

# **BlueScope Steel Limited**

## **APPLICATION FOR ANTI-DUMPING DUTIES**

**Hot Rolled Coil**

**exported from**

**The Republic of Korea, Taiwan, Japan  
and Malaysia**

**May 2012**

AUSTRALIAN CUSTOMS SERVICE

Application for Dumping and  
Countervailing Duties

DECLARATION

I request in accordance with Section 269TB of the Customs Act 1901 that the Minister publish in respect of goods the subject of this application:

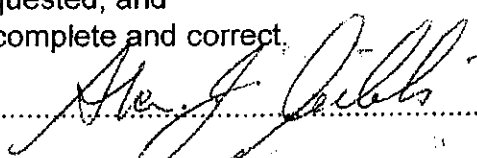
- a dumping duty notice for hot rolled steel coil exported from The Republic of Korea, Taiwan, Japan, and Malaysia.
- a countervailing duty notice, or
- a dumping and a countervailing duty notice

This application is made on behalf of the Australian industry producing like goods to the imported goods the subject of this application. The application is supported by Australian producers whose collective output comprises:

- 25% or more of the total Australian production of the like goods; and
- more than 50% of the total production of like goods by those Australian producers that have expressed either support for, or opposition to, this application.

I believe that the information contained in this application:

- provides reasonable grounds for the publication of the notice(s) requested; and
- is complete and correct.

Signature:  .....

Name: Alan Gibbs

Position: Development Manager – International Trade

Company: BlueScope Steel Limited and BlueScope Steel (AIS) Pty. Ltd.

ABN: 16 0000 11 058 and 19 0060 19 625

Date: 03/05/2012

# PART A

## INJURY

### TO AN AUSTRALIAN INDUSTRY

#### IMPORTANT

All questions to Part A should be answered even if the answer is 'Not applicable' or 'None'. If an Australian industry comprises more than one company/entity each should separately complete Part A.

For advice about completing this part please contact the Customs Dumping Liaison Unit on:

☎ (02) 6275-8006 Fax (02) 6275-8900

**A-1 Identity and communication.**

**Please nominate a person in your company for contact about the application:**

This application is made on behalf of BlueScope Steel Limited and BlueScope steel (AIS) Pty. Ltd. ("BlueScope") the sole Australian manufacturer of hot rolled steel products.

Relevant contact details for personnel within BlueScope that will assist with enquiries concerning this application are as follows:

Contact Name: Alan Gibbs  
Company and position: Development Manager – International Trade  
Address: Five Islands Road, Port Kembla, NSW 2500  
Telephone: (02) 4275 3859  
Facsimile: (02) 4275 7810  
E-mail address: Alan.Gibbs@bluescopesteel.com  
ABN: 16 000 011 058

**Alternative contact:**

Contact Name: Stuart Bell  
Company and position: Finance Manager – BANZ Sales and Marketing  
Address: Five Islands Road, Port Kembla, NSW 2500  
Telephone: (02) 4275 4189  
Facsimile: (02) 4275 7810  
E-mail address: Stuart.Bell@bluescopesteel.com

**If you have appointed a representative to assist with your application, provide the following details and complete Appendix A8 (Representation).**

The applicants have engaged the following consultant to assist with this application:

Name: Mr John O'Connor  
Representative's business name: John O'Connor & Associates Pty Ltd  
Address: P.O. Box 329, Coorparoo Qld 4151  
Telephone: (07) 3342 1921  
Facsimile: (07) 3342 1931  
E-mail address: jmoconnor@optusnet.com.au  
ABN: 39 098 650 241

**A-2 Company information.**

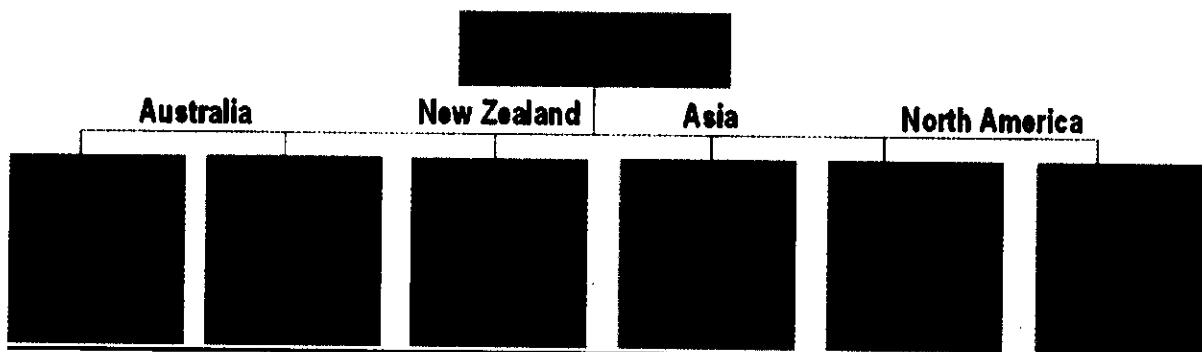
1. **State the legal name of your business and its type (e.g. company, partnership, sole trader, joint venture). Please provide details of any other business names you use to manufacture/produce/sell the goods that are the subject of your application.**

This application is made by BlueScope Steel Limited (ABN 16 000 011 058), and its wholly owned subsidiary BlueScope steel (AIS) Pty. Ltd. (ABN 19 006 019 625).

BlueScope Steel Limited and BlueScope Steel (AIS) Pty. Ltd. (hereafter referred to as "BlueScope") is an Australian manufacturer of flat steel products. BlueScope produces the goods the subject of this application which is hot rolled coil (hereafter referred to as "HRC") steel. HRC is sold into the Australian and International market direct to manufacturing customers and via distributors.

2. **Provide your company's internal organisation chart. Describe the functions performed by each group within the organisation.**

An internal group organisation chart for BlueScope is set out below (as at 31 December 2011):

**Functions performed by each group within the organization****1. Coated & Industrial Products Australia**

- Supplier of flat steel products (including the goods under consideration "GUC");
- Global scale steel works;
- Supplier of metal coated and painted steel, which operations at the following sites:
  - Port Kembla Steel Works, NSW;
  - Springhill, NSW;
  - Western Port, Victoria.
  - Western Sydney (NSW) and Acacia Ridge (QLD) COLORBOND® steel painting facilities
  - North America, Europe and Asia export trading offices

**2. Australian Distribution & Solutions**

Supplier of flat steel solutions in Australia made up of the following businesses:

- BlueScope Distribution;
- BlueScope Lysaght
- BlueScope Water
- Service Centres
- BlueScope Buildings

3. *New Zealand & Pacific Steel Products*

A fully integrated flat steel products manufacturer in New Zealand. Supplier of flat products, operating in:

- Glenbrook, NZ; and
- Pacific Islands.

4. *Coated & Building Products Asia*

Manufacturer of branded steel products in Asia. Operations include:

- Indonesia, Malaysia, Thailand and Vietnam;
- China (including Butler);
- Lysaght Asia; and
- India (Tata BlueScope Joint Venture).

5. *Hot Rolled Products North America*

A 50:50 Joint Venture with Cargill Incorporated.

6. *Coated & Building Products North America*

Global designer/ supplier of pre-engineered buildings, with the following business operations:

- BlueScope Buildings North America (Pre-engineered buildings)
- Steelscape
- Metl-Span
- ASC Profile

3. **List the major shareholders of your company. Provide the shareholding percentages for joint owners and/or major shareholders.**

BlueScope Steel Limited is a publicly listed company. The Major (Top 20) shareholders within BlueScope as at 23 April 2012 include:

Rank	Name	23-Apr-12	%C
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	530,684,151	15.85%
2	NATIONAL NOMINEES LIMITED	517,005,609	15.44%
3	J P MORGAN NOMINEES AUSTRALIA LIMITED	506,273,303	15.12%
4	CITICORP NOMINEES PTY LIMITED	342,479,002	10.23%
5	COGENT NOMINEES PTY LIMITED	121,145,695	3.62%
6	CITICORP NOMINEES PTY LIMITED	69,366,566	2.07%
7	JP MORGAN NOMINEES AUSTRALIA LIMITED	63,079,978	1.88%
8	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	30,448,421	0.91%
9	AMP LIFE LIMITED	29,268,948	0.87%
10	QUEENSLAND INVESTMENT CORPORATION	18,268,020	0.49%
11	INTERSTATE INVESTMENTS PTY LTD	15,928,678	0.48%
12	RBC DEXIA INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIM	12,864,708	0.38%
13	COGENT NOMINEES PTY LIMITED	12,390,693	0.37%
14	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	11,896,805	0.36%
15	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	10,523,520	0.31%
16	BOND STREET CUSTODIANS LIMITED	8,630,231	0.26%
17	SHARE DIRECT NOMINEES PTY LTD	7,500,000	0.22%
18	PACIFIC CUSTODIANS PTY LIMITED	7,200,041	0.21%
19	BLUESCOPE STEEL EMPLOYEE SHARE PLAN PTY LTD	6,935,600	0.21%
20	SKEET NOMINEES PTY LTD	6,663,598	0.20%
	<b>TOTAL</b>	<b>2,328,553,567</b>	<b>69.47%</b>
	<b>Balance of Register</b>	<b>1,022,631,680</b>	<b>30.53%</b>
	<b>Grand TOTAL</b>	<b>3,349,185,247</b>	<b>100.00%</b>

4. If your company is a subsidiary of another company list the major shareholders of that company.

BlueScope is not a subsidiary of another company.

5. If your parent company is a subsidiary of another company, list the major shareholders of that company.

This question is not applicable to BlueScope.

6. Provide an outline diagram showing major associated or affiliated companies and your company's place within that structure (include the ABNs of each company).

**Major Associated or affiliated companies**

BlueScope is a publicly listed company, limited by shares. It has a number of subsidiaries and joint ventures both in Australia and overseas, which are included in Confidential Attachment A-2.6. A detailed listing of BlueScope's subsidiaries is also located in its Annual Full Financial Report, including the level of equity holding in each subsidiary company.

The following is a summary of the activities of the affiliates:

<b>Affiliated Company</b>	<b>Activities of affiliate</b>
<b><i>Australian Affiliates</i></b>	
Lysaght Building Solutions Pty Ltd	Manufacturer of roll formed steel profiles for the building and construction markets, including roofing, walling, rainwater goods, and structural components such as purlins, girts and decking.
BlueScope Water Pty Ltd	Manufacturer of rainwater tanks (Melbourne, Sydney, Brisbane) ranging from 1,000 ltrs to 5,000 ltrs for use in small residential and medium commercial applications.
Pioneer Water Tanks (Australia) Pty Ltd	Manufacturer of large rural water storage tanks up to 35,000 ltrs.
Highline Limited	Manufacturer of steel buildings and associated products for both the domestic and commercial markets.
BlueScope Distribution Pty Ltd	BlueScope Steel's reselling (distribution) business which purchases coated steel in volume and resells to smaller manufacturers across Australia. Some facilities process steel into slit coil or sheet for resale.
BlueScope Building Solutions Pty Ltd	Designs, supplies and constructs commercial and industrial buildings for the Australian market.
<b><i>International Affiliates</i></b>	
BlueScope Steel (Suzhou) Ltd	Coating lines - coating of cold rolled steel products with zinc and / or zinc and aluminium to provide corrosion protection.
BlueScope Lysaght (Brunei) Sdn Bhd	Manufacturer of roll formed steel profiles for the building and construction markets, including roofing, walling, rainwater goods, and structural components such as purlins, girts and decking.
BlueScope Acier Nouvelle - Caledonie SA	Manufacturer of roll formed steel profiles for the building and construction markets, including roofing, walling, rainwater goods, and structural components such as purlins, girts and decking.
BlueScope Lysaght (Singapore) Pte Ltd	Manufacturer of roll formed steel profiles for the

	building and construction markets, including roofing, walling, rainwater goods, and structural components such as purlins, girts and decking.
BlueScope Lysaght Fiji Ltd	Manufacturer of roll formed steel profiles for the building and construction markets, including roofing, walling, rainwater goods, and structural components such as purlins, girts and decking.
BlueScope Lysaght (Thailand) Ltd	Manufacturer of roll formed steel profiles for the building and construction markets, including roofing, walling, rainwater goods, and structural components such as purlins, girts and decking.
BlueScope Steel Vietnam LLC	Coating lines - coating of cold rolled steel products with zinc and / or zinc and aluminium to provide corrosion protection.
BlueScope Steel Asia Pte Ltd	Service centre for the processing of coiled steel into shapes and sizes per customer requirements
BlueScope Steel International Limited	Sales office
BlueScope Steel Southern Africa Pty Ltd	Sales office
BlueScope Steel (Thailand) Ltd	Cold rolling mill and pickle line, which converts hot rolled coil into cold rolled coil. Coating lines - coating of cold rolled steel products with zinc and / or zinc and aluminium to provide corrosion protection.
BlueScope Steel North America	Sales office
BlueScope Steel (Malaysia) Sdn Bhd	Coating lines - coating of cold rolled steel products with zinc and / or zinc and aluminium to provide corrosion protection.
Tasman Steel Holdings Ltd	The New Zealand integrated steel works where all major phases of production, including iron making and slab making is undertaken. Coating of cold rolled steel products with zinc and / or zinc aluminium to provide corrosion protection.

**7. Are any management fees/corporate allocations charged to your company by your parent or related company?**

This question is not applicable to BlueScope.

**8. Identify and provide details of any relationship you have with an exporter to Australia or Australian importer of the goods.**

- (i) BlueScope Steel's International Affiliate, Tasman Steel Holdings Ltd, (known as New Zealand steel ) exports a range of flat steel products from New Zealand into Australia via their local sales arm – New Zealand Steel Australia (NZSA)
- (ii) BlueScope Steel sells and buys a range of products internationally with Posco Steel, Dongbu Steel, as well as having technical agreements with Nippon Steel Corporation.
- (iii) BlueScope Steel also has a customer relationship with importer Stemcor Australia Pty Ltd for whom BlueScope is a customer for a small quantity of goods that is then resold by its BlueScope Distribution Pty Ltd business.



9. **Provide a copy of all annual reports applicable to the data supplied in Appendix A3 (Sales Turnover). Any relevant brochures or pamphlets on your business activities should also be supplied.**

BlueScope's 2010 and 2011 Annual Report and Full Financials are included with this application (Non-Confidential Attachment A-2.9). BlueScope's Annual Reports from 2003 to 2011 are available from its website at [www.bluescopesteel.com](http://www.bluescopesteel.com)

10. **Provide details of any relevant industry association.**

BlueScope is a member of the Australian Steel Institute – refer [www.steel.org.au](http://www.steel.org.au).

**A-3 The imported and locally produced goods.****1. Fully describe the imported product(s) the subject of your application:**

- Include physical, technical or other properties.
- Where the application covers a range of products, list this information for each make and model in the range.
- Supply technical documentation where appropriate.

The imported goods the subject of this application is hot rolled coil (including in sheet form), a flat rolled product of iron or non-alloy steel, not clad, plated or coated (other than oil coated).

Goods *excluded* from this application are hot rolled products that have patterns in relief (known as checker plate) and plate products.

Hot Rolled Coil ("HRC") is supplied in a range of thicknesses, all of which are covered by this application (refer to A-3.2 below).

There are a number of relevant International Standards for Hot Rolled Coil steel products that cover the range of HRC products via specific grade designations, including the recommended or guaranteed properties of each of these product grades.

These relevant standards are noted below in Table A-3.1 "Relevant International Standards for Hot Rolled Coil steel".

**Table A-3.1 - Relevant International Standards for Hot Rolled Coil steel**

<b>Analysis and Commercial Grades</b>	
AS/NZS 1594	Hot -Rolled steel flat products
ASTMA1011	Steel, sheet and strip, hot-rolled, carbon, structural, high-strength low-alloy, high-strength low-alloy with improved formability and ultra high strength
ASTMA1018	Steel, Sheet and Strip, Heavy-Thickness Coils, Hot-Rolled, Carbon, Commercial, Drawing, Structural, High-Strength Low-Alloy, High-Strength Low-Alloy with Improved Formability, and Ultra-High Strength
ISO 3573	Hot rolled carbon steel sheet of commercial and drawing qualities
JIS G 3131	Hot rolled mild steel plates sheet and strip
SAE J403	Chemical Composition of SAE Carbon Steels
<b>Forming, Pressing and Drawing Grades</b>	
AS/NZS 1594	Hot -Rolled steel flat products
ISO 3573	Hot rolled carbon steel sheet of commercial and drawing qualities
JIS G 3132	Hot-rolled carbon steel strip for pipes and tubes
EN 10111	Continuously Hot Rolled Low Carbon Steel Sheet and Strip for Cold Forming
<b>Structural Grades</b>	
AS/NZS 1594	Hot -Rolled steel flat products
API specification 5L	Specification for line pipe
ASTMA1011	Steel, Sheet and Strip, Hot-Rolled, Carbon, etc
ASTMA1018	Steel, Sheet and Strip, Heavy Thickness, Hot-Rolled, Carbon, etc
JIS G 3113	Hot -rolled steel plate, sheet and strip for automobile structural uses
JIS G 3116	Steel sheets, plates and strip for gas cylinders
EN 10025	Hot -rolled products of structural steels

**2. What is the tariff classification and statistical code of the imported goods.**

The Goods are classified within tariff sub-headings 7208 and 7211. The following table summarises the tariff classifications and statistical codes of the GUC.

HS Code	Description
7208	Flat-Rolled products of iron or non-alloy steel, of a width of 600mm or more, hot-rolled, not clad, plated or coated
7208.2	Other, in coils, not further worked than hot rolled, pickled
7208.25.00	Of a thickness of 4.75mm or more
7208.26.00	Of a thickness of 3mm or more but less than 4.75mm
7208.27.00	Of a thickness less than 3mm
7208.3	Other, in coils, not further worked than hot-rolled
7208.36.00	Of a thickness exceeding 10mm
7208.37.00	Of a thickness of 4.75mm or more but not exceeding 10mm
7208.38.00	Of a thickness of 3mm or more but less than 4.75mm
7208.39.00	Of a thickness less than 3mm
7208.5	Other, not in coils, not further worked than hot-rolled
7208.53.00	Of a thickness of 3 mm or more but less than 4.75 mm
7208.54.00	Of a thickness less than 3mm
7208.90.00	Other
7211.1	Flat-Rolled products of iron or non-alloy steel, of a width less than 600mm, not clad, plated or coated – not further worked than hot-rolled.
7211.14.00	Other, of a thickness of 4.75mm or more
7211.19.00	Other (<4.75mm thickness)

Goods *excluded* from this application are hot rolled products that have patterns in relief (known as checker plate) and plate products.

The GUC attract the following rates of Customs duty:

- Korea – zero per cent (a DCT country)
- Taiwan – zero per cent (a DCT country)
- Malaysia – zero per cent (a DCT country)
- Japan – five per cent

Please refer to Non-Confidential Attachment A-3.1 for a copy of the Customs Tariff Schedule 3 extract.

BlueScope highlights with the Australian Customs and Border Protection Service ("Customs and Border Protection") that published Australian Bureau of Statistics ("ABS") import clearance data for the Goods do not disclose "some HRC HS code" imports due to current suppression orders. BlueScope has therefore relied upon export data from the nominated countries to determine import volumes of the GUC. Please refer to Section B-1.2 below for further information concerning source data for exports of the Goods to Australia.

3. Fully describe your product(s) that are 'like' to the imported product:
- Include physical, technical or other properties.
  - Where the application covers a range of products, list this information for each make and model in the range.
  - Supply technical documentation where appropriate.
  - Indicate which of your product types or models are comparable to each of the imported product types or models. If appropriate, the comparison can be done in a table.

#### Like Goods

BlueScope manufactures Flat-Rolled products of iron or non-alloy steel, of a width of 600mm or more, hot-rolled, not clad, plated or coated and Flat-Rolled products of iron or non-alloy steel, of a width less than 600mm, not clad, plated or coated – not further worked than hot-rolled, of varying thicknesses.

The locally produced goods are like product to the imported Flat-Rolled products of iron or steel, not clad, plated or coated, of widths less than 600mm and greater than or equal to 600mm, of varying thicknesses.

#### Physical properties

The HRC steel manufactured by BlueScope is supplied in coiled form to customers and may also be later be cut into sheets for sale to manufacturers, or further slit into narrower widths. HRC may also be supplied in a pickled and oiled (surface treatment) form.

The most common grades of HRC steel are:-

HRC Grade 'Equivalents'				
AS/NZS 1594		JIS G3131	JIS G3101	JIS G3132
HA1	=	SPHC		SPHT1
HA200	=	SPHC	SS330	SPHT1
HA250 / 300	=		SS400	SPHT2
HA350	=		SS490	SPHT3
HA3	=	SPHD		

The steel chemistry, processing temperature, % thickness reduction and coiling temperature are all used to produce the required mechanical properties for each product grade, as designated by the International Standards.

Typically each International Standard has a range of steel grades nominated as Formable, Commercial or Structural grades. The formable/commercial grades are those with mechanical properties suitable for general pressing and forming whereas the structural grades are those with guaranteed minimum properties that structural engineers utilize in the design of their final product designs.

The locally produced Goods have a product thickness range of 1.5mm to 12.7mm, and a width range up to 1830mm wide.

A HRC steel General Information Brochure is included at Non-Confidential A-3.3.1. A copy of BlueScope's Product data Sheets for the "HRC Grade Equivalents" listed above are included in Non-Confidential Attachment A-3.3.2 to A-3.3.8.

**4. Describe the ways in which the essential characteristics of the imported goods are alike to the goods produced by the Australian Industry.**

BlueScope submits that the goods manufactured in Australia are like goods to the imported goods on the following grounds:

(i) Physical likeness:

- Products made by BlueScope have a physical likeness to the goods exported from Japan, Korea, Malaysia and Taiwan (the countries under reference);
- BlueScope and the imported HRC are manufactured to Australian and International Standards;

(ii) Commercial likeness

- Australian industry HRC competes directly with imported HRC in the the Australian market;
- The locally produced goods and the imported goods are produced via similar manufacturing processes;

(iii) Functional likeness

- Both imported and locally produced HRC have comparable or identical end-uses;

(iv) Production likeness

- Locally produced and imported HRC are manufactured in a similar manner and via similar production processes.

On this basis, the locally produced HRC possesses the same essential characteristics of the imported HRC steel from the countries under reference. BlueScope therefore considers locally produced HRC is a like good to imported HRC.

**5. What is the Australian and New Zealand Standard Industrial Classification Code (ANZSIC) applicable to your product.**

The ANZSIC code applicable to Hot Rolled steel is category 2711.

**6. Provide a summary and a diagram of your production process.**

A simplified explanation of the process from raw materials to finished Hot Rolled steel product is described below in the 4 key stages, Ironmaking, Steelmaking, Casting and Hot Rolling. Ironmaking, Steelmaking and casting is continuous and operates 24 hours a day, seven days a week.

**Iron making**

Iron is extracted from iron ore in a blast furnace by a process known as reduction.

The raw materials - iron ore, coke and fluxes( Dolomite and Limestone) - are fed into the top of the furnace by conveyor. Air, which is heated to about 1200°C, is blown into the furnace through nozzles that are spaced around the lower section of the furnace. The air causes the coke to burn, producing carbon monoxide which creates the required chemical reaction. The iron ore (iron oxide) is reduced to molten iron by removing the oxygen.

About every two hours a hole at the bottom of the furnace is opened and the molten iron and slag is drained.

The molten iron runs into torpedo ladles that are on rail tracks. These ladles are then transported to the steelmaking area.

Slag is a by-product of ironmaking. It is made up of molten limestone which has absorbed the impurities from the process. It is removed from the blast furnace and allowed to cool.

The slag is then crushed and used by other industries to make cement, as a soil substitute and in the making of roadways.

Gases are also produced during the process. They are used elsewhere in the steelworks to generate energy, eg. in reheating solid steel before hot rolling.

### **Steel making**

The Basic Oxygen Steelmaking (BOS) process creates liquid steel from molten iron, scrap steel and alloying materials.

1. The first step is charging the BOS vessel, this comprises one-fifth filled with steel scrap to which molten iron is added until the vessel is full. (around 280 tonnes per batch)

2. The BOS vessel is then stood upright and a lance is lowered down into it. The lance blows 99 per cent pure oxygen onto the steel and iron, causing the temperature to rise to about 1700°C. This melts the scrap, lowers the carbon content of the molten iron and helps remove unwanted elements.

3. Fluxes (burnt lime or dolomite) are then fed into the vessel to form slag which absorbs impurities of the steelmaking process. Near the end of the blowing cycle, which takes about 20 minutes, a temperature reading and samples are taken. The samples are tested and a computer analysis of the steel is done to ensure the desired chemistry is achieved.

4. The BOS vessel is then tilted again and the steel is poured into a giant ladle. This process is called tapping the steel. In the ladle furnace, the steel is further refined by adding alloying materials which give the steel special properties required by the customer. Sometimes argon or nitrogen gas is bubbled into the ladle to make sure the alloys mix correctly. The liquid steel now contains the correct customer required chemistry.

5. The final step occurs after the steel is removed from the BOS vessel, when the slag, filled with impurities, is poured off and cooled.

### **Slab Casting**

The liquid steel must be cast into shapes so that it can be rolled. This is done by continuous casting machines that mould the liquid steel into solidified blocks of steel called slabs. The liquid steel is continuously poured from the ladle into a 'bottomless' mould at the same rate as continuous steel cast slabs are extracted. This continuous cast slab is cut to desired lengths and the slabs are then cooled to ambient temperature.

### **Hot Strip Rolling**

The Hot Rolled Coil steel products are manufactured on either of two hot strip mills operated by BlueScope Steel. (The Westernport Hot Strip Mill was closed in October 2011)

The input feed slab runs continuously through five key processes to convert the slab to hot rolled coil.

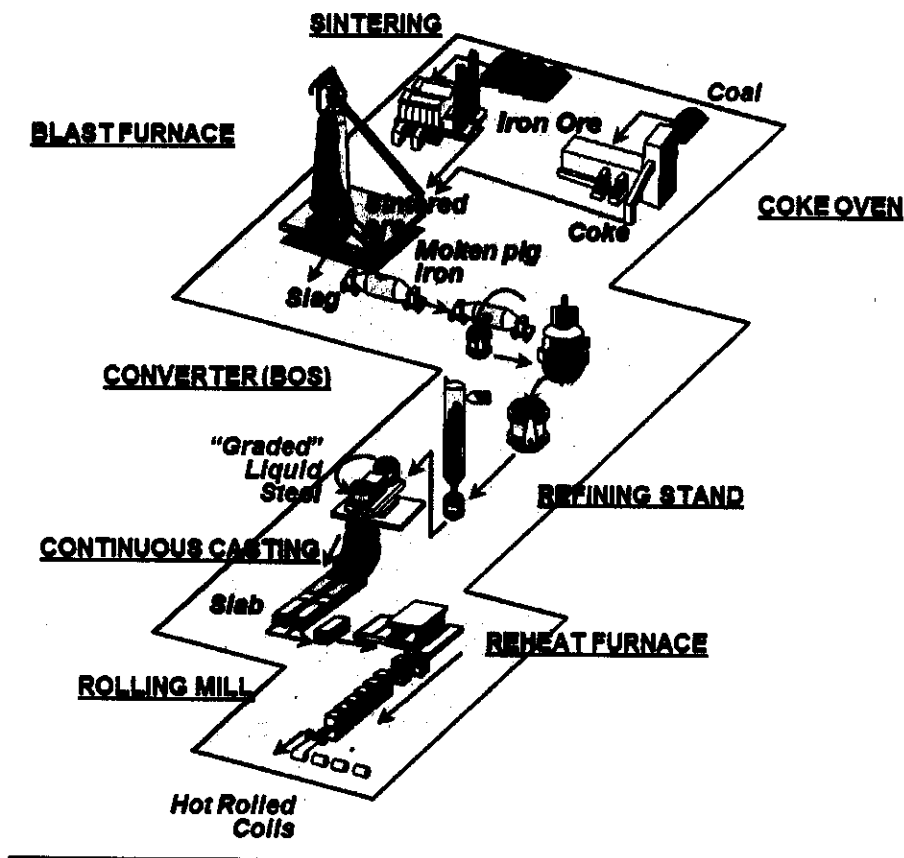
1. The first operation is reheating the slab in a furnace to obtain consistent thru thickness temperature of around 1200 deg. Celsius.
2. The heated slab has scale removed and passed through a roughing mill where the slab is reduced in thickness to around 40mm thick (from the 230mm thickness of the input slab). This is done via passing the slab 5 or 7 times through a set of horizontal rolls, producing a long transfer bar.
3. The third operation is where the transfer bar is then further reduced in thickness by passing through a set of five or six rolling mill stands to achieve the customers ordered thickness.
4. The fourth operation of the hot strip rolling process is the controlled cooling of the strip after it leaves the last rolling stand and prior to the strip being coiled up.
5. The final fifth stage of the process in making hot strip coil is the coiling up of the long flat strip where it is wound up on a mandrel, banded and has its identity marked onto it

The Hot Strip Mill is both a shaping device and a metallurgical tool. The steel is not only made hot for ease of rolling to lighter thicknesses but for metallurgical reasons that have a major influence in defining the product's properties.

The temperature at which hot-rolling is completed results in an oxidized strip surface. This oxide film is termed hot-mill scale. Hot strip product can be supplied without this oxide film / scale by further processing the strip through heated acid baths that removes the hot-mill scale. – a process called "Pickling". Pickled strip is generally supplied oiled to preserve this surface finish (ie this is noted as PO).

Typical applications of HRC include light structural members, shelving, tanks, racking, light poles, guard rails, gas cylinders, automotive components, pipe and tube, mower parts.

#### Raw materials to HRC Process- diagrammatic representation



7. **If your product is manufactured from both Australian and imported inputs:**
- describe the use of the imported inputs; and
  - identify that at least one substantial process of manufacture occurs in Australia (for example by reference to the value added, complexity of process, or investment in capital).

BlueScope manufactures HRC in Australia from liquid steel, via flat steel production. The steel production process is a capital intensive one that converts raw material iron ore and coal into liquid steel, followed by casting into slab steel that is then converted into hot rolled coil.

BlueScope is a fully-integrated flat steel product manufacturer with large capital intensive manufacturing operations at Port Kembla in NSW, and Western Port in Victoria.

BlueScope submits that it undertakes more than one substantial process of manufacture in the production of the GUC.

BlueScope does not use imported steel in the manufacture of the GUC.

8. **If your product is a processed agricultural good, you may need to complete Part C.3 (close processed agricultural goods).**

The GUC are not close processed agricultural goods.

9. **Supply a list of the names and contact details of all other Australian producers of the product.**

BlueScope is the sole Australian manufacturer of the goods the subject of this application.



## A-4 The Australian market.

### 1. Describe the end uses of both your product and the imported goods.

BlueScope's locally produced HRC products, the markets for HRC and the range of applications are detailed below.

HRC steel is marketed and sold directly to customers within three key Australian market sectors that include the Pipe and Tube market, the Automotive market, and the General Manufacturing market.

BlueScope steel also sells indirectly to the three key market sectors via distribution channel partners.

Some typical end uses / applications are as follows:-

#### (i) Pipe and Tube Market Sector

Structural tubing, precision tubing, square hollow sections (SHS), circular hollow sections (CHS), water pipelines, oil and gas pipelines.

#### (ii) Automotive Market Sector

Vehicle structural members and components.

#### (iii) Manufacturing Market Sector

This sector is made up of a number of discreet market segments such as agriculture, engineering construction, mining, oil and gas, non-residential construction, residential construction and transport. Some end uses within these segments are agriculture plant, machinery and equipment, mining consumables, electrical generation and transmission equipment and plant, racking solutions, steel furniture, household appliances, hardware and tools, commercial and industrial construction, road and rail equipment and plant.

The locally produced and imported HRC are used interchangeably across the main end-use applications identified above.

### 2. Generally describe the Australian market for the Australian and imported product and the conditions of competition within the overall market. Your description could include information about:

- sources of product demand;
- marketing and distribution arrangements;
- typical customers/users/consumers of the product;
- the presence of market segmentation, such as geographic or product segmentation;
- causes of demand variability, such as seasonal fluctuations, factors contributing to overall market growth or decline, government regulation, and developments in technology affecting either demand or production;
- the way in which the imported and Australian product compete; and
- any other factors influencing the market.

#### (i) Market Segmentation

The Australian market for HRC steel products is made up of three key market sectors, namely the Pipe and Tube sector (largest by volume), the Automotive sector, and the Manufacturing sector.

HRC steel is also sold indirectly into these markets via BlueScope's appointed distributors.

(ii) Sources of demand

Key sources of demand in the Australian market for the GUC come from the market sectors and segments noted above.

(iii) Distribution arrangements

HRC steel sales are made directly to the Pipe and Tube manufacturers, the automotive manufacturers and to general manufacturers within the agriculture, engineering construction, mining, oil and gas, non-residential construction, residential construction and transport industries.

BlueScope also sells indirectly into the end use markets via distributors.

Both BlueScope and importers of the GUC compete in all States and Territories in Australia and across each segment via the same distribution channels in order to sell product directly to the larger manufacturing companies in Australia, and to distributors/resellers that on-sell the product into those markets.

Distributors and resellers may offer a range of services such as smaller parcels of product, along with credit facilities and further processing (such as sheeting, slitting and blanking, and the like).

(iv) Typical Customers

Within the Pipe and Tube industry [redacted] (names)

Within the Manufacturing industry BlueScope's [redacted] (names)

Within the Automotive industry [redacted] (names)

Within the Distribution industry BlueScope's [redacted] (names)

(v) Causes of demand variability

There are a variety of factors that influence demand variability for HRC steel products within the Australian market, including:

**Seasonal fluctuations**

- Specific seasonal based segments such as Hot Water Storage and Heating
- Agriculture – silos and farm implements depending on season;
- Key holiday periods - Easter, Christmas;
- Wet versus dry construction season in tropical climates.

**Factors contributing to overall market growth or decline**

- Ability of Australian manufacturing to compete with imported finished products;
- Availability of capital for infrastructure spending – govt and private;
- Global and domestic economic conditions (GDP, unemployment, inflation, interest rates);
- Global and domestic business and consumer confidence;

Global demand for raw materials e.g mining sector;  
 Government policy e.g solar rebates, RECs (Renewable Energy Certificates).

#### Government regulation

Standards – international manufacturers do not always manufacture to the same standards as Australian manufacturers. This is commonly not understood until installation;  
 Policy – carbon credits;  
 Rebates – confidence that program will last.

#### Developments in technology affecting either demand or production;

Not significant

#### Short Term Pricing Volatility

Can influence purchasing decision on inventory levels;  
 More evident in the indirect and pipe and tube channels;  
 Influenced via global steel capacity utilisation;  
 Has a seasonal element;  
 Cost and availability of global freight.

#### (vi) The way in which the imported and Australian products compete

All customers have the opportunity to purchase imported material either

- Direct from the overseas mill;
- via an international trader;
- via an aligned / non-aligned Australian based stockiest / reseller.

### 3. **Identify if there are any commercially significant market substitutes for the Australian and imported product.**

The following products may be substitutes:

- Inter-material (Galvanised steel for HRC)
- Intra-material (HRC for other substitutable products)
  - Finished or semi-finished imported goods
    - Imported galvanised pipe vs HRC for manufacture of galvanised pipe
    - Imported hot water storage vs Australian manufactured from HRC feed
  - Plastic pipe

Despite the identified substitutes, HRC steel is considered by end-users as a fit-for-purpose product that is better suited to the identified key applications than alternate substitutes.

### 4. **Complete appendix A1 (Australian production). This data is used to support your declaration at the beginning of this application.**

BlueScope has completed Confidential Appendix A1 for the twelve months to 31 March 2012. Please refer to Confidential Appendix A1.

### 5. **Complete appendix A2 (Australian market).**

BlueScope has completed Confidential Appendix A2 on a quarterly basis from 1 July 2008 to 31 March 2012 inclusive. Please refer to Confidential Appendix A2.

6. Use the data from **appendix A2** (Australian market) to complete this table:

Indexed table of sales quantities\*

Financial Year	(a) Your Sales	(b) Other Aust <sup>n</sup> Sales	(c) Total Aust <sup>n</sup> Sales (a+b)	(d) Dumped Imports	(e) Other Imports	(f) Total Imports (d+e)	(g) Total Market (c+f)
2008/09	100	100	100	100	100	100	100
2009/10	84.7	100	84.7	85.0	50.3	69.3	81.3
2010/11	90.4	100	90.4	135.0	50.4	96.7	91.8
2011/12	78.9	100	78.9	104.9	36.6	74.0	77.8

**Notes:**

1. Data in above Table is for twelve months to 31 March.
2. Data for imports does not include imports from Malaysia for February and March 2012, or March 2012 for Taiwan was not available from export data at time of lodgement of application.
3. BlueScope is the sole Australian manufacturer of the Goods.
4. BlueScope imported some small quantities of the Goods in financial year July 2009, and has not made any importations since.
5. Dumped imports include Taiwan, Korea, Japan and Malaysia.
6. Other imports includes China, New Zealand and other source countries.

The Australian market for HRC was adversely affected by a reduction in demand in 2009/10 attributable to the global economic slowdown. BlueScope's HRC sales volumes contracted, along with demand across the Australian HRC market.

Market demand recovered in 2010/11 (albeit not to the same levels as pre-2009). Imported HRC from the dumped source countries increased by 59 per cent in 2010/11 over 2009/10 levels, whereas BlueScope's sales volumes increased by only 7 percent.

The growth in the dumped imports, therefore, occurred in 2010/11 with BlueScope experiencing reductions in sales volumes in 2011/12.

**A-5 Applicant's sales.**1. Complete **appendix A3** (sales turnover).

BlueScope has completed Confidential Appendix A3. Separate schedules have been completed for the Port Kembla Steel Works and the Western Port facility, as well as aggregated data.

Indexed data from Confidential Appendix A3 for the Like Goods (quantity and value) has been included below.

2. Use the data from **appendix A3** (sales turnover) to complete these tables.

BlueScope has completed the tables below from data included in its Confidential Appendix A3.

Indexed table of Applicant's sales quantities\*

Quantity	2008/09	2009/10	2010/11	2011/12
<b>All Products</b>				
Australian market	100	86.11	94.22	87.20
Export market	100	119.52	159.39	102.60
<b>Total</b>	100	100.05	121.40	93.62

Quantity	2008/09	2009/10	2010/11	2011/12
<b>Like goods</b>				
Australian market	100	84.68	90.45	78.92
Export market	100	103.00	155.65	99.30
<b>Total</b>	100	94.72	126.17	90.09

**Notes:**

1. Data provided on 12 month basis to 31 March.
2. Refer to Consolidated Appendix A3 for data.

*Indexed table of Applicant's sales values\**

Values	2008/09	2009/10	2010/11	2011/12
<b>All products</b>				
Australian market	100	74.70	80.08	73.87
Export market	100	64.43	109.31	72.28
<b>Total</b>	100	71.20	90.03	73.33

Values	2008/09	2009/10	2010/11	2011/12
<b>Like goods</b>				
Australian market	100	64.44	71.06	60.57
Export market	100	59.00	106.38	68.59
<b>Total</b>	100	61.64	89.25	64.70

**Notes:**

1. Data provided on 12 month basis to 31 March.
2. Refer to Confidential Appendix A3 for data;

As indicated above, BlueScope's domestic sales quantities and revenues for the GUC have declined in 2011/12 as BlueScope has sought to respond to dumped exports of HRC from Korea, Taiwan, Japan and Malaysia.

**Complete appendix A5 (sales of other production) if you have made any:**

- internal transfers; or
- domestic sales of like goods that you have not produced, for example if you have imported the product or on-sold purchases from another Australian manufacturer.

Confidential Appendix A5 has been completed by BlueScope. BlueScope has internal transfers of HRC to its coated businesses, for further manufacture before sale. Please refer Confidential Appendix A5.

**3. Complete appendix A4 (domestic sales).**

BlueScope has completed Confidential Appendix A4 for the twelve months to 31 March 2012. Please refer to confidential sales data provided by BlueScope.

**4. If any of the customers listed at appendix A4 (domestic sales) are associated with your business, provide details of the association. Describe the price effect of the association.**

BlueScope sells the GUC through owned, related and unrelated parties in the Australian domestic market. BlueScope Distribution Pty Ltd is the only owned or related domestic customer for HRC steel.

The approach [REDACTED]

[REDACTED] (pricing mechanisms)

5. Attach a copy of distributor or agency agreements/contracts.

BlueScope [REDACTED] (sales agreements) which is included in Confidential Attachment A-5.5.

6. Provide copies of any price lists.

BlueScope has [REDACTED] (price list descriptions) Please find attached examples of a BlueScope price list at Confidential Attachment A-5.6 (for Pipe & Tube, and Distributor segments).

7. If any price reductions (for example commissions, discounts, rebates, allowances and credit notes) have been made on your Australian sales of like goods provide a description and explain the terms and conditions that must be met by the customer to qualify.

- Where the reduction is not identified on the sales invoice, explain how you calculated the amounts shown in appendix A4 (domestic sales).
- If you have issued credit notes (directly or indirectly) provide details if the credited amount has not been reported appendix A4 (domestic sales) as a discount or rebate.

BlueScope [REDACTED] (description of rebate mechanisms)

9. Select two domestic sales in each quarter of the data supplied in appendix A4 (domestic sales). Provide a complete set of commercial documentation for these sales. Include, for example, purchase order, order acceptance, commercial invoice, discounts or rebates applicable, credit/debit notes, long or short term contract of sale, inland freight contract, and bank documentation showing proof of payment.

BlueScope has included two complete sets of commercial documentation in each of the four quarters to 31 March 2012. Please refer to Confidential Attachment A-5.9 for BlueScope commercial documentation.

**A-6 General accounting/administration information.****1. Specify your accounting period.**

BlueScope's financial year is 1 July to 30 June.

**2. Provide details of the address(es) where your financial records are held.**

BlueScope's financial records for the Goods are located at the premises nominated at Section A-1 above.

**3. To the extent relevant to the application, please provide the following financial documents for the two most recently completed financial years plus any subsequent statements:**

- **chart of accounts;**

BlueScope's Chart of Accounts has been provided electronically with this application.

- **audited consolidated and unconsolidated financial statements (including all footnotes and the auditor's opinion);**

BlueScope's audited consolidated accounts are included in the company's annual report. These are available from BlueScope's website at [www.bluescopesteel.com](http://www.bluescopesteel.com)

- **internal financial statements, income statements (profit and loss reports), or management accounts, that are prepared and maintained in the normal course of business for the goods.**

*These documents should relate to:*

1. **the division or section/s of your business responsible for the production and sale of the goods covered by the application, and**
2. **the company overall.**

BlueScope has also included monthly management report extracts at Confidential Attachment A-6.3.

**4. If your accounts are not audited, provide the unaudited financial statements for the two most recently completed financial years, together with your taxation returns. Any subsequent monthly, quarterly or half yearly statements should also be provided.**

BlueScope's accounts are audited annually. This question is therefore not applicable.

**5. If your accounting practices, or aspects of your practices, differ from Australian generally accepted accounting principles, provide details.**

The accounting practices of BlueScope are maintained in accordance with Australia's generally accepted accounting principles.

**6. Describe your accounting methodology, where applicable, for:**

BlueScope's accounting methodology complies with the Australian Accounting Standards issued by the Australian Accounting Standards Board (AASB) and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). Further detailed information can be sourced from BlueScope's full financial report that can be accessed on the internet at [www.bluescopesteel.com](http://www.bluescopesteel.com)

- **The recognition/timing of income, and the impact of discounts, rebates, sales returns warranty claims and intercompany transfers;**

Revenue is recognised when the significant risks and reward of the ownership of the goods have passed to the buyer. This is considered to have occurred when the legal title of the product is transferred to the customer and the Group is no longer responsible for the

product. The point at which title is transferred is dependent upon the specific terms and conditions of the contract under the sale.

Sales discounts are recognised at invoice date. Rebates and warranty claims are provided for on a monthly basis. Sales returns are recognised once the goods have been receipted into BlueScope inventory.

- **provisions for bad or doubtful debts;**

Collectability of trade receivables are reviewed regularly. Debts which are known to be uncollectable are written off by reducing the carrying amount directly.

- **the accounting treatment of general expenses and/or interest and the extent to which these are allocated to the cost of goods;**

General expenses are allocated on an absorption cost basis.

- **costing methods (eg by tonnes, units, revenue, activity, direct costs etc) and allocation of costs shared with other goods or processes;**

BlueScope's mainstream costing system is designed to enable:

- Actual process costs to be reported monthly;
- Cost detail as low as the cost element level;
- Actual fully absorbed product cost per unit of output (e.g. per tonne) at a minimum of product group level. Where a standard costing system is adopted, standard product costs updated for significant changes in process cost are utilised;
- Product costs to be broken down into components such as feed, conversion costs, yield, depreciation, support costs, etc; as well as
- The distinguishing of the underlying behavior of costs (e.g. fixed, variable, cash, non-cash).

- **the method of valuation for inventories of raw material, work-in-process, and finished goods (eg FIFO, weighted average cost);**

Raw materials and stores, work in progress and finished goods, are stated at the lower of cost and net realisable value.

- **valuation methods for scrap, by-products, or joint products;**

The lower of cost and net realisable value.

- **valuation methods for damaged or sub-standard goods generated at the various stages of production;**

The lower of cost and net realisable value.

- **valuation and revaluation of fixed assets;**

Regular purchases and sales of financial assets are recognised on trade-date - the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

- **average useful life for each class of production equipment, the depreciation method**



and depreciation rate used for each;

Depreciation on assets other than land is calculated on a straight-line basis to allocate their cost over their estimated useful lives. The estimated useful lives of property, plant and equipment are as follows:

Buildings - up to 40 years.

Plant, machinery and equipment – up to 40 years.

- **treatment of foreign exchange gains and losses arising from transactions and from the translation of balance sheet items; and**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Translation differences on available-for-sale financial assets are included in equity until such time as the available-for-sale asset is sold and the translated amount is reported in the profit and loss.

- **restructuring costs, costs of plant closure, expenses for idle equipment and/or plant shut-downs.**

Liabilities arising directly from undertaking a restructuring program, defined as the closure of an operation, are recognised when a detailed plan of the restructuring activity has been developed and implementation of the restructuring program as planned has commenced.

7. **If the accounting methods used by your company have changed over the period covered by your application please provide an explanation of the changes, the date of change, and the reasons.**

The accounting and financial practices/principles of BlueScope complies with the Australian Accounting Standards issued by the Australian Accounting Standards Board (AASB) and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

BlueScope's 2010 Annual Report included a note in relation to a change in accounting policy following the introduction of revised *AASB 127 Consolidated and Separate Financial Statements*, became operative on 1 July 2009.

Please refer to Note 1 (v) of Summary of Significant Accounting Policies in the BlueScope 2010 Annual Report.

**A-7 Cost information**

1. Complete appendices A6.1 and A6.2 (cost to make and sell) for domestic and export sales.

BlueScope has completed Confidential Appendices A6.1 (for domestic sales) and A6.2 (for export sales) for the period 1 July 2008 to 31 March 2012. Please refer to Confidential Appendices A6.1 and A6.2.

**A-8 Injury**

1. Estimate the date when the material injury from dumped imports commenced.

BlueScope estimates that material injury from the allegedly dumped and subsidised exports commenced during 2010/11. BlueScope has experienced further injury in 2011/12 as the allegedly dumped imports have undercut BlueScope's selling prices resulting in price depression, price suppression, and reduced profits and profitability.

2. Using the data from appendix A6 (cost to make and sell), complete the following tables for each model and grade of your production.

*Index of production variations (metric tonnes)*

Year	2008/09	2009/10	2010/11	2011/12
Index	100	96.1	101.2	106.4

**Notes:**

- Data provided on twelve months to 31 March basis.
- Production rates based upon Appendix A6.1 data for all grades of HRC manufactured at BlueScope's two production sites.

BlueScope's production data reflects total production of HRC (including internal transfers and exports) from 2008/09 to 2011/12.

*Index of cost variations (based on A\$ per metric tonne)*

Year	2008/09	2009/10	2010/11	2011/12
Index	100	86.47	92.26	102.58

**Notes:**

- Data provided on twelve months to 31 March basis.
- Unit cost variations based upon Appendix A6.1 data for both BlueScope HRC mills.

In 2011/12, BlueScope has experienced an increase in unit cost-to-make-and-sell ("CTM&S") exceeding 10 per cent. This cost increase has been "normalised" to exclude the fixed costs associated with the reduction in production capacity (closure of #6 blast furnace, Westernport HSM and associated plant and equipment) for export-destined HRC.

*Index of price variations (based on A\$ per metric tonne)*

Year	2008/09	2009/10	2010/11	2011/12
Index	100	76.50	79.26	77.42

**Notes:**

- Data provided on a twelve months to 31 March basis.
- Unit price variations based upon Appendix A6.1 data for both BlueScope HRC mills.

BlueScope's average selling price for locally produced HRC has declined in 2011/12 by two percentage points as average CTM&S HRC has increased by more than 10 per cent.

*Index of profit variations (based on A\$ per metric tonne)*

Year	2008/09	2009/10	2010/11	2011/12
Index	100	33.37	23.05	-31.42

**Notes:**

1. Data provided on a twelve months to 31 March basis.
2. Profit variations based upon aggregated Appendix A6.1 unit profit data.

BlueScope's unit profit per tonne on domestic HRC sales has declined sharply in 2011/12, after excluding write-downs associated with production capacity withdrawals associated with HRC exports.

*Index of Profitability variations (based on unit profit as a % of unit selling price)*

Year	2008/09	2009/10	2010/11	2011/12
Index	100	43.63	29.08	-40.58

**Notes:**

1. Data provided on a twelve months to 31 March basis.
2. Profitability variations based upon % return on sales.

BlueScope's return on sales in 2011/12 reflects the trend of unit profit per tonne, as BlueScope's margin has been eroded during this period as it responds to dumped import prices from the countries nominated in this application.

**3. Complete appendix A7 (other economic factors).**

*Index of Revenue variations (\$)*

Year	2008/09	2009/10	2010/11	2011/12
Index	100	64.44	71.06	60.57

**Notes:**

1. Data provided on a twelve months to 31 March basis.
2. Revenues sourced from Appendix A6.1 – sales revenues for like goods.

BlueScope's domestic HRC revenues have declined in 2011/12 by almost 10 per cent.

*Index of Employment numbers (number)*

Year	2008/09	2009/10	2010/11	2011/12
Index	100	91.9	87.6	64.2

**Notes:**

1. Data provided on a calendar year basis.
2. Employment numbers sourced from Appendix A7.
3. The Westernport Hot Strip Mill was closed in 2011/12

BlueScope's employment numbers directly involved in the manufacture of the GUC have declined by 36 per cent since 2008.

*Index of Capacity Utilisation (metric tonnes per annum)*

Year	2008/09	2009/10	2010/11	2011/12
Index	100	84.8	102.5	100.6

**Notes:**

1. Data provided on a twelve month to 31 March basis.
2. Production data for both domestic and export, sourced from Appendix A7.

BlueScope has reflected actual production (domestic and export) for like goods in the above table, that also takes account of a reduction in installed capacity during 2011/12.

*Index of Return On Investment (return on assets employed)*

Year	2008/09	2009/10	2010/11	2011/12
Index - PKSW	100	25.0	-5.0	-16.7
Index- Western Port	100	-133.3	183.0	0

**Notes:**

1. Data provided on a twelve month to 31 March basis.
2. Return on investment for each HRC production facility operated by BlueScope – Port Kembla Steel Works and Western Port.

BlueScope has experienced a reduction in return on investment at both its HRC production facilities in 2011/12.

## A-9 Link between injury and dumped imports.

To establish grounds to initiate an investigation there must be evidence of a relationship between the injury and the alleged dumping. This section provides for an applicant to analyse the data provided in the application to establish this link. It is not necessary that injury be shown for each economic indicator.

1. Identify from the data at appendix A2 (Australian market) the influence of the volume of dumped imports on your quarterly sales volume and market share.

In 2008/09 BlueScope held approximately 78.0 per cent of the Australian HRC market. The dumped HRC exports from Taiwan, Korea, Japan and Malaysia held 12.1 per cent of the Australian market. The balance of the market was held by exports from China, New Zealand and other minor exporting countries.

The HRC market contracted in 2009/10, with all suppliers experiencing reduced demand (of levels up to 20 per cent).

The Australian HRC market recovered in 2010/11, with BlueScope's sales recovering 7 per cent on 2009/10 volumes, although some 10 per cent below 2008/09 sales volumes. BlueScope's market share in 2009/10 was 76.8 per cent – down on 2008/09 levels. Exports from the nominated countries increased 59 per cent during 2010/11 – and were 35 per cent above 2008/09 levels. The dumped exports held 17.7 per cent of the Australian HRC market in 2010/11 – an increase of 5.6 per cent over 2008/09.

In 2011/12, BlueScope's sales volumes declined by approximately 13 per cent. However, BlueScope's sales volume in 2011/12 was 21 per cent below 2008/09 levels, whereas the 2011/12 export volumes from Taiwan, Korea, Japan and Malaysia were 5.0 per cent above 2008/09 levels.

Due to the contraction of the size of the Australian HRC market in 2011/12, BlueScope's market share had improved slightly above the level of 2010/11, with the dumped exports accounting for 16.3 per cent (up from 12.1 per cent in 2008/09).

2. Use the data at appendix A2 (Australian market) to show the influence of the price of dumped imports on your quarterly prices, profits and profitability provided at appendix A6.1 (costs to make and sell). If appropriate, refer to any price undercutting and price depression evident in the market.

BlueScope has outlined at A-9.1 above that it has lost overall sales volumes since 2008/09, whereas the allegedly dumped exports from Taiwan, Korea, Japan and Malaysia have, in aggregate, increased overall since that year by 4 per cent, with a significant growth in the dumped imports evident in 2010/11.

BlueScope has sought to hold market share where possible and meet import parity offers of competitive HRC imports (from the nominated countries). The impact of meeting import offers for dumped HRC from Taiwan, Korea, Japan and Malaysia has contributed to BlueScope experiencing further price depression in 2011/12 (following from a slight price recovery in 2010/11).

BlueScope has responded to import offers for HRC at prices that initially undercut BlueScope's selling prices. However, as BlueScope's objective was to maintain sales volumes and market share, it reduced its net selling prices to the levels of the competitive offers to retain business.

An analysis of BlueScope's summary of HRC competitive offers (refer Confidential Attachment A-9.2.1 - [REDACTED] (product description) confirms that the competitive offers for imported HRC from Taiwan and Korea were generally priced at the same level as BlueScope's net

selling price (for base grade HRC). BlueScope's net selling price is determined following customer negotiations and is therefore reflective of the competitive price offers that were available for supply in the nominated month.

BlueScope has included details of negotiations for HRC supply with a customer for the April to June 2011 quarter and subsequent, confirming BlueScope reduced prices in response to imported HRC (Refer Confidential Attachment A-9.2.2).

A segment of the HRC market that BlueScope has responded to dumped pricing is the local pipe and tube market. BlueScope understands that the two Japanese HRC suppliers – JFE and NSC – have supplied HRC to the Australian pipe and tube manufacturers during 2011/12. BlueScope has reduced its net selling price to customers in this market segment to maintain sales volumes and market share. In the July to December 2011 period, import offers of Japanese HRC at the FIS level were approximately US\$150 per metric tonne below BlueScope's benchmark price for 2.95 x 1200 product (i.e. price undercutting of 16 per cent).

BlueScope has also experienced price undercutting in the distributor segment of the HRC market. Price offers for imports at levels up to 20 per cent have necessitated BlueScope to reduce its selling price through the provision of discounts. Please refer to Confidential Attachment A-9.2.3 for supporting evidence of price reductions at certain BlueScope distributors to compete with the dumped imports.

The impact of the price undercutting by exporters in Taiwan, Korea, Japan and Malaysia has necessitated that BlueScope respond with price reductions (i.e. price depression) to maintain sales volumes and market share, thereby resulting a diminution of profit and profitability.

BlueScope considers the evidence included with this application supports a strong correlation of dumped import volumes from Taiwan, Korea, Japan and Malaysia and a deterioration of BlueScope's selling price, and erosion of profit and profitability.

3. Compare the data at appendix A2 (Australian market) to identify the influence of dumped imports on your quarterly costs to make and sell at appendix A6.1 (for example refer to changes in unit fixed costs or the ability to raise prices in response to material cost increases).

Section A-8.2 above demonstrates that BlueScope incurred cost increases in its CTM&S HRC during 2011/12. Cost increases in HRC production and selling expenses exceeded 10 per cent in 2011/12, as prices retreated by 2 per cent.

The price suppression experienced by BlueScope in 2011/12 has been as a consequence of increased costs to make and sell HRC coinciding with declining prices. This erosion of BlueScope's margin has led to a deterioration in profits and profitability for the HRC business. The margin erosion can be directly linked to BlueScope responding to pricing offers for dumped imports from Taiwan, Korea, Japan and Malaysia – as supported in evidence supplied at Confidential Attachments A-9.2.1 and A-9.2.2.

BlueScope anticipates that it will experience further price suppression as offers for imported HRC from the nominated countries continue to undercut BlueScope's selling price and exporters seek to increase supply to the Australian market, due to lack lustre demand in home markets.

4. The quantity and prices of dumped imported goods may affect various economic factors relevant to an Australian industry. These include, amongst other things, the return on investment in an industry, cash flow, the number of persons employed and their wages, the ability to raise capital, and the level of investment in the industry. Describe, as appropriate, the effect of dumped imports on these factors and where applicable use references to the data you have provided at appendix A7 (other economic factors). If factors other than those listed at appendix A7 (other economic factors) are relevant, include discussion of those in response to this question.

The impact of the dumped HRC exports from Taiwan, Korea, Japan and Malaysia is evident in a