

13 July 2017

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

BY EMAIL operations2@adcommission.gov.au

Dear Director,

Investigation 384 Alloy Round Bar exported from the People's Republic of China

This response is made in reply to the claims contained in the submission of Donhad Pty Ltd (**Donhad**) dated 5th June 2017¹.

1. Injury caused mainly by dumping, not other factors

It remains OneSteel's view that Donhad's consultant is intent on convincing the Anti-Dumping Commission (**Commission**) that any injury suffered by OneSteel in relation to alloy round bar sales must be attributed to a factor other than dumping simply to ensure that their client's access to a dumped import source/s of feed material for grinding ball production remains unhindered by the imposition of dumping duties.

Donhad has reiterated their claim made in an earlier submission² around attribution of injury in saying that it is *"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."* With respect, the evidence does not support this assertion. OneSteel's interactions and sales negotiations with Donhad prior to, and during, the investigation period strongly suggest that this claim is incorrect and that the primary motivation for Donhad seeking to source increasing quantities of imported alloy round bar was driven primarily by the attractive dumped prices on offer for these goods from the Chinese exporters.

OneSteel provides the following by way of evidence in support of the view that Donhad's decision to purchase imported alloy round bar was primarily driven by dumped Chinese prices:

¹ EPR 384 Folio 030

² EPR 384 Folio 006 at p. 8

1.1 Volume lost across all four (historically) largest volume section sizes

[Figure 1 is confidential in its entirety]

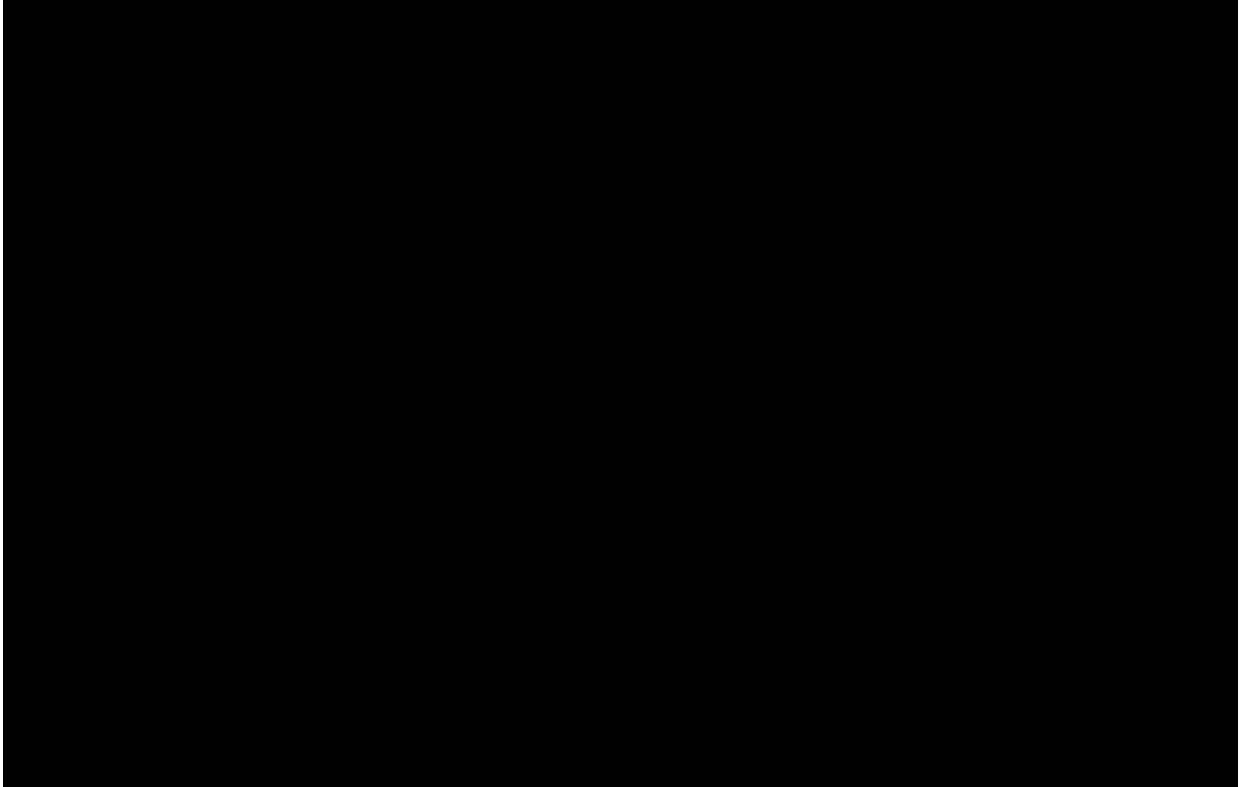


Figure 1 – OneSteel sales of alloy round bar to Donhad across the 4 largest volume section sizes

A comparison of the investigation period (POI) October 2015 to September 2016 to the 12 months immediately preceding the POI, clearly shows that the dramatic reduction in sales volumes from OneSteel to Donhad was not limited to a certain section size but rather manifested across all four of the historically largest sales volume section sizes. The largest sales volume reduction was evident on the [redacted]

[redacted]
[redacted]
[redacted]. [Confidential sales information]

1.2 New relationship established with lowest priced exporter

[Figure 2 is confidential]

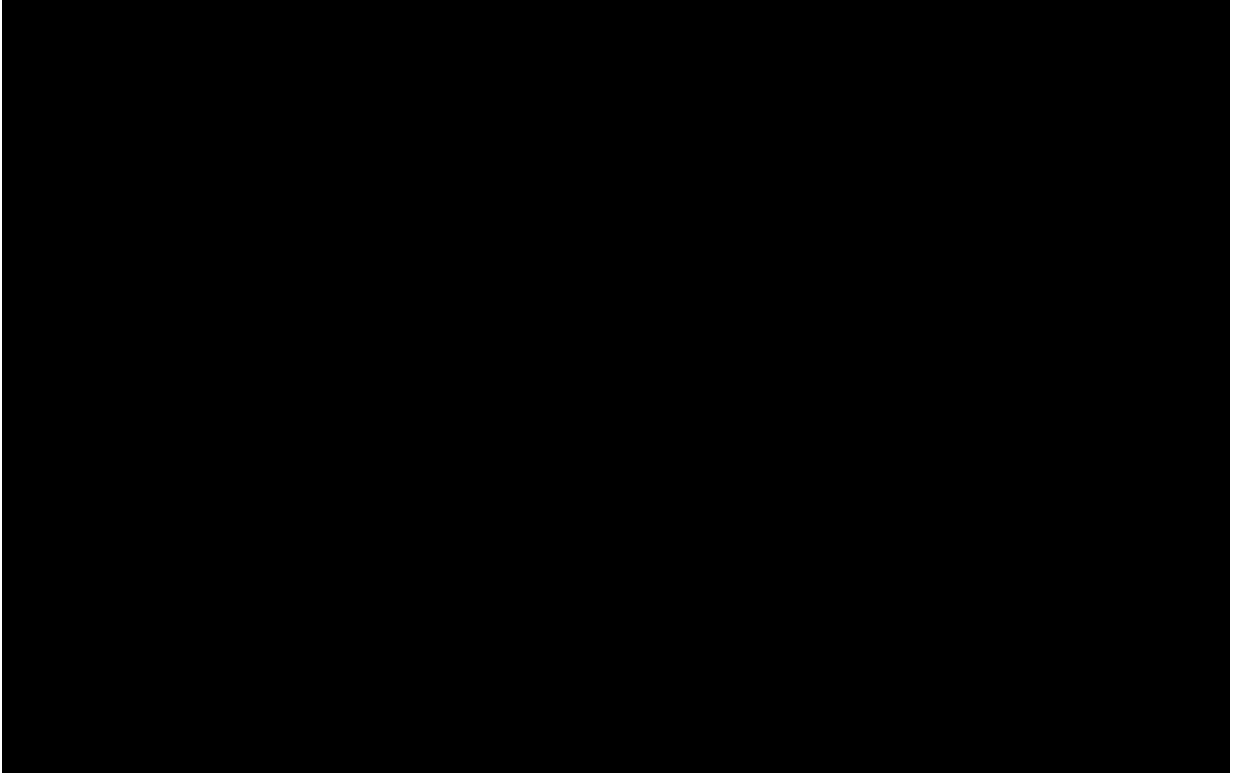


Figure 2 – Volume and price comparison on exports to Australia by known Chinese producers of alloy round bar for grinding ball feed

Source : [REDACTED] exports from China to Australia on tariff codes 72283000 and 72283090³

In the period October 2013 to September 2014, the Chinese exporters Dongbei Special Steel Group Co. Ltd (**Dongbei**) and Shijiazhuang Iron and Steel Co. Ltd (**Shijiazhuang**) were the predominant Chinese companies present in the Australian market as suppliers of alloy round bar feed for the production of grinding balls. A new entrant is seen to emerge during this period, namely Suzhou Suxin (**Suxin**), offering prices US\$ [REDACTED]/t lower than either of the established market participants. In the period October 2014 to September 2015, the volumes exported from Suxin increased by more than 550% largely displacing historical export volumes from Dongbei and Shijiazhuang. This switch in export supply appears to have been driven by the US\$ [REDACTED]/t price reduction offered by Suxin compared to the next nearest competitor. Having established this new low-priced Chinese export supply arrangement, the export data indicates that Donhad sourced increasing volumes of alloy round bar feed for their grinding balls across the investigation period October 2015 to September 2016, as evidenced by export volumes from Suxin more than doubling in this 12 month period. As previously shown in Figure 1, these volumes are likely to have been across the range of sizes typically ordered by Donhad. It is also evident that in order to

³ Refer Confidential Attachment A

recover any export volume through this period, Dongbei and Shijiazhuang have had to drop their prices to the dumped Suxin price point in order to compete.

It remains OneSteel's view, as supported by the information presented above, that contrary to Donhad's claims, price was indeed Donhad's "primary determinant of its purchasing decisions." The dumped price offers from Suxin were used to leverage and undercut not only OneSteel's price offers across all sizes through this period but also the price offers from the other Chinese bar for grinding balls suppliers in the market through the investigation period.

In the period February to April 2017, following initiation of Investigation 384 in January, the data shows [REDACTED] t of additional volume exported by Suxin to Australia. Given that the Commission has published a preliminary dumping margin finding of 31.5% in the verification visit report for Suxin, OneSteel requests the Commission publish a Preliminary Affirmative Determination and impose preliminary securities as soon as possible.

2. OneSteel remains a committed Australian supplier of alloy round bar for grinding balls feed

In all meetings and interactions with Donhad, OneSteel continues to reiterate a commitment to supplying quality alloy round bar for grinding ball feed to Donhad. Naturally, to provide a sustainable competitive offer to Donhad, a reciprocal commitment from Donhad to source commercially viable volumes from OneSteel is required. Small volume orders placed infrequently will naturally cost more to produce and thus affect the price to Donhad.

2.1 Donhad claim "OneSteel has shown no interest in supplying the product"

Unfortunately due to the extensive redaction applied on page 3 of the submission, OneSteel can only surmise that this claim by Donhad is in reference to production of the grades [REDACTED] and [REDACTED]. Confidential Attachment B shows a definite intent by OneSteel to work with Donhad to develop these grades. [REDACTED]

[REDACTED]

⁴ Confidential Attachment C – pg 1

⁵ Confidential Attachment C – [REDACTED]

[Reference to negotiations between parties]

2.2 Donhad continues to purchase across the range of bar sizes

As evidenced by Confidential Attachments D and E, in the period following initiation of Investigation 384 on 10th January 2017 and the subsequent publication of the Verification Visit Report (and preliminary dumping margin) for Suzhou Suxin⁶ on 6th June 2017, Donhad have continued to seek supply of alloy round bar material from OneSteel across the range of supply sizes and for various grades.

FOR AND ON BEHALF OF THE APPLICANT ONESTEEL MANUFACTURING PTY LTD

⁶ EPR 384, Folio 031