

ORRCON OPERATIONS PTY LTD

# Orrcon Steel

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## Submission With regard to Australian Dumping Customs Notice No 2012/30

*Hot Rolled Coil Steel Exported from Japan , The Republic of Korea, Malaysia, Taiwan*

## Public Record

Submitted July 25<sup>th</sup>, 2012

**Executive Summary:**

In response to Australian Dumping Customs Notice No. 2012/30, Case 188, issued June 14<sup>th</sup> 2012, this submission contends:

Bluescope Steel is the only manufacturer of Hot Rolled Coil Steel for pipe making in Australia.

Hot Rolled Coil exported to Australia under codes 7208.37; 7208.38; and 7208.39 should be considered separately from the rest in the investigation as these three codes constitute the entire range of Hot Rolled Coil used in the manufacture of Pipe and Tube in Australia.

Hot Rolled Coil imported for the purpose of manufacturing pipe and tube was not imported at prices lower than the domestic nett price during the period of the investigation.

The price model calculation introduced to the Pipe and Tube manufacturer market by Bluescope uses publicly available indexes to establish the domestic market price and does not consider alternative import pricing in the domestic market.

**Background**

Orrcon Steel is one of Australia's leading distributors and manufacturers of steel, tube and pipe and employs over 500 people across Australia. We have a diverse customer base including steel fabricators, furniture, trailer body manufacturers, housing and construction companies, pipeline and infrastructure engineering firms and more.

Orrcon Steel manufactures Rectangular Hollow Sections, Square Hollow Sections & Circular Hollow Sections structural tubular steel at our mill located at Salisbury in Queensland. Another production facility in O'Sullivan's Beach in South Australia manufactures non-structural products. These products are sold through our national distribution network of fifteen branches. This network is complemented by more than 25 independent stockists spread throughout metropolitan and rural Australia. Both manufacturing sites consume Hot Rolled Coil as raw material. Orrcon manufactures some of the pipe and tube, and imports the balance of the product range.

**Brief History**

- Orrcon Steel is a wholly owned subsidiary of Hills Holdings Limited – founded in 1946.
- Orrcon Steel was formed from the merger of Welded Tube Mills and Hills Tubing division in October, 2000.
- In February 2005, Hills Holdings acquired 100% of the Orrcon Steel company.
- In 2007 Orrcon Steel acquired the Impressive Group from Western Australia.
- In 2008, Orrcon Steel embarked on a strategy to expand the product range from one restricted to domestically manufactured tubulars to a broad range of steel products, most of which are sourced from overseas.

- In 2010 the SteelBarn business was acquired which added another five branches in QLD.

**Raw Material Supply Strategy:**

Hot Rolled Coil (HRC) is purchased primarily from Bluescope while a small percentage is sourced from offshore suppliers. Orrcon has maintained a regular supply from offshore, primarily Korea, for many years. The strategic purpose is to provide a contingency should there be any disruption to the domestic supply chain and maintain access to direct market information regarding overseas coil pricing and availability. These purchases have been made through the Sydney office of a [REDACTED] trading house.

[REDACTED]

[REDACTED] Orrcon explained their raw material purchasing quantities and level of import activity for the investigation period

**Pricing:**

Bluescope sets the price for HRC sold to the domestic pipe and tube market based on an Import Parity Model (fig 1) insisted on by Bluescope. Orrcon explained the inputs to the model :

[REDACTED]

Figure 1

~~FIGURES REMOVED~~

It should be noted that the publicly available [REDACTED] data is based on actual contracts for sale signed during the period. The model clearly demonstrates that the domestic price for the pipe and tube market is struck each month based on sales contracts

from all exporters to the Asian region and therefore includes product exported from many countries not named in the dumping application.

**Conclusion:**

In Orrcon's view Bluescope Steel could not have incurred material injury in the Pipe and Tube market segment given:

The price model used to set the price includes prices from countries not named in the application

Orrcon Steel has not been sourcing HRC at a price lower than BSL's domestic nett price.

In our view the HRC exported to Australia under codes 7208.3700; 7208.3800; and 7208.3900 should have a normal value established in the context of coil supplied to the domestic pipe and tube market in the country of export.

We are happy to provide any further information should it be required.