

Australian Government

Anti-Dumping Commission

INVESTIGATION 246

INVESTIGATION INTO ALLEGED DUMPING OF STEEL REINFORCING BAR EXPORTED FROM THE REPUBLIC OF KOREA, MALAYSIA, SINGAPORE, SPAIN, TAIWAN, THE KINGDOM OF THAILAND AND THE REPUBLIC OF TURKEY

MEETING WITH ONESTEEL MANUFACTURING PTY LTD

18th FEBRUARY 2015

PRESENT:

OneSteel Manufacturing Pty Ltd	Stephen Porter, General Manager
	Matt Condon, Manager Trade Development, Steel Manufacturing
	Stephanie Peenz, Trade Development Officer
	John O'Connor (Consultant), John O'Connor and Associates Pty Ltd
Anti-Dumping Commission	Lisa Hind, General Manager (only present at commencement of meeting)
	Candy Caballero, Director Operations 3.
	Tim King, Acting Manager
	Chris Vincent, Manager
	Reuben McGovern, Acting Manager
	Con Soumbassis, Senior investigator

The Commission met with OneSteel Manufacturing Pty Ltd (OneSteel) on 18th February 2015. During this meeting OneSteel provided the Commission with information concerning its analysis of the public version of the exporter questionnaire response submitted by NatSteel Holdings Pte Ltd (Natsteel) and other information it wished to convey in relation to the verification visit at Natsteel Holdings Pty Ltd.

A copy of the notes provided by OneSteel in relation to the meeting are attached. These notes cover the points discussed during the meeting in relation to Natsteel.

Case 264 – Reinforcing Bar

Exporter Briefing – NatSteel Holdings (NSH) Singapore

Company Background

- Set up in the 1960s as the National Iron and Steel Mills.
- Privatised in 1985.
- NSH became part of the Indian giant Tata Steel in 2005.
- The corporate tax rate for Singapore is 17%.
- As per the Tata Group website, NSH has operations in 7 countries namely Singapore, China, Thailand, Vietnam, Malaysia, the Philippines and Australia.
 * NSH exporter questionnaire (Pg 6) also mentions expansion into Hong Kong.

Production



- NSH uses scrap as their main raw material into the steelmaking process.
- The steelmaking operation involves a finger shaft electric arc furnace operation which produces approximately 80tons of liquid steel per batch.



The shaft EAF design differs from a typical electric arc furnace in that it allows waste gas emissions from one batch to pre-heat the next load of scrap.

- The 80t batch of liquid steel is tapped into a ladle and the steel undergoes final chemical and temperature adjustments at the Ladle Furnace before being cast on a continuous casting machine.
- Billets are charged directly to the <u>2x Rolling Mills</u>.
- The Rolling Mills produce a range of approx. 40 different sections of deformed bars, round bars and wire rods.
- NSH also have a large downstream fabrication centre (understood to be on the same premises) which does further processing of the rolled products eg. Cut & bend, welding of rebar 'cages' etc.

Key items for verification:

Costs:

- 1. Scrap is the largest raw material input and a significant cost driver. NatSteel Recycling (a related entity) is a supplier of scrap.
 - Verify : whether the method used to establish scrap pricing from NatSteel Recycling to Steelmaking is considered to be fair and reasonable.
- 2. There are 2x Rolling Mills used to produce rebar straights and rebar in coil.
 - Verify : whether 2 reheat furnaces are used to preheat billets for rolling costs for both furnaces would need to be taken into account.
- 3. During times when the scrap price is very high, NSH may choose to import steel billets from another source at a price that is cheaper than for NSH to produce at that time. NatSteel Xiamen (China) is a related party and a likely source of imported billets. NSH would then simply use their rolling mill facilities to produce rebar.

4. Electricity is another significant cost driver.

Steelmaking should be the greatest contributor to electricity consumption with other parts of the operation ie. the downstream fabrication entity constituting the balance.

Verify: xxxxxxxxxx [electricity cost allocation] xxxxxxxxxxx.



- - Xxxxxxxxxxxxxxxxxxxxxx

 - xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx
 - > <u>Verify</u>: xxxxxxxxxx [verification of cost impacts] xxxxxxxxxxxxxxxx
- 6. The Exporter Questionnaire for NSH states (Pg 8) that production overheads for shared services are allocated to production centres which use the services <u>based on their estimated level of usage</u>.
- 7. As per EQ, goods are trucked direct from the factory to the port by a third-party logistics provider.
 - > <u>Verify</u>: Third-party logistics provider relationship and freight cost.

Sales :

- 9. For the POI, NHS and NatSteel Best Bar Australia have been related parties. A public article (from 2011) states that NSH "has a distribution outlet in Australia which consistently takes around 20% of NatSteel's output."
- 11. The EQ section on Other Factors Pg 29 identifies that ACRS certification cost applies only in relation to Australian sales and not also to domestic sales.



- 13. Pg 22 of the EQ refers to "different kinds of customers". Pg 32 says domestic selling prices vary based on factors including "volume, price and relationship".
 - > Verify : How sales pricing is established based on the "kind of customer".

Like Goods:

- - Verify : The domestic sales of rebar in Singapore what proportion matches the grade believed to be the most appropriate for comparison (RB500W)?
- 15. The method employed to produce the rebar can have considerable influence on the cost to produce.
- 16. A similar mass per meter tolerance allowance (±4-5%) is specified for both the Singapore and Australian rebar Standards.
- 17. Pg 30 of the EQ states that "the goods under consideration can be grouped for comparison purposes".
 - > what does this grouping look like, is it based on size/grade/straight vs coil/another grouping?