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Director Operations 3
Anti-Dumping Commission
GPO Box 1632
Melbourne VIC 3001

Jiangyin Zongcheng Steel – Review of measures applying to exports of galvanised coated steel and aluminium zinc coated steel

Dear Director,

This submission is made on behalf of Jiangyin Zongcheng Steel Co., Ltd (Zongcheng) in response to the submission by Bluescope Steel Limited (Bluescope) dated 8 September 2016. In that submission, Bluescope highlights its concerns surrounding the Commission's model-matching practices and proposes the introduction of a product control numbering system (PCN) similar to that utilised in the US anti-dumping system.

Bluescope submits that where an exporter does not provide information in its questionnaire response in the developed PCN Code format, the exporter must be considered non-cooperative. Zongcheng wishes to highlight that in the questionnaire relevant to its review of galvanised steel and aluminium zinc coated steel, the Commission has not sought to identify or request information according to any such PCN coding system or format. Instead it refers to 'models' and requests that the information be provided for each model or type of good and like good sold during the review period. Therefore, the determination of cooperation must be made on the basis of the questionnaire provided by the Commission.

In any case, Zongcheng notes that the information requested in the domestic and export sales listings, contains all of the relevant characteristics which would enable the Commission to properly identify specific models.

In addition, Zongcheng wishes to make the following broader observations in response to Bluescope's proposed PCN system.

Firstly, it is important to highlight that the model-matching referenced by Bluescope involves '*comparing domestic and export models*' and is used for '*normal values to be ascertained under s.269TAC(1)*'.

Neither of these circumstances apply to Zongcheng's exports of galvanised coated steel or aluminium zinc coated steel as the Commission has determined that domestic sales in China are not suitable for establishing normal values under subsection 269TAC(1) of the *Customs Act 1901* (the Act), due to the determination by the Commission that a market situation existed. Therefore, there are no suitable or relevant domestic sales to be compared or matched with the corresponding export sales.

However, if Bluescope is now suggesting that Zongcheng's domestic selling prices are able to be properly compared with its corresponding export prices, then Zongcheng fully supports Bluescope's views and requests the Commission to base its determination of Zongcheng's normal value on its arms-length domestic sales of like goods in the ordinary course of trade, pursuant to subsection 269TAC(1) of the Act.

Second, in developing the product characteristics that are the basis of the PCNs (or more correctly referred to as CONNUMs), the US investigating authority will regularly solicit comments from petitioners and respondents, seek advice from product experts within Government or refer to previous findings from investigations involving the same or similar products. Developing the PCNs at the outset of the investigation following consultation with interested parties is particularly important to ensure that the investigation process is both transparent and impartial.

Third, following the identification of the PCNs, there must be opportunity for individual exporters to seek individual adjustment to the PCNs, where they are able to demonstrate that the PCNs identified in the questionnaire do not properly or accurately reflect their particular circumstances. For example, in Bluescope's proposed PCN coding system, they identify five categories of coating mass. It should be open to an exporter to demonstrate that its domestic and/or export sales are differentiated on a more detailed basis and request that PCNs be grouped across a greater number of coating mass categories than that identified by Bluescope.

Finally, Zongcheng can confirm that in presenting its sales data to the Commission in previous inquiries in which it has been involved, the information provided contained sufficient detail to properly identify each of the relevant characteristics outlined in Bluescope's PCN coding system. Although as explained early, those sales were regarded as not being suitable to establish normal values as the Commission had determined that the existence of a market situation prevented proper comparison with the corresponding export prices.

Yours sincerely

John Bracic