

Krakatau Steel in dumping claim against CRC imports

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Indonesia's biggest steelmaker Krakatau Steel has asked the government to investigate dumping of cold rolled coil from Japan, South Korea, Taiwan, China and Vietnam.

"We sent in our petition to the Indonesia Anti-dumping Committee [Kadi] early this year claiming injury from this unfair competition from those foreign mills," a mill official said.

"We understand that Kadi has started the investigation against this anti-dumping allegation," he said.

Krakatau Steel noticed a big surge in imports of cold rolled coil, especially from those five regions, since two years ago, the official said.

"But of course, we couldn't immediately cry anti-dumping then. We chose to do our homework and had some import data before going to Kadi," he said.

The official declined to comment on the extent of "injury" that Krakatau Steel referred to in the petition nor what it wants the government to do to solve this.

"This is still in Kadi investigation, so we cannot comment much. We would accept Kadi's decision on whether to impose anti dumping taxes to those mills," the official said.

According to official statistics as reported by Jakarta Globe, steel imports by value in 2009 fell by 38% to \$7.2 billion. However, in the first 11 months of 2010, steel imports rose by 40% to \$8.89 billion.

Krakatau Steel may demand high anti-dumping duty that can be "as high as 30% or even more", said Panggah Susanto, director general for metal, textile and miscellaneous industries in the industry ministry.

"We have to wait for Kadi's reports that can come out within one or two months," he said.

Kadi chairman Muchtar told local media that for dumping to be found, there must be a margin of at least 2% between the selling price here and the source region.

"Based on Krakatau's report, there are potentially cases of dumping, but we need to cross-check the data with the exporters. We don't know how long this process is going to take," Muchtar who goes by one name, was quoted saying.

During the investigation, export and import activities continue as usual, with no additional duty on imported cold rolled coil.

Indonesia's anti-dumping probe is starting in the same week that Malaysia held a public hearing on hot rolled coil dumping allegations by Megasteel.

Megasteel has claimed "serious injury" and asked the government to impose a 35% dumping duty, on top of the existing 25% import taxes, on hot rolled coil (MB Jun 29).

Krakatau Steel was one of the participants during the public hearing as it exports hot rolled coil to Malaysia, and may also be subjected to the anti-dumping duty.

"When we export to other countries, we are subjected to this kind of dumping allegation. So mills that import into our country also should be mindful and not simply lower prices as they wish," the Krakatau Steel official said.

Indonesia has already levied hefty anti-dumping duties on several mills since February 2008 in response to the high volume of imports then (MB Oct 8 2008).

Chinese steelmakers Anshan Iron & Steel and Baoshan & Steel attract anti-dumping duties, which are effective for five years, of up to 42.58%.

India's Essar Steel and JSW Steel have duties of 12.95-56.51%, Russia's Magnitogorsk Iron and Steel Works have duties of 5.58-49.47%, Taiwan's China Steel Corp and Chung Hung Steel Co attract duties of up to 37.02% and Thailand's G Steel and Narkonthai have duties of 7.52-27.44%.

Indonesia continued to safeguard its steel industry by passing the national standard for steel (SNI) for hot rolled coil in May 2009.

SNI was launched ostensibly because of a need to curb dumping and "sub-standard" imports into Indonesia. But it was also criticised as a form of protectionism for state-owned Krakatau Steel. Imports of hot rolled coil fell by some 80% after the SNI was imposed.

The standards for cold rolled coil have been on voluntary basis since May 2009. There have been talks to make it compulsory by June this year (MB April 6), but it has been delayed because of there is no final decision on acceptable specifications.

Krakatau Steel is capable of producing 2.9 million tpy of hot rolled coil, 850,000 tpy of cold rolled coil and 450,000 tpy of wire rod.

Sources: <http://www.amm.com/Article/2857837/Krakatau-Steel-in-dumping-claim-against-CRC-imports.html>