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Mr Geoff Gleeson
Director Operations 1
Anti-Dumping Commission
1010 La Trobe Street
Melbourne VIC 3008

**Accelerated review in respect of zinc coated galvanised steel exported
by Jiangyin Zongcheng Steel Co., Ltd**

Dear Mr Gleeson

As you are aware, I represent Zongcheng Steel Co., Ltd (Zongcheng) as a new exporter, in its request for an accelerated review of the measures applying to galvanised steel exported from the People's Republic of China (China).

Background

In its application for review, Zongcheng proposed that the Anti-Dumping Commission (the Commission) use published South East Asia CFR import prices or India FOB export prices as a reasonable benchmark for the replacement of Zongcheng's hot-rolled coil (HRC) costs. This follows the Commission's earlier findings in Report No. 190¹ in respect of galvanised steel that:

- a market situation existed in the domestic market for galvanised steel in China such that selling prices in that market are not suitable for normal value purposes, and
- the cost of HRC in the Chinese exporters' records do not reasonably reflect competitive market costs.

¹ Report 190 – Galvanised Steel and Aluminium zinc coated steel – China, Korea and Taiwan; April 2013; page 10.

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Zongcheng's application also pointed to the lack of contemporary verified HRC information from countries previously used by the Commission, being Korea and Taiwan. However, following lodgement of Zongcheng's application, the Commission notified the initiation of a review of measures on galvanised steel pursuant to an application by the Korean exporter, Dongbu Steel Co., Ltd (Dongbu).

Zongcheng also notes that at the time of lodgement of its application, an investigation was underway into the alleged dumping of galvanised steel exported from India and the Socialist Republic of Vietnam (Vietnam).

Published HRC prices

Zongcheng reiterates its earlier view that published steel prices should be the primary and preferred source of information in instances where the Commission decides to replace exporter's production costs following a market situation finding. Published prices provide a more transparent basis for exporters to regularly adjust prospective domestic and export prices as a means of ensuring that goods are not exported to Australia at dumped prices.

In these circumstances, Zongcheng submits that "SteelFirst", a Metal Bulletin product, is a reliable source of HRC pricing information. For the purposes of establishing a constructed normal value, Zongcheng submits that an appropriate HRC benchmark would be South East Asia CFR import prices or India FOB export prices. Adjustments may be necessary to ensure a proper comparison and replacement of Zongcheng's actual purchased HRC costs.

Zongcheng notes that Bluescope Steel Limited (Bluescope) has previously submitted² that MEPS monthly newsletters are a reliable source for HRC prices.

India and Vietnam HRC costs

In the current dumping investigation (Case 249) into galvanised steel exported from India and Vietnam, Zongcheng notes that the following exporters have submitted completed exporter questionnaire responses:

- Essar Steel India Ltd (India)
- JSW Steel Ltd (India)
- POSCO Maharashtra Steel Private Ltd (India)
- Uttam Galva Steels Ltd (India)
- Hoa Sen Group (Vietnam)
- Nam Kim Steel Joint Stock Company (Vietnam).

² Zinc coated (galvanised) steel and aluminium zinc coated steel exported from China by South Polar Lights Steel (Shanghai) Co., Ltd; Electronic Public Record No. 4; page 2.

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In the event the Commission was not inclined to use published HRC prices, Zongcheng considers that the HRC costs from the Indian and Vietnamese exporters list above would provide an appropriate benchmark for the following reasons:

1. The investigation period for Case 249 and Zongcheng's review period are identical, being 1 July 2013 to June 2014. This ensures that HRC costs across the numerous exporters can be properly compared against Zongcheng's HRC costs;
2. Like China, India and Vietnam are market economy countries with comparable levels of economic development. This would ensure that the benchmark represents a market price in a comparable "surrogate" country;
3. Subject to the Commission's resourcing constraints, it is possible that HRC costs of Indian and Vietnamese exporters may be verified prior to the Commission finalising its report and recommendations for the accelerated review; and
4. The calculation of weighted average HRC costs using information from Indian and Vietnamese exporters would mitigate the impact of irregular or outlier transactions and comfortably address any potential confidentiality concerns by the relevant exporters.

Korea HRC costs

Zongcheng considers that HRC costs submitted by Dongbu in Korea as part of the current review of measures (Case 273) would not provide the most reasonable and appropriate benchmark to Zongcheng's HRC costs. The issues of concern with using Dongbu's costing information are:

1. The review period for Case 273 of 1 October 2013 to 30 September 2014 differs to the nominated review period for Zongcheng's accelerated review;
2. The Commission is unlikely to receive Dongbu's exporter questionnaire response prior to 10 December 2014, the closing date for submissions. As a result, it is highly unlikely that Dongbu's costing information will be verified prior to 21 January 2015, when the Commission is due to finalise Zongcheng's review report and recommendations to the Minister;
3. The use of benchmark HRC costs from a single exporter may magnify the impact of outlier transactions or factors particular to that domestic market; and
4. The use of Dongbu's HRC costs alone would likely generate legitimate confidentiality concerns for Dongbu.

Preliminary findings

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Zongcheng understands that due to the expedited 100 day timeframe for the completion of the accelerated review, the Commission is not required to publish preliminary findings prior to finalising its report and recommendations. However given the importance of the HRC benchmark determination (HRC costs represent approximately 85%-90% of the determined normal value), and in the interests of transparency, Zongcheng respectfully requests that the Commission provide interested parties with an understanding of its position prior to finalising its report.

This could be done in the same way the Commission notified interested parties of its policy position in the recently completed accelerated review into canned tomatoes³. This would provide Bluescope, Zongcheng and any other interested parties with a proper opportunity to consider and respond to the Commission's preliminary position.

As is the Commission's normal practice, Zongcheng would also expect the opportunity to review the Commission's calculations of the normal value to ensure the benchmark HRC costs are properly substituted into Zongcheng's production costs.

Yours sincerely

John Bracic

³ Prepared or preserved tomatoes exported from Italy by Calispa S.p.A.; Electronic Public Record No. 5.