



**APPLICATION FOR EXEMPTION FROM DUTY UNDER
THE CUSTOMS TARIFF
(ANTI-DUMPING) ACT 1975**

**CERTAIN HOT-DIP GALVANISED (HDG)
CIRCULAR HOLLOW SECTIONS (CHS)**

**RECORD OF MEETING WITH
ONESTEEL AUSTRALIAN TUBE MILLS (ATM)**

Note: the matters outlined in this document do not reflect the Anti-Dumping Commission's findings or opinion in relation to this inquiry, but rather reflect matters discussed at the concerned meeting.

Date: 15 April 2014

Location: Anti-Dumping Commission
1010 La Trobe St
Docklands
VIC

Attendees:	<u>Anti-Dumping Commission</u>	<u>ATM</u>
	Kerry Taylor Director, operations 4	Matt Condon Manager Trade Development
	Andrea Stone Manager, Operations 2	Arun Syam Tubular Development Manager
	Bora Akdeniz Investigator, Operations 4	John O'Connor Director, John O'Connor and Associates

Discussed:

Galvanised CHS in general

- ATM classified the types of galvanised CHS into three categories:
 1. Pre or in-line galvanised
 - zinc coating mass of approximately 100g/m²
 - able to be manipulated (bent and shaped)
 - able to be directly welded
 2. Semi-automatic galvanised HDG CHS (air-blown as part of the galvanising process)
 - zinc coating mass of approximately 300g/m²
 - able to be manipulated
 - difficult to directly weld
 3. Batch-galvanised HDG CHS
 - zinc coating mass between 500 and 600 g/m² or possibly more (based on steel thickness)
 - cannot be readily manipulated
 - cannot be directly welded

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- Pre or in-line galvanised CHS may not be suitable for coastal locations where there is a high level of steel corrosion – such as being exposed within 1 km of breaking surf, etc.
- Where the coating of zinc is too thick on CHS, it becomes difficult to manipulate (brittle coating) and unsuitable for certain applications.

ATM's galvanised CHS product offering

HDG CHS

- ATM currently supplies HDG CHS to the Australian market. This is Australian-manufactured (made from black pipe that is outsourced 'batch' galvanised by a local external provider).
[Redacted] [Confidential: previous source of sales]
- The Australian batch-galvanised product that is supplied by ATM is [Redacted] [Confidential: product characteristics] as part of the galvanising process.
- The external galvaniser may be considered to be part of the Australian industry for HDG CHS.
- ATM used to fully produce HDG CHS itself (galvanising performed internally) at its Acacia Ridge and Newcastle facilities. The last galvanising plant was at Acacia Ridge and was initially 'mothballed', but has since been fully decommissioned. The HDG CHS produced at Acacia Ridge was air-blown.

Other galvanised finishes

- ATM also supplies the following other galvanised finishes of CHS (not HDG) that it manufactures:
 - DuraGal – the first generation of in-line galvanised product that is galvanised only on the outer surface – this is no longer supplied;
 - DuraGal^{Plus} - pre-galvanised product that is galvanised both internally and externally.
- While ATM could still supply the DuraGal product, it has moved towards the supply of DuraGal^{Plus}.

Imported HDG CHS

- ATM understands that a reasonable amount of imported HDG HSS from the countries subject to anti-dumping measures may be batch-galvanised and not air-blown.

Supply of like or directly competitive goods

- Australian made batch-galvanised HDG CHS is like to, and directly competitive with, imported HDG CHS.
- If requested by its customers (distributors of steel products), ATM is able to supply Australian-manufactured batch galvanised HDG CHS.
- Consequently, ATM submits that the Australian industry manufactures and supplies like or directly competitive goods to those subject to the exemption application, and an exemption from anti-dumping measures is not warranted.
- Additionally, DuraGal^{Plus} CHS is directly competitive with HDG CHS in numerous applications, specifically those that require the product to be manipulated. In addition, it is able to be easily welded, which HDG CHS is not.
- The Galvanizers Association of Australia (GAA) members advise they batch dip galvanise HDG CHS for customers other than OneSteel ATM.

Terms of supply

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- ATM supplies CHS to its customers, which are at the distributor level. These customers then on-sell CHS to their own customers.
- Whether a distributor offers imported or Australian-produced HDG CHS to its customers will be a purchasing decision by the distributor, taking into account numerous factors.
- HDG CHS is listed in ATM's product availability guide as part of its standard product offering. Currently only Australian-made CHS is offered by ATM.
- All of ATM's customers (steel distributors) are able to access Australian-made HDG CHS, subject to minimum order requirements and customer-specific established terms of trade (e.g. credit terms, delivery terms, etc.).

Other matters

Orrcon Steel product

- Orrcon Steel has recently released its new Australian-manufactured MAXI-TUBE[®] range of galvanised pipe and tube (including CHS).
- This is a pre-galvanised product, and its coating consists of zinc, magnesium and aluminium.
- Orrcon Steel is marketing MAXI-TUBE[®] as a direct competitor to batch-galvanised HDG CHS, suitable for numerous end uses, including coastal applications.

Issues with batch galvanising

- The Commission raised previous submissions to previous investigations that stated that Australian batch galvanised HDG CHS supplied by ATM is inferior to imports as it has not been hydrostatically tested and may be insufficiently straight.
- ATM explained that hydrostatic testing is only necessary for pressure pipe, which is generally larger in size than that covered by the anti-dumping measures.
- ATM advised that batch-galvanising of products may result in some straightness issues, but this is more common in asymmetrical goods (such as some structural beams and angles) than in pipe which is multi-symmetrical. Australian hot-dip galvanising contractors also report minimal straightness issues as the dipped CHS are restrained in jigs.