



PUBLIC FILE

3rd October 2018

Director - Investigations 1
Anti-Dumping Commission
Level 35, 55 Collins Street
Melbourne Vic 3000

Resumed Dumping Investigation No. 384 concerning alloy round steel bar exported from China: Australian industry member response to submission of Moly-Cop (EPR Folio No. 384/073)

Dear Mr Piper

OneSteel Manufacturing Pty Ltd, now trading as Liberty OneSteel (**OneSteel**), refers to the submission of Commonwealth Steel Company Pty Ltd, trading as 'Moly-Cop' (**Moly-Cop**) dated the 13th September 2018 in which the recently merged Moly-Cop / Donhad entity confirms that they have continued to import alloy round bar more than 2 years after the original investigation period.

Moly-Cop's letter claims that their ongoing importation of alloy round bar is necessary for them to undertake trials to assess whether the grinding bar manufactured at Moly-Cop's Waratah mill will not cause production problems in Donhad's processing plants (located at Bassendean, WA, Newcastle, NSW, and Townsville, QLD). Although OneSteel acknowledges that a limited trial period is a reasonable course of action, there is no evidence before the Commission that even if all the trials are successful that all of the Donhad processing plants will transition from imported sources to their own production.

Presupposing the former Donhad's East coast facilities (i.e. Newcastle and Townsville) were to fully transition to the alloy round bar sections produced by Moly-Cop's Waratah mill, it is entirely foreseeable that Donhad's West coast facility (i.e. Bassendean) will continue to source dumped Chinese alloy round bar. Indeed this is the logical explanation for Moly-Cop's late opposition to the OneSteel's application for the publication of a dumping duty notice the subject of this investigation. If it is Moly-Cop's genuine intention, as claimed in their submission dated the 1st June, to produce all the alloy round bar at their own facilities, it is difficult to reconcile why after being silent during the original investigation, they now oppose the imposition of dumping duties on Chinese alloy round bar that they claim they will no longer be sourcing from. This goes to the question that the Commissioner is under an obligation to address the terms of s.269TG(2) of the Act (the issue of future injury) which provides:

Where the Minister is satisfied, as to goods of any kind, that:

- (a) the amount of the export price of like goods that have already been exported to Australia is less than the amount of the normal value of those goods, and the amount of the export price of like goods that may be exported to Australia in the future may be less than the normal value of the goods; and
- (b) because of that, material injury to an Australian industry producing like goods has been or is being caused or is threatened, or the establishment of an Australian industry producing like goods has been or may be materially hindered;

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MEMBER OF



the Minister may, by public notice (whether or not he or she has made, or proposes to make, a declaration under subsection (1) in respect of like goods that have been exported to Australia), declare that section 8 of the Dumping Duty Act applies to like goods that are exported to Australia after the date of publication of the notice or such later date as is specified in the notice.

Paragraph (a) of the subsection requires both the establishment of past dumping and the likelihood of future dumping and paragraph (b) requires, in the case of past dumping, a causative relationship with past or present injury and in the case of future dumping a causative relationship with the threat of future injury. In our view the Minister must be satisfied that there is a threat of injury due to future dumped imports before publishing a dumping duty notice under s.269TG(2) and consequently in an original investigation the Minister is dependent on the Commissioner's practice, described above, of providing a report that includes consideration of, and recommendations concerning, the likely continuation of dumping and injury. Applied here, the ongoing importation of the goods known to be dumped since 30 April 2018 (to take the view of Moly-Cop that this was the earliest date that it could feasibly supply Donhad its own feed material) clearly satisfies the condition of paragraph (b) with respect to five-months of ongoing and future injury. The Commissioner cannot simply accept the promise of Moly-Cop and/or Donhad, that at some time, in the not too distant future, will cease all importation of the goods from dumped sources across all or part (i.e. East coast, but not West coast businesses).

Irrespective of the exact proportion of the former Donhad requirements that will be supplied by Moly-Cop, it is important for the Commission to consider the impact of the diminishing grinding bar segment on the total of the makeup of the broader Australian alloy round bar market. As a large proportion of the alloy round bar market transitions to WIP for the grinding media market, the effect of this is to increase the materiality of the injury suffered by both OneSteel and Milltech in the other alloy round bar segments, ie the Engineering, Spring and Strata bar markets.

Based on the evidence and facts before the Commission, Liberty OneSteel requests that the Commission publish the statement of essential facts and impose preliminary measures in the form of securities on the Chinese exporters found to be dumping as soon as possible. These facts include:

1. The high levels of dumping found by the major Chinese exporters (between 21.9% to 35.3%).
2. The Commission's finding that OneSteel has experienced injury in the form of:
 - loss of sales volume;
 - reduced market share;
 - price depression;
 - price suppression;
 - loss of profits;
 - reduced profitability; and
 - the other injury factors noted in section 7.7.3.

And that Milltech has experienced injury in the form of:

- price depression;
 - price suppression;
 - loss of profits; and
 - reduced profitability.
3. The Commission's findings that the dumped goods have caused price and volume injury to OneSteel's and price injury to Milltech and the ADRP panel member's observation that



When this (Moly-Cop's captive) production is excluded from the calculation, the injury is not negligible¹

FOR AND ON BEHALF OF THE AUSTRALIAN INDUSTRY APPLICANT ONESTEEL MANUFACTURING PTY LTD (trading as LIBERTY ONESTEEL)

¹ ADRP Decision No 75 – Alloy Round Bar exported from the People's Republic of China, p13. P 34