



AUSTRALIAN STEEL ASSOCIATION INC.
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PUBLIC FILE

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Mr Geoffrey Gleeson
Director,
International Trade Remedies Branch
Australian Customs and Border Protection Service
Canberra ACT 2600
By Email: 23rd November 2011

Cc Ms Andrea Stone

Current HSS Investigation (ACDN No: 2011/43): Hot Dipped Galvanised Pipe
Non Confidential

Dear Mr Gleeson,

We would like to draw your attention to the confirmation on Monday 21st November at the OneSteel annual general meeting that Onesteel have 'mothballed' their Acacia Ridge hot dipped galvanising facility and have hence ceased production of post Hot Dipped Galvanised Pipe in Australia.

Our advice is that this plant ceased production prior to the initiation of the HSS Application, a point that would have been appropriate to draw Customs attention to.

Additionally we note that Onesteel's Newcastle Hot Dipped Galvanising Plant was 'mothballed' in September 2008.

From Onesteel's application, half of the nominated Thailand and China goods under investigation are HDGP which is no longer manufactured in Australia. The effect of this non disclosure is that our members have incurred additional transactional costs and probable lost sales.

A fundamental principle in this country is that if there is no substitutable, functional equivalent produced locally there should be no duty payable. We respectfully suggest that it would be perverse if HDGP, which can now only be imported, had an administratively imposed dumping duty PLUS a subsidy duty as extras. This is certainly not in the competitive interests of Australia's downstream manufacturers and steel users.

We recommend that consideration of any PAD be deferred until the applicant is able to respond and the issue of HDGP in terms of its' local production and the consideration of 'like goods' have been properly determined.

Yours Sincerely

David Birrell

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Explanatory Annexure 1

Explanatory Note 1

ATM's own documentation would demonstrate that the cost to mothball Newcastle was significant and that this was a high level strategic decision.

One-off costs were offset by savings in freight and a substantive asset write-off.

ATM would admit that the 'mothballing' of a HDGP facility is not an on/off switch in that it affects their operating structure, alternative sourcing strategy, customer delivery impacts and logistical arrangements.

Explanatory Note 2

When Onesteel ATM closed the Newcastle HDGP facility, they reduced available capacity to 27kt in an available market of 90kt (refer Customs Report 147). This decision was taken by Onesteel to 'right size' their manufacturing of HDGP.

Explanatory Note 3

Similar financial considerations will have determined this latest decision to 'mothball' the Acacia Ridge HDGP facility. This would have required formal Onesteel CEO approval. Not the least of these considerations would have been the requirement to access working capital by removing the molten zinc from the HDGP galvanising bath.

Please note that this leaves Onesteel ATM with no domestic production capacity of HDGP in an indicative 90kt+ market. More importantly the HDGP market can only be supplied by imports for which there is now no 'like goods' production in Australia