

Headline	`It must be retrospective to the day the crime was committed`
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## 'It must be retrospective to the day the crime was committed'

The last time Tunku Datuk Yaacob Khyra spoke to *The Edge* was about six years ago. Back then, his main grouse was the almost compulsory requirement for his Mycron Steel Bhd to buy its raw materials from Megasteel Sdn Bhd.

While Megasteel has since shut down, Yaacob and other cold rolled coil players — CSC Steel Holdings Bhd and YKGI Holdings Bhd — are now grappling with a new issue, one that has threatened the entire steel sector.

Although he was his usual candid self, Yaacob was clearly agitated this time. Here is an excerpt from the interview.

**The Edge: How do you know this — that cold rolled coil (CRC) is being dumped into Malaysia?**

**Tunku Datuk Yaacob Khyra:** We can tell cold rolled coil is being dumped into Malaysia as the raw material — hot rolled coil (HRC) — is at US\$620 per tonne, and cold rolled coil is coming in [to Malaysia] at US\$660 per tonne. It should be a hundred dollars more, if not,

higher ... the spread is US\$100 to US\$140 ... now it's down to US\$40, but to prove dumping, it will take Miti time.

It's a difficult time and the recent price increase by the Malaysian government for gas and electricity just adds another US\$8 a tonne to our manufacturing costs.

**And Mycron, YKGI and CSC are adversely impacted by it.**

The point is, it's like I rob a bank, I keep robbing banks for nine months until one day the police come and say, 'We have determined that your robbing of banks is illegal. From now on, you can't rob banks anymore.' Does that mean the last nine months of my robbing of banks was okay?

**It's ill-gotten gains?**

Correct, so the message we are trying to communicate now is, it's like anti-money laundering ... the guys who imported cheap material should know better. If Miti determines nine months down the road that there is duty

to be imposed on that material, it must be retrospective from the day it was brought in.

Just because it is determined nine months later that a wrong has been committed doesn't mean that the previous nine months you are exempted.

**So, you are looking at it being retrospective ... is that possible?**

Robbing banks ... it's still retrospective, right? Murdering someone, it's still retrospective, right? I murder somebody and you say from now on, you cannot murder?

You must understand that dumping is against world trade rules. What we need is, responsible importers. It is not Miti's job to police everything.

It's not just for steel, but for everything. If the country approaches it from the angle that the importer is responsible, its [impact will be] significant.

**Is it a problem that Malaysia exclusively is facing or is there dumping all over?**

There is dumping all over, but you cannot get into

Thailand; they protect their market. Indonesia, you can't get in; the US, you can't get in; Australia, you can't ... we don't react fast enough, Malaysia doesn't react fast enough ... which is okay. Miti can be slow, but it must be retrospective to the day the crime was committed.

**What about companies such as CSC, and even you guys — Mycron — who have invested heavily?**

We are suffering now. CSC, Mycron [and] Yun Kong [old name for YKGI] ... we are suffering because CRC is being traded at a US\$40 premium to hot rolled coil when normally it's a US\$140 premium.

And cost in Malaysia is going up and up and up. We have among the highest cost of industrial gas in the world, and among the highest cost of electricity. Our gas is expensive, and they keep saying Petronas subsidises us. It's ridiculous, Malaysian gas is one of the most expensive in the world.

All you need is a little tonnage coming in and it forces all the prices down. Even though it

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may not be a lot in terms of tonnage, it forces everything down, so the responsibility must be on the importer.

**You have to slash prices to match them?**

Correct, and unfortunately, even if it's only something like 10 tonnes or 100 tonnes or 1,000 tonnes coming in, it forces everything down ... it's like a catalyst pushing everything down. So, whoever is bringing in the material had better be responsible.

**Didn't we foresee all this coming?**

It was always there. We've been asking for anti-dumping for very long. For a long time the agenda was hot rolled coil, but now that Megasteel is no longer there, they are looking at CRC. It has always been there.

**Is there any figure on how much you have lost?**

It's a big number, but I can't give you the number. That's business, you have good things, you have bad things, turns out some good, some bad, but generally, I think overall it's okay la.

**Once the issue of dumping is sorted out, how do you think your company Mycron will fare?**

I think we will do very, very well. Once we

agree that a wrong has been committed and it's retrospective to the day it was committed, you will find that all importers will suddenly behave responsibly as there will be fewer rogue importers and dumping will be less.

We have to create a stable industrial base for Malaysia, making sure that every importer is not a rogue importer but one who is responsible not only to his own bottom line but also to his country.

**How has Miti's response been thus far?**

Miti is also looking at it, looking to see if there are enough regulations and laws to make it retrospective.

**Once all this is sorted out, your bottom line will improve?**

It should, but not considerably, but we will be back to stability. A lot of manufacturing companies in Malaysia, not just the steel industry but other industries as well, the banking support is very, very important. The moment any dumping activity happens, the profitability of the companies drops severely, very quickly, and that's when banks start pulling away their trade lines and acceptance, and once the banks pull the trade lines, it's not a

matter of years before the company collapses; it's months, very fast.

If the government takes its time with the cold rolled sector, if it takes longer than nine months, you'll see the end of Mycron, you'll see the end of Yun Kong and maybe China Steel a year later, the bankers will pull the facilities.

**Meaning it's a critical stage now?**

It's critical, because bankers don't care.

**But you are still profitable ...**

Yes, we were profitable in the last quarter, because this thing only started happening in August last year to January this year. And being part of the industry, we know it's dumping. Right now, we are importing HRC at US\$620 a tonne, the selling price of imported cold rolled coil is US\$660 a tonne, the spread is only US\$40. The normal margin in the industry is US\$140, so how is it possible that cold rolled coil is coming into the country at a US\$40 a tonne premium to HRC when it should be US\$140 ... someone is dumping. Now, to prove someone is dumping, to prove how much is coming into the country, it will take the government some time to investigate and prove, but as far as the industry is concerned,

it's clear-cut dumping ... someone is dumping and dumping cleverly.

But in the time they (the government) take to investigate, should the importer be excused? He can't be excused ...

**Then, should it be a situation where they bar all imports while investigations are going on?**

Yes, we are asking for a temporary ban on imports while they are determining where the illegal CRC is coming in from, but at the same time, we are asking for a longer-term strategy – make penalties retrospective. Once you have this, no one will do it anymore.

**This is actually local players buying it on the cheap?**

Correct. The local importers – some of them are our clients – because they have been offered cheap, they take, not realising there is a consequence to them ... because they are now participating in an illegal activity.

Dumping is illegal under world trade rules. Similarly, you can't bring materials being dumped into a country and think it's the governments' problem ... don't blame someone else, be responsible. The government is going to get you, they are going to get you ...