



ANTI – DUMPING SPECIALISTS

ACN 056 514 213 ABN 87 056 514 213

31 July 2014

NON-CONFIDENTIAL

Ms Candy Caballero
Director Operations
Australian Anti-Dumping Commission
Customs House
1010 La Trobe St
Docklands Vic 3008

Dear Ms Caballero,

HOT ROLLED STRUCTURAL STEEL SECTIONS FROM JAPAN, KOREA, TAIWAN AND THAILAND

This submission, made on behalf of Siam Yamoto Steel Co Ltd (“SYS”), is in response to Statement of Essential Facts No. 223 (“the SEF”).

We have made several representations to the Commission concerning errors in its calculation of the dumping margin applicable to SYS’ exports which is at present 19.8% according to the SEF. Our previous representations in this regard have been in relation to – date of sale of exports to Australia; conversion of Australian dollar (“AUD”) prices of exports to Australia to Thai baht (“THB”); and rejection of normal value due allowance claims for cuttings cost, production cost difference and level of trade. Further representations will be made in respect of these issues in subsequent submissions. This submission addresses a further error in the Commission’s calculation methodology in respect of SYS’ exports.

In section 6.3.1.3 of the SEF, the Commission reports that *SS400 in the most appropriate grade sold on the domestic market of exporters from Japan, Korea, Taiwan and Thailand deemed suitable for like good comparison purposes*. It then used domestic sales of grade SS400 to determine normal values of exports of grade AS300 to Australia by all exporters under investigation other than SYS, for which it used dual grade SS/SM400, which is a superior grade to SS400/AS300 and with a higher domestic selling price and cost. This has resulted in an unreasonably higher normal value and dumping margin for SYS’ exports than for all other exporters.

Under Thai International Standards (“TIS”) and Australian Standards (“AS”), the lowest grades of mild steel are SS400 and AS300 respectively, while SM400 and AS300L0 are a superior grade of mild steel for special purpose usage. SM400 and AS300L0 are comparable at a superior level and each has a price premium in respective markets. SM400 has a higher weldability quality than SS400/AS300 because of its lower phosphorous and sulphur content. Superior grades SM400 and AS300L0 also have the additional cost of impact testing which also contributes to their price premium.

Consequent upon the foregoing, dual grade SS/SM400 is of higher quality and has a price premium over SS400 which, as found by the Commission, is most comparable to AS300 exports to Australia. The price premium of SS/SM400 over SS400 is clearly demonstrated by SYS' domestic sales spreadsheet verified by the Commission.

As also demonstrated by SYS' domestic sales spreadsheet, verified by the Commission, it is [REDACTED] [product description] sold in the Thai domestic market which include grade SS400. Domestic sales of SS400 [REDACTED] [product description] represent 13.05% of exports of AS300 [REDACTED] [product description] to Australia during the IP. That is, domestic sales of most comparable grade SS400 are of sufficient volume to be used as the basis for the normal value applicable to exports of grade AS300 [REDACTED] [product description] to Australia.

Concerning the normal value applicable to grade AS300 [REDACTED] [product description] exports to Australia, as there are no grade SS400 domestic [REDACTED] [product description] sales [REDACTED] [product description] and all domestic sales of grade AS300 products are not for consumption in Thailand but for export to other countries, grade SS/SM400 [REDACTED] [product description] are the only domestic sales of like goods available for use as the basis for calculation of the normal value for grade AS300 [REDACTED] [product description] exported to Australia.

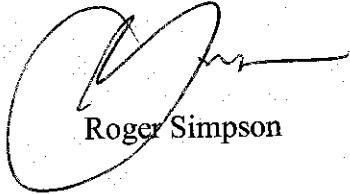
We stress that it is unreasonable, illogical and irrational to base the normal value for exports of grade AS300 [REDACTED] [product description] to Australia on domestic sales of higher quality and higher priced grade SS/SM400 [REDACTED] [product description] when there are sufficient domestic sales of grade SS400 [REDACTED] [product description], the grade found by the Commission to be most comparable to grade AS300, to provide the basis of such normal value assessment.

It is important to its recalculation of normal values and dumping margins having regard to the foregoing, that the Commission has verified the ordinary course of trade status of all SYS' domestic sales of like product and to take into account the lengths of channels and H-beams, which have no bearing on the comparability of like products, in determining the sufficiency of domestic sales of comparable like product is unwarranted. Sufficiency of like product sold domestically should be based on shape (channel or H-beam) and grade. It is also important that calculation of dumping margins on a quarterly basis is unwarranted as all normal values are based on OCOT domestic selling prices and the investigation period is one year, ie, dumping margins should be calculated on the basis of weighted average normal values and export prices over the investigation period.

Attached is a table with supporting spreadsheets based on verified domestic sales and exports to Australia spreadsheets using two different methods for normal value and dumping margin calculations, both having regard to the most comparable grades of domestic sales of channels and beams. Method 1 takes into account all claimed normal value due allowances (other than production cost difference for channels), while method 2 takes into account only the due allowances taken into account in the Commission's dumping margin calculation for the SEF.

I request an early meeting with you to discuss the attached dumping margin calculations before your final report to the Parliamentary Secretary. Please advise your availability next week.

Yours sincerely,



Roger Simpson