

# FINANCIAL REVIEW

SE Companies and Markets  
HD **OneSteel's 'dumping' claims spark inquiry**  
BY Tim Binsted  
WC 594 words  
PD 20 October 2014  
SN The Australian Financial Review  
SC AFNR  
ED First  
PG 13  
LA English  
CY Copyright 2014. Fairfax Media Management Pty Limited.  
LP

The Anti-Dumping Commission is investigating a claim by Arrium subsidiary OneSteel that a raft of steel exporters, including South Korea, Thailand and Turkey, is damaging the **company** by "dumping" cheap product in Australia.

The investigation comes in the wake of Arrium's \$754 **million equity** raising, undertaken to reduce debt in the face of collapsing **iron ore** prices and sustained losses in the steel business.

TD

OneSteel lodged an application on August 8 requesting that Bob Baldwin, parliamentary secretary to Minister for Industry Ian Macfarlane, publish a dumping duty notice in respect of steel reinforcing bar (rebar) exported to Australia from South Korea, Malaysia, Singapore, Spain, Taiwan, Thailand and Turkey.

OneSteel alleges the Australian steel industry has "suffered material injury" in the form of lost sales volumes, reduced market share, lower prices and reduced profits due to the export of rebar at prices below actual product value.

OneSteel was spun out of BHP Billiton in 2000 and is Australia's only producer of rebar. It manufactures rebar products at Whyalla, Laverton and Newcastle.

The size of the Australian rebar market was between 750,000 tonnes and 1 **million** tonnes in 2013-14.

Arrium's OneSteel business sold 2.07 **million** tonnes of steel in 2013-14 and generated a paltry \$51 **million** of earnings (before interest, tax, depreciation and amortisation) on \$2.9 **billion** of revenue.

The anti-dumping claim covers steel products that account for about 30 per cent of OneSteel's total sales.

In 2013-14 imports from the countries accused of dumping increased by 20 per cent on the prior year, compared with 2 per cent growth the year before. Canada case

OneSteel said that the size of the Australian rebar market contracted 2 per cent in 2013-14 and that its own sales declined by 5 per cent while exports of dumped rebar from the nominated countries increased by 33 per cent.

As a softening **Chinese** property market and anaemic global economic growth dampen steel demand, a lot of product is looking for a home.

The Canada Border Services Agency launched an investigation into alleged dumping of concrete reinforcing bar from **China**, South Korea, and Turkey on June 13.

The Canadian case was brought forward by ArcelorMittal, Gerdau Longsteel and Alta Steel, a subsidiary of Arrium's **mining** consumables business. The Canadian authority found dumping had occurred and imposed provisional duties (as a proportion of the export price) ranging from 14.8 per cent to 58.1 per cent.

On September 3, Malaysia initiated an investigation into rebar products from South Korea and **China** and on September 9 the US Department of Commerce found steel from Mexico had been dumped in the US.

Anti-Dumping Commissioner Dale Seymour will investigate steel exports to Australia from July 1, 2013 to July 30, 2014 and examine the steel market from July 1, 2010.

"The commission is satisfied that ... there appears to be reasonable grounds for concluding that rebar has been exported to Australia from the nominated countries at dumped prices and the dumping margins are not negligible," the commission said.

"The commission considers that injury to the Australian industry appears to have been caused by allegedly dumped imports of rebar."

After the investigation Mr Baldwin will determine whether to reject OneSteel's claim or to impose interim dumping duties.

A statement of essential facts will be published on February 4, 2015. The commissioner will make a recommendation to Mr Baldwin on or before March 23 2015, unless the investigation is terminated.

**CO** onestl : Arrium Limited

**IN** i22 : Primary Metals | i221 : Iron/Steel/Ferroalloys | ibasicm : Basic Materials/Resources | i222 : Steel Products

**NS** c311 : Domestic Markets | gtrade : Tariffs/Trade Barriers | c312 : External Markets | c31 : Marketing/Markets | ccat : Corporate/Industrial News | e51 : Trade/External Payments | ecat : Economic News | gcat : Political/General News | gdip : International Relations | gpir : Politics/International Relations | ncat : Content Types | nfact : Factiva Filters | nfcpin : C&E Industry News Filter

**RE** austr : Australia | apacz : Asia Pacific | ausnz : Australia/Oceania

**PUB** Fairfax Media Management Pty Limited

**AN** Document AFNR000020141019eaak0001u