

The Sydney Morning Herald

SE Business
HD **'Dumping' squeezes Arrium profits**
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WC 440 words
PD 20 October 2014
SN The Sydney Morning Herald
SC SMHH
ED First
PG 20
LA English
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Manufacturing

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

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

On August 8 OneSteel lodged an application requesting that Bob Baldwin, parliamentary secretary to Industry Minister Ian Macfarlane, publish a dumping duty notice in respect of steel reinforcing bar (rebar) exported to Australia from 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 (dumping).

OneSteel is Australia's only producer of rebar, manufacturing rebar products at Whyalla, Laverton and Newcastle. 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 just \$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 previous year, compared with 2 per cent growth the year before. OneSteel said that the size of the Australian rebar market contracted 2 per cent in 2013-14 and that its own sales declined 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**, Korea, and Turkey on June 13. It found dumping had occurred and imposed provisional duties.

"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," it 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 impose interim dumping duties.

CO onestl : Arrium Limited

IN i221 : Iron/Steel/Ferroalloys | i22 : Primary Metals | 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

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AN Document SMHH000020141019eaak0002d