

6 May 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 – Response to Hyundai’s submission of 17th April 2014

This letter is in response to the continued misleading claims that are contained in the Moulis Legal submission on behalf of Hyundai Steel dated the 17th April 2014.

OneSteel again rejects the claims in the Hyundai submission that hot rolled structural product sold in its domestic market to grade SS400 is the nearest equivalent to AS/NZS 3679.1- Grade 300.

An objective comparison of internationally published standards clearly shows that the nearest equivalent grade is SM490A. This is consistent with Customs’ previous assessment in investigation 79, where the following was stated:

Customs found the specifications of the exported grade RL (AS3679.1) and domestic grade HK (SM490A) to be very similar, and considers the grade HK (SM490A) is the most appropriate for comparison with the exported grade RL (3679.1)¹

Hyundai’s claim that the provision of certain test certificates for domestically sold SS400 that exceed the minimum yield and tensile requirements for AS/NZS 3679.1 – Grade 300 is evidence that Hyundai grade SS400 is equivalent to AS/NZS 3679.1 – Grade 300, is not valid.

OneSteel has obtained from customers and end-users numerous test certificates for Hyundai product exported to Australia as AS/NZS 3679.1 – Grade 300.² Hyundai test certificates show that:

- The products are produced to AS/NZS 3679.1 – Grade 300, not to the plate standard AS3678- Grade 300 that Hyundai’s earlier submissions claim.
- The products exported to AS/NZS 3679.1- grade 300 exceed the minimum yields for SM490A and importantly also specify minimum requirements for carbon, silicon

¹ TRADE MEASURES REPORT No. 79 HOT ROLLED STRUCTURAL STEEL SECTIONS FROM THE REPUBLIC OF KOREA – p9.

² Confidential attachment 1 – Test Certificates

and manganese which is important for weldability. The minimum requirements for these elements are not specified for grade SS400.

- Most of these test certificates also exceed the grade requirements for SM490Y which is a grade that is nearest equivalent to AS/NZS 3679.1 – Grade 350

Further, Hyundai’s attempts to compare Hot Rolled Structural grades with Hot Rolled Plate grades are either confused or designed to distract the Commission. They seek to link an error³ in a marketing document produced by another company that is for a product not relevant to this investigation.

Hyundai’s claim that OneSteel’s comparison is misleading is wrong and is rejected by OneSteel. This claim also needs to be assessed against the fact that Hyundai originally sought to disguise the fact that their comparisons for like goods were based on plate grades not hot rolled structural grades. We also note that the Hyundai submission is further confusing the grade comparison by not differentiating between the grades SM490A and SM490Y. SM490A is very similar to AS/NZS 3679.1 - Grade 300 while SM490Y is very similar to AS/NZS 3679.1 - Grade 350.

OneSteel’s previous submissions discussed minimum yield and chemistry specification requirements for carbon equivalent (weldability criteria) comparisons as these are the primary criteria for structural engineering design and use, rather than ultimate tensile strength.

For completeness, OneSteel has updated the international standards comparison table to include tensile strength for assessment of nearest grade equivalents.

Grade	Min Yield (MPa)	Chemistry Requirement for Carbon, Silicon, Manganese	Tensile (MPa)
SS400 AS/NZS 3679.1 -250 ⁴ Variance	215 to 245 250 to 260 -16% to -6%	None specified Specific Not comparable	400 410 -3%
SS400 AS/NZS3679.1- 300 Variance	215 to 245 280 to 320 -30%	None specified Specific Not comparable	400 440 -10%
SS490 AS/NZS3679.1-300 Variance	275 to 285 280 to 320 -2% to -12%	None specified Specified Not comparable	490 440 +10%
SM490A AS/NZS 3679.1-300 Variance	315 to 325 280 to 320 11% to 2%	Specific Specific Comparable	490 440 +10%
SM490Y AS/NZS 3679.1-350 Variance	335 to 365 340 to 360 -1.5% to 1.5%	Specific Specific Comparable	490 480 +2%

³ Confidential correspondence – attachment 2

⁴ 250 grades are redundant in AS/NZS 3679.1- 2010 – Preface p2.

The above table of grade comparisons clearly shows that:

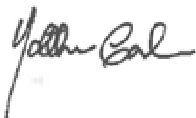
- SS400 is closest to the redundant AS/NZS 3679.1 - Grade 250, whilst still failing to meet the minimum requirements.
- SS400 is well below the minimum requirements for yield, weldability and tensile strength to be considered the nearest equivalent to AS3679.1 – Grade 300.
- Whilst SS490 grade is a closer equivalent to AS/NZS 3679.1- Grade 300 than SS400, it still falls short on the critical criteria of minimum yield and weldability requirements. Hyundai's claim that grade SS490 "far exceeds" AS/NZS 3679.1- Grade 300 is clearly incorrect. Grade SS490 has a lower minimum yield and no carbon equivalent requirement for weldability, the two critical factors for Hot Rolled Structural steel performance.
- SM490A is the closest equivalent to AS/NZS 3679.1- Grade 300 across all criteria that include minimum yield point, chemistry specifications for weldability and tensile strength.
- SM490Y is the closest equivalent grade to AS/NZS 3679.1- Grade 350.

OneSteel again respectfully requests the Commission to re-examine Hyundai's and other exporters domestic sales included in its normal value calculations for assessing dumping margins for the purposes of Preliminary Affirmative Determination ("PAD") No. 223.

In light of Hyundai's continued insistence that domestic sales of lower grade products be considered alike for normal value purposes, the exclusion of domestic sales that are not the equivalent of grade SM490A is required. Amendments to the recently published PAD no.223 may therefore be required.

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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