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5 June 2017

Director Operations 2  
Anti-Dumping Commission  
GPO Box 1632  
Melbourne VIC 3001

**Dumping investigation into alloy round steel bars exported from the Peoples Republic of China**

Dear Director

This submission is made on behalf of Donhad Pty Ltd (Donhad) in response to the recent submission by OneSteel Manufacturing Pty Ltd (OneSteel) dated 23<sup>rd</sup> May 2017.

**Injury caused by other factors**

In Donhad's original submission of 3 February 2017, it brought to the Anti-Dumping Commission's (the Commission) attention a number of product specific issues directly relevant to the injury being claimed by OneSteel in its application. During the Commission's visit, Donhad expanded on the information contained in Confidential Appendix 2 of that original submission, and provided supporting evidence highlighting the inability of OneSteel grinding bar to meet and comply with Donhad's production, grade and technical specification requirements.

In response, OneSteel highlights that Donhad continued to purchase grinding bar during and following the investigation period, and submits that if the inability to comply with Donhad's technical specifications and testing requirements was the sole cause of the lost sales and potential profits, *'then it would logically be expected that Donhad would cease all purchases of the GUC from OneSteel.'* Donhad presents the following observations in response to OneSteel's view.

First, as clearly outlined in **Confidential Appendix 2** to Donhad's original submission, a number of grinding bar grades manufactured by Moly-Cop and supplied by OneSteel comply with Donhad's specification and testing requirements, and as such OneSteel continues to be the supplier of these products to Donhad. As noted by OneSteel, Donhad continued to purchase these grades during and following the investigation period. There can be no suggestion that OneSteel's sales of these grinding bar grades suffered injury from grinding bar imports.

Second, it is disingenuous for OneSteel to downplay and devalue the importance of Donhad's testing and specification requirements given [REDACTED] [confidential points of discussion]. During this process, OneSteel has [REDACTED] [REDACTED] [confidential views on grade requirements]. This has been confirmed during meetings and correspondence between the parties.

It is also important to note that Donhad understands that the OneSteel personnel responsible for preparing and actioning the dumping application are the same personnel responsible for negotiating sales of grinding bar on behalf of OneSteel. This includes [REDACTED] [REDACTED] [OneSteel representative]. In these circumstances, there can be no suggestion that the staff preparing the submissions on behalf of OneSteel aren't familiar with or aware of the non-compliance issues experienced by OneSteel.

Third, OneSteel submits that notwithstanding any potential injury caused by these other factors, dumping need not be the sole cause of injury for anti-dumping measures to be imposed. Whilst this may be technically correct, Donhad again reiterates that price was not the primary determinant of its purchasing decisions. Instead, accordance with specified product quality standards and testing requirements were essential to ensure that the goods meet and comply with the end-user customer's performance measures.

As demonstrated to the Commission through submitted evidence, Donhad [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]. [confidential grade specifications].

As a result [REDACTED] [REDACTED] [confidential grade specifications], Donhad had no option but seek alternative supply from imports given that Moly-Cop is the sole producer of grinding bar in Australia. It is therefore OneSteel's quality and testing issues that is the sole cause of Donhad's decision to purchase imported grinding bar and OneSteel's decrease in sales volumes during the investigation period.

To demonstrate this more precisely, the Donhad's submitted sales data clearly shows that OneSteel's lost potential sales volumes of [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]. [confidential grade specifications and purchased volumes].

This confirms that had [REDACTED] [REDACTED] [REDACTED] [REDACTED]. [confidential grade specifications]

and purchased volumes]. Donhad therefore reiterates that injury to OneSteel's grinding bar sales is a direct result of their inability to address or resolve quality and testing issues.

Finally, Donhad has [REDACTED] [Donhad grade specifications] which is unable to be supplied by OneSteel at this stage due to:

- a) [REDACTED]; and
- b) [REDACTED]. [confidential supply arrangements].

Therefore, imports of this grade of grinding bar cannot have caused injury to OneSteel as this grade has never been supplied domestically and at this time, OneSteel has shown no interest in supplying the product.

**Continuation of future injury**

As demonstrated above, injury to OneSteel during the investigation period was a direct consequence of its inability to address and resolve identified and known quality and testing issues to ensure compliance with the strict specifications required by Donhad and its end-user customers.

Donhad submits that whilst it would prefer to purchase more volume from OneSteel, it is inevitable that OneSteel's grinding bar sales will continue to suffer in the future as a result of these unresolved issues. For example, [REDACTED]. [confidential supply arrangements]. In addition, OneSteel have confirmed that [REDACTED]. [confidential supply arrangements].

In addition to the continuing quality and testing issues faced by OneSteel in supplying compliant grinding bar, Donhad also has on-going concerns surrounding OneSteel's value proposition and the unfavourable impact and risks that it imposes on Donhad's own strategic business model. As explained and demonstrated to the Commission, OneSteel has historically [REDACTED]. [confidential supply terms and conditions]. The associated risks expected to be borne by Donhad from [REDACTED] [confidential supply terms and conditions], along with the quality and testing issues outlined earlier, have been the sole contributing factors to Donhad's decision to seek alternative supply options.

Critically, the influence of the OneSteel poor value proposition has had a very real and direct impact on Donhad's [REDACTED] [confidential purchases information], and as a consequence a pronounced injurious effect on OneSteel's sales volumes. That is, OneSteel have [REDACTED]

[REDACTED]  
[REDACTED]. [confidential supply arrangements].

Donhad again reiterates that [REDACTED] [confidential supply arrangements] from OneSteel ensures that the associated business risks are entirely borne by Donhad. Those risks are magnified when taking into account:

- i) OneSteel are unable to resolve the quality and testing issues highlighted earlier; and
- ii) OneSteel are unwilling [REDACTED] [REDACTED] [confidential supply arrangements], and
- iii) recent press reports<sup>1</sup> confirming that Arrium's Whyalla Steelworks is presently operating at full or near full capacity, which raises doubts about OneSteel's capability of producing the necessary billet for manufacturing of grinding bar by Moly-Cop; and
- iv) OneSteel's noted [REDACTED] [REDACTED] [REDACTED]. [confidential supply arrangements].

In these circumstances, Donhad has no option but to seek alternative sources of grinding bar to guarantee certainty of supply and the sustainability of its grinding media business.

Yours sincerely

John Bracic

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<sup>1</sup> [Big banks sweat on 1b as Arrium steel close to full capacity; Good news rolls for Arrium; Adani throws lifeline to Arrium with 73m rail order.](#)