

PO Box 305, Burwood, Victoria, Australia 3125
Office: Suite 307/737 Burwood Rd., Hawthorn East Vic. 3123
Telephone: +61 3 9882 1652 Mobile: +61 426 268 432
E-mail: dbirrell@steelaus.com.au Web: www.steelaus.com.au

18th October 2012

Director Operations 2
International Trade Remedies Branch
Australian Customs and Border Protection Service
Customs House
5 Constitution Avenue
CANBERRA ACT 2601

Re: Zinc Coated (Galvanised) Steel and Aluminium Zinc Coated Steel exported from the People's Republic of China, the Republic of Korea and Taiwan (ACDN No 2012/40)

Submission – Public File Version

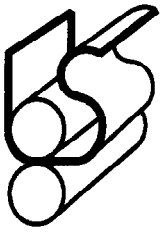
Please find attached the Australian Steel Association Inc submission in response to Australian Customs and Border Protection Services (Customs) investigation into the alleged dumping of Zinc Coated Steel (Galvanised) and Aluminium Zinc Coated Steel exported from the People's Republic of China, the Republic of Korea, and Taiwan following an application lodged by Bluescope Steel Limited (the Applicant).

Summary:

We contend that in regard to the allegations of dumping that the Applicant has not made a clear and substantive case relating the imports of the goods under consideration to the allegations of material injury.

Supporting this claim, we draw attention to the following:

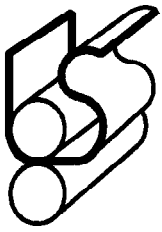
- The Applicant's organisation structure submitted does not clearly reflect the operational and Executive leadership of the Australian & New Zealand operations for the period under investigation distorting the data used as the basis of claim.
- The manufacturing process nominated does not accurately reflect that of the manufacture of the goods under consideration impacting on claims of material injury.
- That the claims are based, not on published import data, but on extrapolations of export data that are inconsistent with published import data.
- Claims of material injury regarding galvanised steel reflect a transference of volume between alternate import sources rather than injury to the Applicant who has, for galvanised steel, had both an increase in volumes and in market share during the period 2008/09 through 2011/12¹



Claims of injury are more attributable to external environmental factors such as the impact of raw materials and internal elements within the control of the Applicant, such as conversion costs and market strategy.

We request that Australian Customs and Border Protection Services consider this Application an issue of competition within the Australian market. Any application of duties will deliver competitive advantage to affiliated downstream business units of the Applicant, due to insulation from prospective increases in input costs, at the expense of independent downstream businesses that rely on independent, competitive supply to retain their international competitiveness relative to the import of fully manufactured goods.

Accordingly we request that the Application for Dumping Duties be terminated forthwith and that consideration of the claims provided be directed to the appropriate statutory authorities.



The Application:

Considering the Application, we offer the following comments:

1. Industry / Company Structure:

- (i) We note the Applicant is the domestic monopoly manufacturer of the goods under consideration
- (ii) We note that the organisation structure submitted does not reflect the operations of the Applicant as at 30 June 2012

Since March 2011, prior to period under investigation, the organisational structure of the Applicant has included Australian & New Zealand operations as part of the one business unit

This impacts the accuracy of the 'Your Sales' data tabled in the Application

- (iii) In addition to downstream Affiliates noted in the Application²:

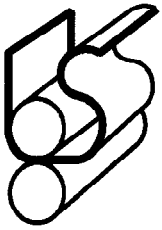
- Lysaght Building Solutions,
- Bluescope Water,
- Pioneer Water Tanks,
- Highline Limited,
- Bluescope Distribution Pty Ltd
- Bluescope Building Solutions Pty Ltd

attention is drawn to the other affiliate businesses of the Applicant that compete directly with Australian manufacturers who would be adversely impacted by any increase in their input costs due to a dumping finding.

- Ranbuild Shed & Garages
- Charlwood Home Improvements
- Impact Steel (Distribution)
- Lysaght Home Improvements.

- (iv) We note that the manufacturing process described in A-3:6 of the Application is not that for galvanised and aluminium zinc coated steel but rather is a sequence of processes related to a range of different, discrete, products.

This inaccurate description of the manufacturing process impacts claims of material injury. By way of example, direct labour engaged in the manufacture of the goods under consideration is in the order of [REDACTED] [staffing] as opposed to the 3100 personnel referred to in the Application³.



- (v) The basis of material injury claims are not from imports into Australia but from export data estimates.
- (vi) These estimated import figures are further distorted by extrapolation to produce full year figures for the period under investigation. This extrapolation is at odds with available published import data.

Accordingly the Australian Steel Association submits that the data tabled in the Application is incongruent with the actual import data for the period under investigation and hence cannot be relied upon for any assessment of material injury.

Material Injury:

Considering the claims of Material Injury as detailed in the Application for Anti-Dumping Duties (Galvanised Steel), we offer the following comments:

Claim 1: Date when injury commenced

Relative position of imported goods between 2008/09 and 2011/12 has followed what a reasonable person would expect would happen in the market conditions that existed. That is:

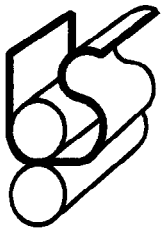
- i/ In the period immediately following the GFC (2009/10), domestic producers in many markets enjoyed increased volumes and share as (new) import supply lines were re-established.
- ii/ During 2010/11 and 2011/12, new supply lines were re-established, replacing old in some instances. This is reflected in the transference of import sources.
- iii/ Overall for the period, an equilibrium has been re-established with the Applicant increasing volumes by 3.2 per cent against a market that has grown by 2.2 per cent (i.e: the Applicant has achieved a modest market share gain).

The above scenario reflects a transference of supply volumes over the nominated period that is consistent with normal market ebbs and flows. We contend that there is nothing in the information provided that supports the ascribing of these market shifts to any allegation of dumping.

Claim 2: Cost to Make & Sell

The data provided in the Application indicates an almost 20 percent reduction in the cost to make and sell prior to the exit from unprofitable export sales. The Applicant's decision to exit export sales has had a direct impact on sales volumes and a resultant direct impact on the cost to make & sell in 2011/12. This includes increased costs of up [REDACTED] [CTM&S increases]

The Applicant's decision to exit export markets and the resultant impacts on costs to make and sell cannot be attributed to the allegations of dumping.



Claim 3: Price Variations

The Applicant has indicated a reduction in its' average net realisation for galvanised steel in 2011/12 (the period under investigation) by almost five per cent⁴. Galvanised steel is produced by the coating of the base steel with zinc.

The 'almost 5 per cent reduction in realised prices' has been in the context of a [REDACTED] 1HFY2011 and the 2HFY12 and a [REDACTED] during the period under investigation. [other cost reductions]

As the [REDACTED] [business descriptor] domestic producer of the goods under consideration, it is not only desirable, but essential for the retention of a competitive Australian manufacturing sector, that the Applicant be responsive to internationally competitive market forces.

[REDACTED] [Analogous example]

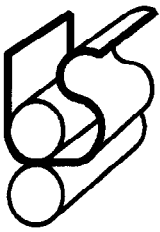
Perversely, the negative consequences on Australian jobs and competitiveness are not addressed, but exacerbated, by increased anti-dumping activity which is at the expense of the manufacturing sector Australia ought to be developing for the future.

Claim 4: Profit Variations.

In the context of:

- (i) Unsubstantiated basis for claims of volume loss indicated.
- (ii) The significant causes of negative EBIT variance for the Applicant for the PUI being raw material costs and conversion costs
- (iii) The positive EBIT impact of Domestic Prices.
- (iv) The major impact of the Applicant's exit from export markets on production capability and costs
- (v) The Applicant's [REDACTED] [descriptor] market strategy [REDACTED] [Impact of Applicant's market strategy on downstream sales]
- (vi) The Applicant's decision to import [REDACTED] manufactured commercial buildings [REDACTED] [Applicant's market strategy]

the Australian Steel Association respectfully challenge the claims of material injury, and if existent, argue that it they are de minimis and inconsequential. Rather the Australian Steel Association contend that any claim of material injury is more appropriately a direct result of the external environment or factors that can be solely ascribed to the unilateral actions of the Applicant.



Other:

We note the additional comments provided in the Part C Supplementary Section and request that in the interests of procedural fairness that consideration of the allegations of dumping take into account:

[REDACTED] [Additional factors for consideration]

Conclusion:

The Australian Steel Association advocate that the data used as the basis of claims of material injury is subject to challenge and cannot be relied upon.

Additionally, we contend that any claim of material injury is more attributable to external environment factors and elements within the control of the Applicant.

Importantly we request Australian Customs and Border Protection, and the Minister, to consider this Application in the context of the broader public interest of affording competitive advantage to the affiliated downstream business units of the Applicant at the expense of the international competitiveness of other independent, downstream Australian manufacturers.



END NOTES:

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- ¹ Application for Anti-Dumping Duties Galvanised Steel; A-4;6Indexed tables of sales quantities; page 15
² Application for Anti-Dumping Duties Galvanised Steel ;A2-6;page 7
³ Application for Anti-Dumping Duties Galvanised Steel ;A-9.7;page 32
⁴ Application for Anti-Dumping Duties Galvanised Steel ;A-8.2;page 27