

SOUTHERN CROSS STEEL PTY LTD

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

NON CONFIDENTIAL VERSION

Dear Sir/ Madam

Investigations HSS submission

We refer to the Parliamentary Affirmative Determination No. 177 in response to investigations into alleged dumping of certain hollow structural sections (HSS) exported to Australia from The Peoples Republic of China, The Republic of Korea, Malaysia, Taiwan and The Kingdom of Thailand.

In reading the determination it appeared to take into account the various parties other than the end users.

We are one of those end users having used the products for over forty four years and we were told by Onesteel that we would be in the top ten users of their HSS. We fabricate the various HSS products and sell them as frames for buildings ranging from domestic Garages/ Farm sheds through to large Commercial/Industrial buildings.

Of the Australian industries listed ATM, Orrcon, ITM, OS Oil & Gas; only ATM manufacture grade 450 HSS which is used for structural members. Previously ATM and Smorgon steel competed for this market.

We attach a list of typical prices charged by Smorgon and Onesteel indicating that the pricing was competitive until the merger of Smorgon and Onesteel in late August 2007. You will see from the list and graph (attached) that as of 31/03/2009 prices escalated dramatically [REDACTED] per tonne to [REDACTED] (Increase of [REDACTED]%). The sharp increase in price made using HSS non-competitive against cold form roll formed sections (Purlins) commonly used as shed frames.

Like most HSS users we had two choices; either go to purlin frames or seek other sources of HSS. Import prices in 2009 were [REDACTED] per tonne and to compete; Onesteel reduced their prices to [REDACTED] per tonne which was where they were prior to taking over Smorgon Steel. The change back to pre-take over pricing allowed us to continue to buy from (ATM) Onesteel.

We observe that for many years ATM were able to produce and sell in competition with Smorgon at prices similar to imports. However the rise in the AUD\$ has made imports cheaper hence the pressure on pricing.

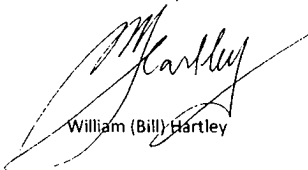
In addition to the pricing changes made by ATM post take-over of Smorgons, they have given end users other reasons for using import HSS: In the past ATM would produce non-standard lengths to our requirements, store and allow draw down of stock over a given period. They now refuse to do so and demand minimum pack numbers resulting in orders sizes that may take several years to use and cause storage problems in our factory.

It is not unusual for overseas producers to want minimum order quantities (MOQ) for 450 Grade however the overseas mills are more flexible and allow you to package various sizes/ thicknesses. Knowing that they have no competitor in Australia for 450 Grade material ATM dictate that this is the price, the MOQ and when they will supply and jack up the price [REDACTED] per tonne (for the privilege).

In our business we typically quote potential buyers a price that will hold whilst they obtain the necessary permits to build; it is therefore necessary to lock in the purchase price for the materials and import orders do that. In ATM's case they will not lock in pricing and have been known to alter prices up after acceptance of order at a quoted price and their Terms and Conditions of sale allow for this.

In conclusion we are unaware if such price manipulation by importers is happening or if the strong AUD\$ is having an adverse effect but we do know that when ATM had competition from Smorgons that the prices were competitive and that hiking prices post Smorgon's resulted in opening the doors to importers.

Yours faithfully



William (Bill) Hartley