

13 September 2018

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

Email: Investigations1@adcommission.gov.au

Public File

Dear Mr Piper

Resumed Investigation – Alloy Round Bar

I. Background

I refer to your email dated 3 September 2018 requesting additional evidence from Moly-Cop as part of the Anti-Dumping Commission's ("the Commission") resumed investigation into alloy bar exported from China.

The requested information relates to the purchase of grinding bar by Moly-Cop. It should be recalled that prior to 30 April 2018, Moly-Cop and Donhad Pty Ltd ("Donhad") were competitors and were not permitted to share sensitive information regarding supply and related terms, and as a result, no orders were placed by Donhad on Moly-Cop. Only after the ACCC approval for the purchase of Donhad by Moly-Cop, was Donhad permitted to engage with Moly-Cop for its grinding bar requirements.

Following the regulatory approval, it was necessary for Donhad to undertake a trialling process to ensure the grinding bar specifications could be manufactured at Moly-Cop's Waratah mill and the steel produced would not cause production problems in Donhad's processing plants. This trialling process resulted in smaller quantities being ordered and delivered, as the sizes and grades were qualified. In the interim, orders were placed by Donhad (initially a third-party importer) and then by the Moly-Cop trading office. Particular challenges related to a high-grade larger diameter product that Liberty OneSteel ("LOS") is not able to produce.

The typical lead time between orders and receipts is about 2 to 4 months. As the grades have been qualified (i.e. accepted as suitable for supply from Moly-Cop), orders have been placed on Moly-Cop Waratah by Donhad, which has resulted in *[commercially sensitive volume details and reason for sourcing]*.

II. Commission Request for Information

The Commission has sought clarification on a number of items from Moly-Cop. These are addressed hereunder.

- Is Moly-Cop currently supplying Donhad's grinding media requirements? If so, can you please:
 - Provide volumes and dates of such supplies since 1 April 2018; and
 - Advise of the terms of such supply, including pricing arrangements.

Response: Moly-Cop is currently supplying Donhad's grinding media requirements (except for as stated above). The terms of supply are arms-length, based on global indices and include a margin. Volumes and months of supply included in Confidential Attachment 1.

- Moly-Cop's submission of 9 July 2018 states that for the 2018 year-to-date Donhad had placed orders for [volume] tonnes of grinding bar with LOS. Can you please explain the continuing purchases from LOS in light of the statement in the submission that "it cannot be interpreted that Donhad has been seeking supply from Liberty OneSteel since August 2017 – this is clearly not the case as evidenced by the cessation of typical orders prior to August 2017".

Response: The [volume] tonnes was received in [month, year] following the majority of orders having been placed in [month, year]. This receipt time was many months longer than the normal three-month lead time. These order and receipt times precede the April 2018 ACCC announcement. Prior to the ACCC announcement, Donhad was in competition with Moly-Cop and was not able to purchase all products from Moly-Cop without intellectual property concerns.

- Have there been any purchases of grinding bar by Donhad from LOS since 30 April 2018? If so, please provide a summary of the volumes and dates of the purchases, including confirmed orders for future delivery (if any).

Response: No, there have been no orders placed since [month, year].

- Can you please provide a monthly breakdown of the volume of the grinding bar that has been rolled by Moly-Cop for LOS under the toll rolling arrangement from 1 November 2016 to 31 August 2018?

Response: See attached (i.e. Confidential Attachment 1) for tonnes received from LOS, assumed to be rolled through Waratah.

III. Comments

Moly-Cop reiterates its earlier representations that Donhad does not anticipate purchasing any further grinding media requirements from LOS due to the product now being supplied by Moly-Cop.

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



Keith Ritchie, Manager
Moly-Cop Australasia