

2 December 2014

Mr Tim King
Investigator
Anti-Dumping Commission
C/o Australian Customs and Border Protection Service
Customs House
1010 La Trobe Street
DOCKLANDS VICTORIA 3008

Dear Mr King

Investigation into Reinforcing Bar exported from Korea, Malaysia, Singapore, Spain, Taiwan, Thailand and Turkey

1.0 Introduction

I refer to the submission of 21 October 2014 on behalf of Daehan Steel Co., Ltd ("Daehan") and Stemcor Australia Pty Ltd ("Stemcor") that raises a number of matters that it is asserted are relevant to the material injury claims of the Australian industry manufacturing reinforcing bar ("rebar").

2.0 Reasonableness of Australian Industry's Costs

OneSteel seeks to highlight to the Commission that the graph used to support the concern raised by Daehan and Stemcor regarding OneSteel billet transfer pricing contains several errors. The comparison between export billet pricing and OneSteel CTMS has been done without the appropriate foreign currency conversion having been applied and incorrect date selection appears to have been used for the billet pricing sourced from SteelFirst.

In addition, it is OneSteel's view that export billet prices are not a relevant basis for comparison as they are also likely to be dumped or subsidised.

3.0 Asserted differences affecting price

3.1 Production Processes

It is claimed that certain 12mm and 16mm DBIC produced at Newcastle is from billets without the addition of "microalloys". OneSteel's production process for these goods is alleged to be the "Tempcore" process. This is incorrect. [REDACTED]

The Daehan submission asserts an apparent "cost" associated with the addition of alloys, and that this should be taken into consideration in the price undercutting analysis. OneSteel refutes this suggestion. Selling prices for DBIC are not determined by costs of production, nor is it possible for OneSteel to achieve a price premium for additional costs. The price on the Australian market is driven by competition, not cost.

3.2 *Green Star Certification*

The Green Star certification is an environmental rating system that enables architects and builders to earn steel credit points on construction projects. Whilst OneSteel does supply Green Star certified reinforcing bar, it is not able to secure a premium based on the Green Star rating. Please see the attached brochure on Green Star ratings.

3.3 *Coil Weights*

OneSteel would like to clarify that the DBIC produced at Laverton is from 2 tonne billet, which produces a 2 tonne coil. It is alleged on behalf of Daehan and Stemcor that there is an additional A\$75 per metric tonne cost associated with producing a 3 tonne coil versus a 1.5 tonne coil. This is incorrect. OneSteel would also highlight that it does not differentiate its pricing based on the production facility. The location of the production facility is a determinant of where the goods are supplied to customers (e.g. Newcastle DBIC is supplied to NSW and Qld).

3.4 *Coil diameters*

OneSteel understands that there is limited demand for coil in 8mm and 24mm diameter as customers are typically not set up to process these sizes on their off-coil machines.

OneSteel rejects the suggestion made on behalf of Daehan and Stemcor that imported 20 mm DBIC be excluded from the Commission's price comparisons as 20 mm straight rebar, which OneSteel produces, can be used in many instances. It therefore cannot be accepted that imported 20 mm DBIC is not injurious to the Australian industry.

3.5 *Freight and warehousing costs*

The Commission will verify OneSteel's freight to customer, inventory and warehousing expenses in the forthcoming verification visit. OneSteel would highlight that the estimates for market share by location and freight costs suggested on behalf of Daehan and Stemcor are speculative only.

3.6 *Currency fluctuations*

OneSteel notes that the Australian dollar has depreciated across the investigation period. The depreciation of the Australian dollar is not reflected in import prices during 2013/14.

3.7 *OneSteel Price List*

OneSteel does not utilise a price list for sales of rebar. [REDACTED]
[REDACTED] OneSteel will detail its pricing policy with the Commission during the verification visit.

4.0 Closing remarks

The submission on behalf of Daehan and Stemcor has attempted to "explain" the pricing differentials between imported Daehan DBIC and OneSteel DBIC. The suggested cost differentials do not translate to price differences in the marketplace. Daehan DBIC undercuts OneSteel's DBIC prices due to the former being at dumped prices.

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The above responses concerning coil sizes, freight and warehousing costs, price lists, etc appear to be attempts to have OneSteel confirm or deny the assumption made. OneSteel will respond to the Commission's queries on the goods the subject of the application during the forthcoming verification visit.

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

Yours sincerely,

A handwritten signature in black ink, appearing to read "Matt Condon", written in a cursive style.

Matt Condon
Manager – Trade Development
OneSteel Manufacturing Pty Ltd