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11 August 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 13<sup>th</sup> July 2017.

**Injury caused by other factors**

Donhad does not intend repeating its previous statements with regards to the non-compliance and testing issues that it encountered prior to and during the investigation period, and which it contends are the primary reason for its decision to seek alternative supply of grinding bar from imports. Sufficient evidence has already been provided to the Commission which clearly demonstrates and explains the OneSteel product specific issues experienced by Donhad.

Donhad does however wish to address the inaccurate assertion made in OneSteel's submission that the *'switch in export supply appears to have been driven by the US\$ /t price reduction offered by Suxin compared to the next nearest competitor.'* The switch referred to by OneSteel is from supply by the Chinese exporters Dongbei Special Steel Group Co. Ltd (Dongbei) and Shijiazhuang Iron and Steel Co. Ltd (Shijiazhuang), to Suzhou Suxin (Suxin).

As has already been explained and demonstrated to the Commission, [REDACTED]

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

[REDACTED]. Therefore, it was [REDACTED] which were the sole reason for Donhad's decision to switch supply to alternative exporters, and not as OneSteel suggests, one related to pricing. **[Confidential views on grade requirements]**.

Donhad attaches supplementary evidence at **confidential attachment A**, to support its decision to switch supply [REDACTED].

**Australian supply of alloy round bar**

OneSteel also explains in its submission that in order '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.'

This issue is at the heart of the value proposition discussed and explained to the Commission during its verification visit and subsequent submissions. That is, the reduction in Donhad's purchased volumes from OneSteel is solely the result of performance and non-compliance issues. As such, [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]. [Confidential contract negotiations and market impacts].

Given this particular circumstance and the general market dynamics for grinding media in Australia, OneSteel's stipulation [REDACTED] presents a poor value proposition [REDACTED]. [Confidential contract negotiations and market impacts].

**Donhad's ongoing purchases of local production**

Finally, OneSteel appears to have presented evidence to the Commission which it considers demonstrates that Donhad have continued to seek supply of grinding bar in a range of sizes and grades. Donhad expects that this information is consistent with its previously submitted sales information and correspondence, which shows that Donhad continues to purchase grinding bar products from OneSteel which are not related to the quality and performance issues outlined.

Further, as emphasised to the Commission on numerous occasions, it is Donhad's primary preference to procure and source its grinding bar requirements locally from OneSteel, as local supply allows for more flexible management of its inventory levels and other associated benefits.

For this reason, Donhad [REDACTED]  
[REDACTED]:

- i) [REDACTED]; and
- ii) [REDACTED]  
[REDACTED].

**[Confidential contract negotiations and market impacts].**

Only by resolving these items will Donhad be in a position to resume purchasing greater volumes of grinding bar from OneSteel, which in turn will address any perceived injury.

Yours sincerely

John Bracic