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Mr Geoffrey Gleeson
 Director, Operations 3
 International Trade Remedies Branch
 Australian Customs and Border Protection Service
 Customs House
 5 Constitution Avenue
 CANBERRA ACT 2601

Dear Mr Gleeson

Public File Copy

ATM Correspondence 2011/03 - HSS exported from China, Korea, Malaysia, Taiwan and Thailand – Investigation No. 177 – Proposed Unsuppressed Selling Price

A requirement of dumping investigations involves the determination of an appropriate Unsuppressed Selling Price ("USP") from which non-injurious FOB prices ("NIP") may be calculated. Separate NIPs are determined for the goods under consideration ("GUC") exported from each of the nominated countries by different exporters.

In the current investigation, OneSteel Australian Tube Mills Pty Ltd ("ATM") submits that USPs are required for each of the four main categories of HSS – black, painted, ILG, and HDG HSS.

In Investigation No. 116, interim duties were applied to certain exports of HSS from China. The Australian Customs and Border Protection Service ("Customs and Border Protection") recommended to the Minister that the USP for the Australian industry be based upon the industry's 2005 cost-to-make-and-sell ("CTM&S") plus a level of profit achieved in 2003/04.

In Investigation 144 involving HSS exported from China and Malaysia, Customs and Border Protection determined that the Australian industry had not suffered material injury from exports at dumped prices during the first three quarters of calendar year 2008.

ATM acknowledges that Customs and Border Protection has a preferred approach to the determination of USPs that looks to the marketplace for prices unaffected by dumping in the first instance. ATM is of the view that market selling prices for HSS in recent years have been impacted by dumping and volatile raw material cost fluctuations, hence it is inappropriate to use selling prices for this purpose. The next preferred alternative is based upon the Australian industry's costs.

For this investigation, ATM submits that a USP be determined on the basis of ATM's CTM&S in financial year 2011 (i.e. 12 months ending 30 June 2011) plus an amount of profit obtained from the three quarters of 2008 (January to September) as was used as the basis for assessing an absence of material injury in Investigation No. 144. The level of profit determined was an average \$xxx per metric tonne across the three quarters, or xxxx per cent of the average selling price.

From this USP, NIPs for exporters in each of the exporting countries may be calculated.

ATM contends that the level of profit (as a %) from 2008 reflects an adequate return on investment that enables ATM to re-invest into local Australian production of the GUC

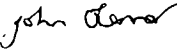
ATM agrees with comments contained in Report No. 116 in response to proposals that a USP be based upon non-dumped import selling prices. As was evident in 2006, dumped import prices from China affected selling prices in the Australian market¹, and it is therefore inappropriate to use prices based upon non-dumped exports.

Conclusion

ATM proposes that USPs for each of the four categories (i.e. black, painted, ILG and HDG) of HSS for the Australian HSS industry be based upon ATM's CTM&S for the 2011 financial year. A level of profit from the first three quarters of calendar year 2008 can be applied to each of ATM's CTM&S for the four categories. NIPs may then be determined from the assessed USP.

If you have any questions concerning this letter please do not hesitate to contact me on (07) 3342 1921.

Yours sincerely



John O'Connor
Director

Cc Stephen Porter, General Manager Sales

¹ Trade Measures Report No. 116, P.51