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26 April 2016

Ryan Hemsley
Assistant Director – Operations 4
Anti-Dumping Commission
GPO Box 1632
Melbourne VIC 3001

**Additional Information Regarding Price Suppression**

Dear Ryan,

Milltech would like to provide additional information regarding the suppression of the sale price of Hard Chrome Plated bar in support of our anti-dumping application. The information is in the form of correspondence with customers and minutes of meetings that took place during the investigation period 1 October 2014 to 30 September 2015.

**Advice from [redacted] [name of customer]**

At meeting with [redacted] [name of customer] senior management on 12 Feb 2015, Milltech was advised that chrome bar orders could only be obtained if prices were within [redacted]% [percentage advised] of those of overseas suppliers. This applied not only to stock orders but also to fill in or urgent supply work.

Stock orders are usually for larger quantities of product with longer lead times that allow for efficiencies in production planning and therefore cost savings. Fill in orders are those that take place between stock orders and are usually for smaller production runs with short lead times that require production changes and can lead to higher costs.

This indicates that Milltech was not in a position to set the market price and was reliant on the price set by overseas suppliers. A copy of the notes taken at this meeting by the Milltech Managing Director is provided as Confidential Attachment 1.

**Price Negotiations**

The examples of price suppression shown below refer to the Price List provided to customers dated 13 October 2014 that covers product pricing during the Investigation Period. The list price is calculated assuming one tonne orders and a lower price may be negotiated at times for larger orders that generate production efficiencies.

**Example 1**

During March 2015 [redacted] [customer name] requested a price for a total of [redacted] [number] tonnes of 101.6mm 1045 grade hard chrome plated bar. This was a fill in order with special length requirements for part of the order. Milltech offered $ [redacted] [price] per tonne which was $ [redacted] [price] per tonne less than the list price.

Milltech had accepted a price of $[redacted] [price] per tonne from [redacted] [customer] the previous month for similar material that was purchased as a stock order and [redacted] [customer] requested that this price be maintained. Milltech was unable to maintain this low price and [redacted] [customer] did not place an order.

Correspondence regarding this order is provided as Confidential Attachment 2.

**Example 2**

During June 2015 [redacted] [customer] requested a price for [redacted] [number] tonnes of 24.96mm 1045 grade hard chrome plated bar made to a non-standard lengths and diameter. The quoted price was $ [redacted] [price] per tonne which was a discount of $ [redacted] [price] per tonne to the list price. The discount to the list price was offered in an attempt to generate sales and work for the chrome plant.

[redacted] [customer] requested the price from December 2014 be maintained for this order.

The final price that was agreed was $ [redacted] [price] per tonne largely because this was a special order due to the specific customer requirements. Although this was a higher price than could usually be obtained at this time, this price was still $ [redacted] [price] or [redacted] [number] % below the list price for that grade of material in order to obtain the sale.

Correspondence regarding this order is provided as Confidential Attachment 3.

**Example 3**

During July 2015 Milltech was requested to provide a price for a stock order for approximately [redacted] [number] tonnes of 1045 and 4140 grade chrome plated bar in the 40-101.6mm size range.

Milltech had previously been forced to accept a price of $ [redacted] [price] per tonne for the 4140 grade material at the 12 February 2015 meeting which was $ [redacted] [price] per tonne less than the list price, again in order to obtain an order to ensure some continuity of work.

The final quoted price for this order was $ [redacted] [price] per tonne for the 4140 grade which was still $ [redacted] [price] below list price.

Later in July 2015, [redacted] [customer] requested a further reduction in price of $ [redacted] [price] per tonne for both the 1045 and 4140 grade material. This resulted in a final price of $ [redacted] [price] per tonne for the 4140 material or $ [redacted] [price] below list price.

Correspondence regarding this order is provided as Confidential Attachment 4.

**Example 4**

In September 2015 [redacted] [customer] requested a price for [redacted] [number] tonnes of 90mm diameter 4140 grade chrome bar for delivery to [redacted] [customer] as a fill-in while they were waiting for the arrival of a bulk order from an overseas supplier.

Milltech quoted $ [redacted] [price] per tonne for this order based on the small tonnage and [redacted] [location] shipping cost. We accepted a final price of $ [redacted] [price] per tonne which meant that Milltech had to include the additional shipping of $ [redacted] [price] per tonne to [redacted] [location] for free to get the sale.

Correspondence regarding this order is provided as Confidential Attachment 5.

**Conclusion**

The previous examples demonstrate that Milltech has not been able to raise the sale price for chrome bar to a point that would enable costs to be recovered. Purchasers are able to readily substitute imported Goods and reasonable prices can usually only be obtained for special or urgent orders required by distributors if they cannot wait for imports.

Fred Reis
Managing Director