3106 : 1995	Tung Ho
SS 490	Korea	KS D3503 : 1998	Hyundai
	Japan	JIS G3101 : 2008	JFE Steel
	Thailand	TIS 1227 – 2537 : 1994	Siam Yamato
SM 490A	Korea	KS D3515 : 2008	Hyundai
	Japan	JIS G3106 : 1995	JFE Steel
	Thailand	TIS 1227 – 2537 : 1994	Siam Yamato
	Taiwan	JIS G3106 : 1995	Tung Ho website

OneSteel recently analysed the grades identified and undertook comparison tests. The results of these comparisons are detailed hereunder.

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Comparisons of the different grades were made after separating them into two groups. The first group consisted of AS/NZS3679.1 Grade 300 with SS400 and SM400, and the second group consisted of AS/NZS3679.1 Grade 300 with SS490 and SM490A.

Table 2: Comparison of strength requirements for Grades 300, SS 400A and SM 400 (Group 1)

Property	**Requirements**		
	300 Grade (AS/NZS 3679.1)	SS 400A (KS D3515, JIS G3106 TIS 1227)	SS 400 (KS D3503, JIS G3101 TIS 1227)
Yield Strength (MPa)	280 - 320	215 - 245	215 - 245

Table 3: Comparison of property requirements for Grades 300, SM 490A and SS 490 (Group 2)

Property	**Requirements**		
	300 Grade (AS/NZS 3679.1)	SM 490A (KS D3515, JIS G3106 TIS 1227)	SS 490 (KS D3503, JIS G3101 TIS 1227)
Mechanical Properties			
Yield Strength (MPa)	280 - 320	315 - 325	275 - 285
Chemical Properties			
Carbon (Max)	0.22	0.20	No Requirement
Silicon (Max)	0.50	0.55	No Requirement
Manganese (Max)	1.6	1.65	No Requirement
Phosphorus (Max)	0.040	0.035	0.05
Sulphur (Max)	0.040	0.035	0.05
Carbon Equivalent (Max)	0.44	0.44	No Requirement

Group 1 Comparisons (Refer Table 2)

A direct comparison of the strengths with Group 1 grades was made. Strength comparisons were chosen given this is the usual way steel sections are categorised in the industry due to safety considerations. The comparisons yielded the results shown in Table 2. The results indicate that the yield strengths for SS400 and SM 400 were significantly lower (18% to 23% lower) than the Grade 300 material so no further comparisons were made due to this large disparity.

Group 2 Comparisons (Refer Table 3)

A direct comparison of the mechanical and chemical requirements for the second Group shows that SM 490A steels correlate significantly better with Grade 300 than grade SS 490 steels, regardless of the regional Standard used. The comparison is documented in Table 3. Again strength comparisons are the first and most obvious consideration given the direct impact on safety. Grade SS 490 steels are generally lower in yield strength compared with Grade 300 steels, while SM 490A steels meet

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and exceed the range of yield strengths required for Grade 300 steels. If design strength were the only property considered, Grade SM 490A is more comparable than SS 490 to Grade 300.

The chemical requirements for Grade 300 and Grade SM 490A steels are very similar; however, both differ quite significantly from Grade SS 490 product as shown in Table 3. Unlike Grade 300 and SM 490A steels, SS 490 steel products have no chemical specification requirements for carbon, silicon and manganese. Each of these elements will tend to influence the hardness and weldability of the steel to different magnitudes. A carbon equivalent should be calculated based on a given steel chemistry to get an indication of weldability. As the steel chemistry is not specified for Grade SS490, a carbon equivalent cannot be calculated and suitability for welding cannot be determined. If SS 490 steels were used in place of AS/NZS 3679.1 300 Grade steel in a structure there would be serious concerns over the safety of that structure given the strength and welding implications.

A comparison of the regional Standards indicates that JIS G3106 and KS D3515 are identical in their technical requirements as are JIS G3101 and KS D3505. This is useful as the Japanese Standards are available in an edition translated into English; whereas an English translation of the Korean Standards could not be readily found. The Thai Standard TIS 1227 – 2537 has an edition translated in English; its technical requirements are similar to the JIS requirements as indicated in Table 2.
A comparison of the Hyundai, Siam Yamato and JFE technical product catalogues indicate they are consistent with the mechanical and chemical property requirements of the relevant regional Standard.

Conclusion

A comparison of the mechanical and chemical requirements of 300 Grade, SS400, SM400, SS 490 and SM 490A steels indicates that SM 490A Grade steels are the closest match to AS/NZS 3679.1 - Grade 300. SS400 and SM400 are significantly lower in strength than Grade 300 and no further comparisons were deemed necessary given the large disparity.

Furthermore, it was also found that SS 490 is not comparable to 300 Grade steel regardless of the regional Standard. SS490 does not require limits to it carbon, silicon and manganese content which could influence it's weldability.

<u>Positive adjustment to Feng Hsin and TS steel normal values</u>

OneSteel submits that domestic grades of HRS sold in Taiwan by the three cooperative exporters that are comparable with Grades SS400 and SS400A, and SS490 are not considered equivalent to HRS exported to Australia that conforms to AS 3679.1. Similarly, domestic sales in Japan, Korea and Thailand that are comparable with SS400, SS400A and SS490 are not equivalent to HRS produced to AS 3679.1

The normal values for Feng Hsin and TS Steel require upward adjustments to account for the differences in grade and quality of the predominantly inferior domestic sales to enable fair comparison with export prices for AS3679.1 grade HRS exported to Australia.

OneSteel's claim is further supported by the statement in the Leon Huat Hardware Exporter Questionnaire[1].

[1] Leon Huat Hardware Exporter Questionnaire , page 12

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"AS3679.1 grade 300 requires more items to be stated in chemical compositions, physical/chemical laboratory approval….both Taiwan and Thailand steel mills charge a higher rate for AS3679.1 grade 300 compared to EN10025, ASTM or JIS standard.

Following adjustments to take account of the grade and quality differentials between domestic sales by Feng Hsin and TS Steel and their respective HRS export sales to AS3679.1, it is considered that dumping margins above negligible levels will be apparent.

OneSteel requests the ADC to also assess the appropriate comparability of domestic grades by cooperative exporters in Japan, Korea and Thailand to ensure fair comparisons are made.

Adjustments under s.269TAC(8)

PAD No. 223 does not detail the adjustments to normal values for cooperative exporters in determining preliminary dumping margins. OneSteel therefore is unable to comment on the appropriateness of adjustments made (or the absence of any necessary adjustments) at this stage of the inquiry.

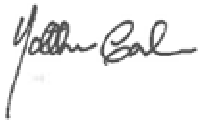
OneSteel reserves its right to comment further on adjustments to normal values made for cooperative exporters in this investigation.

Closing remarks

Normal values for Feng Hsin and TS Steel are understated in PAD No. 223 as they reflect domestic selling prices for inferior grades of HRS sold on the domestic market in Taiwan. Upward adjustments are required to normal values for both exporters to account for the grade and quality (including mass and yield strength) differentials identifiable between HRS sold domestically and for export (to AS 3679.1).

If you have any questions concerning this letter please do not hesitate to contact OneSteel's representative Mr John O'Connor on (07) 3342 1921 or Mr Matt Condon of OneSteel on (02) 8424 9880.

Yours sincerely



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