
HOWARD CONSULTING PTY LTD

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Public Record Version

14th May 2012

Ms Andrea Stone,
Manager,
International Trade Remedies
Branch,
Australian Customs &
Border Protection Service,
CANBERRA ACT 2600

Dear Ms Stone

**Re: Report No 177
"Howard Submission of December 2011"**

I am responding to your communications concerning my submission forwarded as a Non Confidential document in December 2011.

Given your concerns expressed about the confidentiality of various sections and attachments of that submission I am now requesting that the relevant extracts and attachments detailed in your earlier response be treated as Confidential and as a matter of convenience,
I also request that the whole of that submission be treated as such.

The primary intention of that submission was to test the veracity of Onesteel-ATM's claim that its attempts to increase prices during the period were thwarted by dumped HSS.

Howard Consulting was the authorized representative of each of the major producers/exporters of the GUC from :-

- Thailand
- Malaysia
- Korea
- Taiwan

It is considered relevant to note that that the weighted average dumping margin for those four exporters is less than 1.4 % and for demonstrating how unreliable the information supplied by the applicant has been the less than 1.4 % compares to the applicant's claim of a weighted average dumping margin of 38.36% as outlined in B-6 -1 of its application. Logically a technical dumping margin of less than 1.4% could not have contributed to the applicants claimed material injury.

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Email: mjh@howardconsulting.com.au

The following is an outline of the attachments forwarded with the December 2011 Submission :

Attachment No: Outline of Document Detail

2. Onesteel-ATM product description on Hot Dipped Galv product.
3. AS/NZS 1163 Standard spec for structural applications
4. Onesteel doc outlining need to comply with AS/NZS 1163
5. Onesteel doc outlining scope of AS/NZS 1163
6. Illustrative outline on performance features of Hot Dipped Gal
7. Illustrative outline on Hot Dipped Gal products-Metaland
8. Extract from Onesteel 2011 Results presentation on ATM performance - **"Volumes were down 5% compared to previous Year but market share increased"**
9. Extract from Onesteel 2011 Results presentation- **"Prices are expected to remain under pressure from weak confidence, soft international steel markets and if the Australian dollar continues at recent high levels"**

These extracts are relevant to causality.

10. Extract from Onesteel 2011Results presentation-

"Domestic demand also weakened due to the continued tight availability of credit and margins came under further pressure from lower prices related to the strong Australian Dollar"

"This adverse external environment continued into the second half and was exacerbated by further weakness weakness in confidence levels related to the European and US debt issues, and adverse weather leading to the deterioration in already weak activity levels"

11. Further extracts from Onesteel Results presentation on how Metaland Steel & Tube volumes were up 10% in the second half of 2010/2011.

Comments:

The extracts by way of Attachments Nos 8,9,10 are all considered relevant to "Other Causes" which the CEO "must" take into consideration when analyzing the Onesteel-ATM claims on causality from dumped imports.

12. ATM price offers for August 2010 delivery
- 13-18 Relevant documentation on various price increases by ATM for Period from pre October 2009 to March 2011 being effective 50%.

- 19-23 Comprises further documentary evidence of ATM pricing structures during relevant period of injury analysis.
24. Extract from Bluescope Results presentation for 2010/1 being Graphic on ASIAN HRC Benchmark pricing-page 69
25. Extract from Bluescope Results-page 60 –showing East Asia HRC prices in US\$ CFR for first and second half of 2010/2011, Being US\$633, @ 0.894, and US\$ 611 @ 0.945 respectively.

Comments:

Bluescope supplied ATM with Hot Rolled Coil at Import Parity Prices.

Bluescope stated that the East Asian HRC prices were the most relevant for reference purposes and on page 48 of the Bluescope presentation, being Attachment No 26, Bluescope in note 2, confirms that ATM prices for HRC ex Bluescope are same as the Bluescope export price meaning that price has to compete with the East Asian HRC prices.

Attachment No 27 is an extract on US/A\$ Exchange rates for the period in question being page 8 of Bluescope's quoted presentation.

This is considered to be relevant for any NIP calculation as is the domestic Pricing premium that ATM imposes above its so termed import parity on certain categories of its product availability which excludes red painted pipe for fire fighting equipment.

Also attached is a summary outline of the issues contained in the December submission.

The information and comments contained in the December submission are considered relevant and the writer sincerely trusts the ACBPS will take the submission into consideration.

Thank you for your consideration.

Sincerely



M J Howard - Representative

REF NO	DATE - period	LOCAL Producers of GUC	COMMENTS	PORT SUPPLY (000 TONNES CUSTOMS CLEARANCE BASIS, NOT SALE BASIS)			COMMENTS
				FY	CHS	RHS TOTAL	
ATTACHMENT "A"-PUBLIC RECORD VERSION							
1	March 2006	Local producers initiate AD action on year 2005 imports from countries currently under investigation	Local producers claim market structure comprised 'specified' and 'unspecified' goods.				ATM in its prior entities had record of AD action against the GUC- HDG back to Year 1999 (Thailand)
2	Dec 2006	Investigations terminated except for some Chinese exporters	Customs Report No. 116 found that China Domestic Sales ok for N.V. Purposes.	06/07	90	140 230	Market size estimated to be 580,000 tonnes ATM supplied estimated 270,000 tonnes = 47%
3	pre March 2007	3 local producers Onesteel- 2 plants.....MayfieldSomerton Orrcon--1 plant.....Brisbane Smorgon-1 plant.....Brisbane Acacia Ridge	Onesteel-ATM is the ONLY LOCAL producer of HDGP Also produced Duragal at Mayfield and Somerton Acacia Ridge produced Supagal				FY 06/07 Market estimate as follows:- HDGP110,000 Tonnes ILG.....170,000 Tonnes PTD-Black.....300,000 Tonnes TOTAL Market 580,000 Tonnes
4	March 2007	Query-Customs Visit Report Oct 2011 states ATM was formed December 2006 Now only two local producers:- - Onesteel and Smorgon form J.V.= ATM - Orrcon	Onesteel, now ATM, was only producer of HDGP supplying 33,000 Tonnes of market supply of 110,000 Tonnes FY 06/07				Most estimates agree that 80-90% of CHS imports are HDGP to BS1387, being est. 80,000 Tonnes for 06/07. This was the market shortfall
5	August 2007	- ATM now wholly owned by Onesteel Market Size increases due to unprecedented demand-lag on import supply inhibits import supply.	ATM was unable to supply its own customer base for period up to September 2008 let alone the Australian market requirements	07/08	90	125 215	FY 07/08 was commencement of an unprecedented period of local demand and escalating high prices for all steel products including the GUC- Market had to be in the order of 610,000 Tonnes

6	October 2007	ATM close Mayfield HDGP because of production problems. ATM now needed to upgrade the acquired Smorgon facility at Acacia Ridge. ATM HDGP facility at Acacia Ridge comes "on stream" (ex Smorgon Steel")	ATM's closure of its HDG PLANT was not because of Imports -it was a rationalisation Mayfield was high cost producer							CHS imports remain unchanged due to HDG factor as market shortfall caused by ATM production decisions
7	December 2007	ATM HDGP facility at Acacia Ridge comes "on stream" (ex Smorgon Steel")								
8	August 2008	ATM close Mill nos. 1 + 4; HDGP, etc. at Mayfield and transfer est. 60 kt production capacity to Acacia Ridge. ATM "cap" production of HDGP at Acacia Ridge to 27 kt p.a. But estimate actual production was less than 'cap' during period of unprecedented demand.	ATM was unable to supply its own customers for first three quarters of year 2008 - refer SEF No. 144, Sect. 6.4, etc. Market demand for HDGP would have been at least that for FHY06/07 prior to GFC "hit" in last quarter of year 2008.	08/09	95	155	240			Imports have time lag of up to 4/5 months. Market size declines to est. 510 kt from DUE to "GFC" hitting Australian market
9	November - December 2008	Local producers have Dumping C.V. Investigation on year 2008 imports.	Other Investigations were initiated in June 2009 and September 2009.							Imports of CHS due to market supply shortfall & RHS increase due to time lag
10	August 2010	Investigation terminated.	Report TER 144A refers	09/10	90	140	230			Onesteel-ATM try to take advantage of "GFC" lodging AD actions Market Size est. of 550 kt up est. 40 kt.
11	March 2011	There were no Measures applying to any imports of HSS.	Report No. 153 refers	10/11	95	120	215			Market size est. of 500 kt down est. 50 kt.
12	August 2011	ATM "mothballs" HDGP at Acacia Ridge. Lodges AD/CV Application	ATM makes no mention of HDG Closure in application							ATM claim to now outsource HDG Products