

17th September 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

PUBLIC FILE

Dear Mr Yacono

**Hot Rolled Structural Sections exported from Japan, Korea, Taiwan and Thailand –
Submissions on behalf of SANWA and SYS.**

I refer to the recent submissions made on behalf of SANWA and SYS that were placed on the Public File on the 20th and 28th August 2014.

SANWA undated Submission

OneSteel rejects the proposition and reasons put forward that the “only appropriate form of Dumping Duty in the action against Tung Ho is a singular Ad Valorem Duty”.

The basis for the Sanwa claim is that “it is the simplest and easiest to administer”. Ease and simplicity are not the criteria that should be used when determining the type of measure.

The intent in the Customs Act is that dumping measures remove the injurious effects of dumping. The type of measures that should be imposed are ones that are the most effective to prevent ongoing material injury to the Australian Industry.

The Commission’s own Guidelines on the Application of Forms of Dumping Duty (November 2013) highlight that the disadvantage of the *ad valorem* rate is that “export prices may be lowered to avoid the effects of duty”.

After experiencing material injury (over a prolonged period) OneSteel does not consider it reasonable for the Australian Industry to rely on a circumvention inquiry to address further dumping and material injury that the original measures have not addressed. In the current circumstances, the appropriate measure to remove the injurious effects of dumping involves measures that are based upon the combination method (i.e. fixed and variable components). To do otherwise is akin to putting an ambulance at the bottom of a cliff instead of building a fence at the top.

OneSteel is already encountering export prices from countries that are falling, despite the fact that the exporters are raising prices in the own countries. [Confidential Market Intelligence]

There is a risk that if only ad valorem measures are imposed, export prices to Australia could fall below those during the investigation period.

OneSteel reiterates that the most effective form of dumping measure to remove the injurious effects of dumping is the combination method in which the fixed component is an *ad valorem* duty rate. In a rising market the *ad valorem* component of the fixed measure (in the combined duty method) has the same effect as an *ad valorem* duty applied in isolation. In a falling market the *ad valorem* duty

rate in isolation is inadequate in removing the injurious effects of dumping, as exporters will reduce the export price so as the dumping duty liability decreases. In the current circumstances, export prices are understood to be declining further (as normal values have increased) and injury to the Australian industry is therefore continuing if the *ad valorem* duty rate is applied in isolation.

Where excess duty is paid, the duty assessment process facilitates a refund of overpaid measures.

SYS Submission dated the 22nd August 2014.

Comparable Domestic Grade

The SYS submission supports OneSteel's and the independent expert's opinion that the SM490 is comparable to the exported grade AS300.

It is appropriate that Commission re-evaluate the dumping margin calculations for Korea, Thailand, Japan and Taiwan based on a comparison of the selling prices of SM490 equivalent products.

Form of Dumping Duty

This investigation has demonstrated that SYS and Hyundai have again exported HRS into the Australian market at dumped prices (as previously determined in 2002).

OneSteel reiterates it claims that it is seeking the most effective form of dumping measure for all exporters to prevent ongoing material injury to the Australian Industry. OneSteel's view² is that for Hot Rolled the most appropriate form of dumping measure is the combination method.

Due Allowances

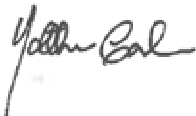
The SYS submission states that "OneSteel obviously does not understand the grounds for our claim for a cutting cost adjustment".... or "level of trade adjustment".

OneSteel believes that it has addressed these claims appropriately in its submission dated the 13th August.

If SYS disagrees with OneSteel's assessment, OneSteel invites SYS to provide an un-redacted version of its submission for the public file.

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,



Matt Condon
Manager – Trade Development
OneSteel Manufacturing Pty Ltd

² OneSteel submission dated the 5th August 2014.