



Australian Government
**Australian Customs and
Border Protection Service**

INVESTIGATION INTO HOLLOW STRUCTURAL SECTIONS (HSS)

RECORD OF MEETING

CUSTOMS AND BORDER PROTECTION AND AUSTRALIAN STEEL ASSOCIATION INC (ASA).

Date: Thursday 22 December 2011

Attendees:

ASA

David Birrell
*Chief Executive Officer, Australian
Steel Association Inc.*

Troy Morrow
Financial Controller, Croft Steel

Darren Hicks
*National Marketing Manager Long
Products, CMC Australia*

Customs and Border Protection

Geoff Gleeson
Director, Operations 3

Andrea Stone
Manager, Operations 3

Michelle Gibson
Manager, Operations 3

Rebecca Higgins
Supervisor, Operations 3

Discussed:

Like Goods

- ASA take exception with HDGP being included in the investigation as "like goods" and consider that ATM's product offerings of Duragal and Supagal are not substitutable for HDGP.
- ASA submit that CHS manufactured to structural grade AS1163 cannot be compared to commercial grade AS1074 with a lower cost to make due to minimum YS of 195MPa not 250 or 350.

Material Injury and Causality

- ASA considers that ATM is being injured by many factors of their own doing such as a selective selling strategy, narrow product range and size range, additional freight charges.

- ASA noted that ATM produce HSS to AS1163 and sell it as dual grade (AS1163/AS1074), and that ATM have the ability to get a premium for the structural grade HSS but that the market for the structural grade is only a small proportion of the whole market.
- ASA stated that it considers that there has been an increase in imports of HSS from countries not under consideration and that these imports along with sales by the new market entrant, Independent Tube Mills (ITM), have contributed to reduced ATM market share.
- ASA illustrated as per ATM application pages 15 & 16 that imports from countries under investigation actually decreased by 18% during the investigation period.
- ASA asserted that an increase in raw material costs, the Global Financial Crisis and the appreciating Australian dollar have caused reduced performance to ATM and the HSS market as a whole, as advised by OneSteel in Annual Reports and other ASX announcements, where no mention of injury from dumped imports has been advised, when this would be the appropriate and duty-bound forum for such disclosure.

HRC Pricing Reference

- ASA noted that ATM purchase HRC on a quarterly basis where other HSS producers purchase HRC at spot price.
- ATM submitted Japanese FOT HRC pricing was a journalistic price reference provided by Steel Business Bulletin and not reflective of actual contracted pricing. ASA suggested a more appropriate HRC benchmark would be actual price paid in countries under investigation where ATM have not expressed a concern regarding a particular market situation i.e. Korea, Taiwan, Malaysia as a globally-traded product as per October 2011 ATM Visit Report page 75 or other acceptable actual contract benchmark.

Customs ATM Visit Report

- ASA intend to provide a formal submission to the investigation on ATM's visit report.

Technology Investment

- ASA advise ATM have failed to invest in new rolling technology compared to numerous competitive international mills which may increase productivity by circa 5 fold and significantly reduce physical length of mill.

ATM Export Performance

- ASA submitted that ATM poor export performance demonstrated their internationally uncompetitive status. ASA understand ATM has no export sales with exception of sales to New Zealand subsidiary.

Related Party Transactions

- ASA suggested review of sales and purchases between ATM/OneSteel and BlueScope should be examined to ensure the no other consideration should be taken into account in accessing the arms length status of transactions. This is due to the unique situation of being both substantial supplier and customer of each other, and former related party status.
- The ASA also noted that Bluescope supply Onesteel /ATM HRC on an import parity basis for the production of HSS.

Date of Sale

- ASA submitted that the date of sale is the date of supply contract (not invoice date) as that is when all costs to effect future sale are established including HRC supply and foreign exchange hedge.

Skelp Utilisation

- ASA confirmed that use of skelp remains common practice in production of 195MpA material as there are no structural requirements.