

KLE PTY LTD

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ACN 077 911 481 ABN 51 077 911 481

METAL TUBE FORMING & FINISHING MANUFACTURERS

11th September, 2012

**Director, Operations 2,
International Trade Remedies Branch,
Australian Customs & Border Protection Service,
Customs House,
5 Constitution Avenue,
Canberra, ACT, 2601.**

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Dear Sirs,

Investigation No: 190A.

KLE Pty Ltd wishes to make a submission on this investigation, because KLE Pty Ltd is a manufacturer of Australian Made products and albeit a small player in the scheme of the business world.

In September, 2006 KLE Pty Ltd made a decision to cut out the "middle man" on all its purchases, because all our competitors began sourcing their finished goods directly from China which KLE Pty Ltd could not compete against.

The only way KLE Pty Ltd could purchase its galvanized steel coils in Australia was from a recognised Steel Distributor and not directly from BlueScope Steel Limited.

This meant KLE Pty Ltd could only source galvanized steel coils from Steel Distributors who were the 'middle man' with big cost structures that added between \$400 to \$600 per tonne of material for their massive buildings they occupied, plus the personnel hired and their added profitability with little value added to the galvanized steel coils made by BlueScope Steel Limited.

The value added in KLE Pty Ltd case is slitting the large galvanized steel width coils made by BlueScope Steel Limited into smaller width galvanized strip widths which in 2012 would add around \$100-\$125 per tonne compared to \$60-\$75 back in 2006. Hence, the huge cost difference between what should be the cost and what the cost was with the "middle man" in Australia included made it easy for KLE Pty Ltd to select a steel mill supplier who combined both and in our case the supplier became Jiangyin Xinsheng Metal Products Co. Ltd from China and with the main inputs of steel being iron ore and coal it was more than likely these inputs came from Australia. Also, this meant KLE Pty Ltd was able to compete with its competitors and still manufacture its finished products in Australia.

Appended to this submission is costings relating to periods 2006, 2009 and 2012 and KLE Pty Ltd is prepared to supply further costings if required.

The impact on KLE Pty Ltd, if Dumping and Countervailing Duty were to be imposed, would mean KLE Pty Ltd would become uncompetitive compared to its competitors as these competitors would not be paying Dumping and Countervailing Duties despite their imported China products being the same as KLE Pty Ltd products.

This means, KLE Pty Ltd would cease manufacture in Australia and be forced to purchase the same inferior quality products from overseas, obsolete all its expensive capital equipment that has taken years to build and pay for, retrench its manufacturing employees, abandon its Made in Australia point of difference and all the effort of the last 15 years would have all been in vain.

Yours Faithfully,



Ron Beadle

KLE PTY LTD

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