

4 September 2019

Mr Justin Wickes
Director
Investigations 2
Anti-Dumping Commission
Level 35, 55 Collins Street
Melbourne Victoria 3000

Email: Justin.Wickes@adcommission.gov.au

Public File

Dear Mr Wickes

Investigation 516- Further examples of injury to Galintel Pty Ltd

I. Introduction

I refer to the recent industry verification visit by the Anti-Dumping Commission ("the Commission") to Galintel Pty Ltd (Galintel"). During the visit and in discussions thereafter, Galintel was requested to provide any further supporting information demonstrating influences on selling prices and sales volumes from the exports of hot dip galvanised steel angle from The People's Republic of China ("China").

II. Housing starts

During 2018 there were close to 8,000 housing starts by the top 10 builders in NSW. Galintel has identified the supplier of the hot dip galvanised steel angle (i.e. lintels) by supplier in 2018. All (i.e. 100 per cent) of requirements by the top 10 builders in NSW were supplied from import sources – with the importer [*supplier name*] supplying xx-xx of the identified builders with product sourced from China.

Please refer to Confidential Attachment 1 – NSW Residential Detached Housing Starts 2018.

III. Price undercutting from China

Galintel has found it difficult to compete with imports from China – including those by [*supplier*] and [*supplier*]. Galintel has compared pricing for [*supplier*] in May 2018 with Galintel's CTMS excluding profit.

For standard lengths (i.e. 100x100x6 and 150x100x6 [*supplier*] is virtually the same as Galintel's CTMS by xx and xx per cent. Please refer to Confidential Attachment 2 for comparison of [*supplier*] pricing versus Galintel's CTMS.

[*Details re confidential pricing arrangements by supplier of imported hot dip galvanised steel angles*].

Galintel has also experienced price undercutting by [supplier] from 2017. A comparison of Galintel's CTMS with pricing offered by [supplier] demonstrated price undercutting by as much as xx per cent. Refer Confidential Attachment 3 – [supplier] pricing versus Galintel's CTMS 2017.

[supplier] pricing from 2017 to 2018 did not reflect the increase in raw material hot rolled steel costs. Confidential Attachment 4 compares the selling price for hot dip galvanised steel angle (i.e. 100x100x6) by [supplier] to three builders with prices falling slightly between February 2017 and May 2018. Over this period, however, the cost of HRC steel increased, with Galintel's CTMS increasing by xx per cent.

This is further evidence that Galintel had no prospect of raising prices during 2018 against the aggressive pricing behaviour of [supplier] even though input costs increased considerably. This is reflected in Confidential Attachment 5 which shows Galintel's pricing to [customer] prior to, and throughout, the investigation period.

IV. Additional correspondence concerning pricing

Galintel can further evidence the following feedback from customers that it was not competitive with imports sourced from China (via [supplier] and from [supplier]) as Galintel sought to increase selling prices for hot dip galvanised steel angle:

- confirmation from [customer] (29 August 2017) concerning difficulties in retaining a builder (*end-user*) in the face of strong competition from dumped prices from [supplier] (refer Confidential Attachment 6);
- at a similar time, [supplier] was also targeting smaller builders (i.e. [*end-user*]), with comments by [customer] that the pricing from [supplier] was "destroying the market" (refer Confidential Attachment 7);
- Advice dated May 2018 confirming [customer] will not accept price increase due to competitive pricing from [supplier] (Confidential Attachment 8);
- Advice from [customer] Galintel price increases in December 2018 not well received, with one customer seeking a xx per decrease (refer Confidential Attachment 9);
- Advice dated May 2019 showing that customer [name] (a medium sized builder) advised [*distributor customer*] that they would no longer be a customer. This builder is now buying imported product from [supplier] (refer Confidential Attachment 10)

The above correspondence confirms that in the second half of 2017 [supplier] was pricing aggressively and undercutting Galintel's prices. As costs to manufacture increased at this time and into 2018, Galintel was unable to raise its selling prices to recover increasing costs, thereby experiencing price suppression and reductions in profit and profitability in 2018 (the investigation period).

V. Closing remarks

Galintel has compiled compelling evidence supporting its claims that it has suffered injury that is material during 2018 as a direct consequence of dumping of hot dip galvanised steel angles exported from China by the [supplier] related companies (manufactured by Jinua Hongtuo Metal Product Co., Ltd) and by Tarzan Technology.

The price undercutting experienced by Galintel has resulted in price depression and price suppression in 2018, causing profits and profitability in Galintel's hot dip galvanised steel angle business to decline. Additionally, Galintel has the idle capacity (due to its inability to compete with the dumped Chinese imports) to operate an additional work shift that can increase production by a third and employ a further xx-xx production personnel at its Coffs Harbour manufacturing facility.

Galintel is seeking the Commission to impose provisional measures at the earliest opportunity to arrest the price pressures from the dumped imports of hot dip galvanised steel exported from China.

If you have any questions concerning this submission, please do not hesitate to contact me on (02) 9707 5000.

Yours sincerely

A handwritten signature in black ink, appearing to read 'J Darr', with a long horizontal flourish extending to the right.

Jason Darr
Chief Financial Officer
Nepean Building & infrastructure