



9 July 2018

Mr Rhys Piper  
Director  
Investigations 1  
Anti-Dumping Commission  
Level 35  
55 Collins Street  
Melbourne Victoria 3000

Email: [Investigations1@adcommission.gov.au](mailto:Investigations1@adcommission.gov.au)

**Public File**

Dear Mr Piper

**Resumed Investigation – Alloy Round Bar**

I refer to the submission by Liberty OneSteel (“LOS”) dated 25 June 2018 concerning the resumed investigation involving alloy steel bar exported from the People’s Republic of China (“China”).

LOS’s submission contends Moly-Cop’s submission of 1 June 2018 is factually incorrect concerning Donhad Pty Ltd’s (“Donhad”) placement of an order to quote on OneSteel Manufacturing. It further alleges that the order to quote request was at “a time, when according to Moly-Cop’s rationale, with the completion and settlement of its purchase of Donhad”. For clarification, the examples quoted by LOS in the submission related to the period until 30 April during which Moly-Cop and Donhad were still competing.

The ACCC’s investigation resulting in its decision not to oppose the acquisition was not announced until 29 March 2018. The formal acquisition of Donhad by Moly-Cop was not completed until 30 April 2018. The businesses remained separate and competed individually up until the completion of acquisition on 30 April 2018.

Moly-Cop’s submission addresses the composition and structure of the Australian industry post Moly-Cop’s acquisition of Donhad and is not erroneous in any way.

It is useful for Moly-Cop to reiterate with the Anti-Dumping Commission (“the Commission”) the following facts:

*“For the full year 2017, Donhad purchased xxxxxx tonnes of steel. OneSteel Manufacturing, toll rolling bar at the Moly-Cop campus, produced xxxxxx tonnes of that volume. For the year-to-date 2018, Donhad has placed orders for xxxxxx tonnes of grinding bar on OneSteel Manufacturing. This change is because the toll rolling arrangement was of great concern to Donhad because Moly-Cop was now a separate business entity and Onesteel potentially would struggle with the commercial aspects of securing capacity, competitive pricing, the resolution of the non-conformances and holding an overall acceptable lead time. Donhad altered its steel strategy as a result of the change to the industry.”*

It is also recalled that the Commission concluded more than two-thirds of the alloy bar market involved grinding bar and accounted for more than 95 per cent of imports during the investigation period.

Post the Donhad acquisition, LOS does not have a grinding bar customer in the restructured industry. Following the acquisition, Donhad and Moly-Cop commenced an integration plan. The integration plan involved the qualifying of Moly-Cop’s Waratah steel-making facility for the manufacture of Donhad grinding bar. This is a process that has commenced and, is continuing. During this integration phase, Moly-Cop and Donhad assessed all options for steel procurement (short term) but this does not extend to any medium to long-term arrangements outside of Moly-Cop internal supply (i.e. no LOS supply). In the short term, LOS provided Donhad



with an initial unsolicited offer (May 2018) to supply grinding bar. Donhad inquired as to supply and pricing options, however did not proceed with an order. In Moly-Cop's view the communications with LOS is not indicative of any commitment to purchase from LOS. As indicated, Moly-Cop and Donhad have been examining options for supply during the transition period. Further, it cannot be interpreted that Donhad has been seeking supply from LOS since August 2017 – this is certainly not the case as evidenced by the cessation of typical orders prior to August 2017.

The Moly-Cop 1 June 2018 submission confirms that post the acquisition of Donhad by Moly-Cop (i.e. 30 April 2018) there is no longer a grinding bar customer for LOS, thus removing grinding bar as a cause of injury in the alloy steel bar market.

If you have any questions concerning this letter, please do not hesitate to contact me on (02) 4974 0414 or Moly-Cop's representative Mr John O'Connor on (07) 3342 1921.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'M. Voigt'.

Matthew Voigt  
Manager Finance and Commercial Services  
Moly-Cop Australasia