



BlueScope Steel Limited
 Sirius Building
 Five Islands Road, Port Kembla NSW 2505
 PO Box 1854, Wollongong NSW 2500
 P +61 2 4240 1214 | M +61 412 377 603
 E Chad.Uphill@bluescopesteel.com

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The Director
 Operations 1
 Anti-Dumping Commission
 GPO Box 2013
 Canberra ACT 2601

Public File

Dear Sir/Madam,

Review Investigations No. 385 and 386 – Aluminium Zinc Coated Steel and Zinc Coated (Galvanised) Steel exported from the Republic of Korea by Dongbu Steel Co., Ltd

I. Introduction

I refer to Statement of Essential Facts No. 385 and 386 (“SEF 385 & 386”) concerning aluminium zinc coated steel and zinc coated (galvanised) steel exported from the Republic of Korea (“Korea”) by Dongbu Steel Co., Ltd (“Dongbu”).

As the sole Australian manufacturer of aluminium zinc coated steel and zinc coated (galvanised) steel in Australia, BlueScope Steel Limited (“BlueScope”) comprises the Australian industry for the purposes of the investigations.

II. Model matching

Dongbu has made an application for the review of the variable factors. Dongbu did not export any shipments of aluminium zinc coated steel or zinc coated (galvanised) steel to Australia during the investigation period (1 October 2015 to 30 September 2016). BlueScope notes that, per the absence of exports by the applicant during the investigation period, the Commission was prevented from determining normal values on a model-by-model basis. The Commission stated:

“In the absence of exports to Australia during the review period, the Commission identified appropriate models for calculating the ANV through aligning Dongbu Steel’s PCNs and product descriptors with the relevant tariff classifications as set out in Section 3 of this SEF. ANVs were calculated by using all models which aligned with the tariff classifications and for which Dongbu Steel had made sales within the Korean market during the review period.”

The Commission’s approach does not permit model matching as is preferred by BlueScope, to ensure an accurate alignment of Dongbu’s domestic sales with actual export grades. BlueScope makes the point that the use of the tariff classifications as the basis for model matching represents a very broad and inaccurate basis for dumping margin assessments.

III. Normal values

In the absence of any export prices to Australia for aluminium zinc coated steel or zinc coated (galvanised) steel during the investigation period, normal values determined for Dongbu can only be determined upon Dongbu's domestic selling prices exclusive of any adjustments under subsection 269TAC(8). The absence of exports to Australia does not enable the Minister to determine whether there exists price and/or cost differences between sales of the domestic and export markets (for price comparison purposes), and hence there is an absence of information to reliably determine adjustments under subsection 269TAC(8).

BlueScope submits that due to the absence of export price information for Dongbu during the investigation period, the Commission must determine Dongbu's normal values using the exporter's domestic sales only, as it does not have information available to it demonstrating price and/or cost differentials during the investigation period (as is required under subsection 269TAC(8)).

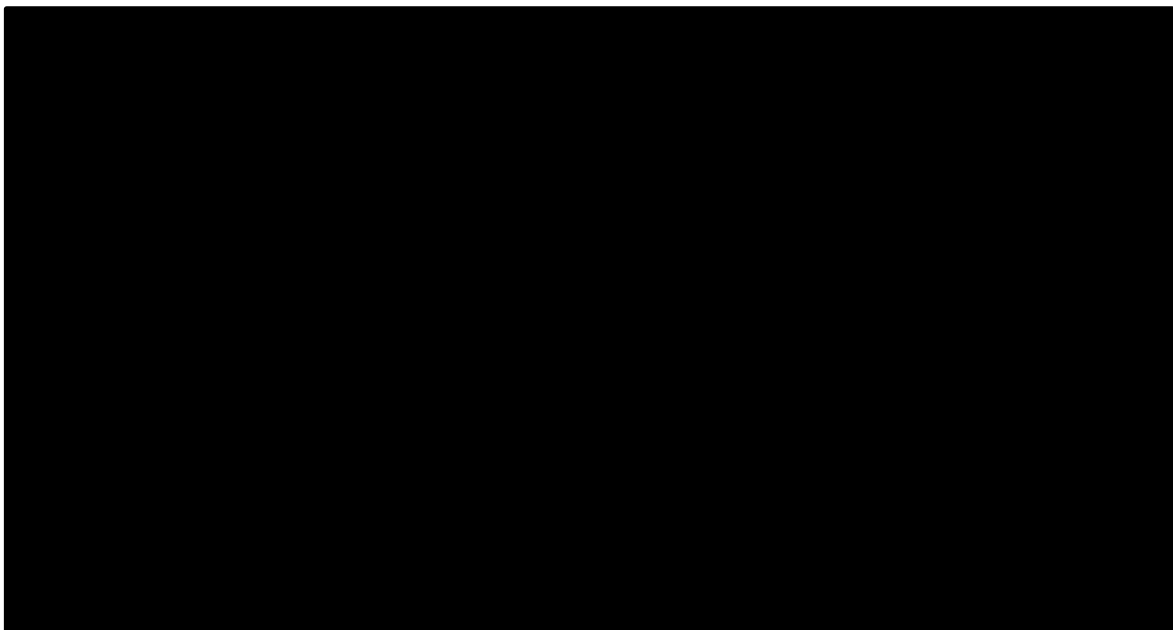
IV. Contemporary pricing information

BlueScope draws to the attention of the Anti-Dumping Commission ("the Commission") recent changes in raw material coking coal and iron ore prices that have contributed to a dramatic rise in the hot rolled coil ("HRC") intermediate product price globally. HRC is the substrate used in the manufacture of aluminium zinc coated steel and zinc coated (Galvanised) steel, the goods the subject of Reviews 385 and 386.

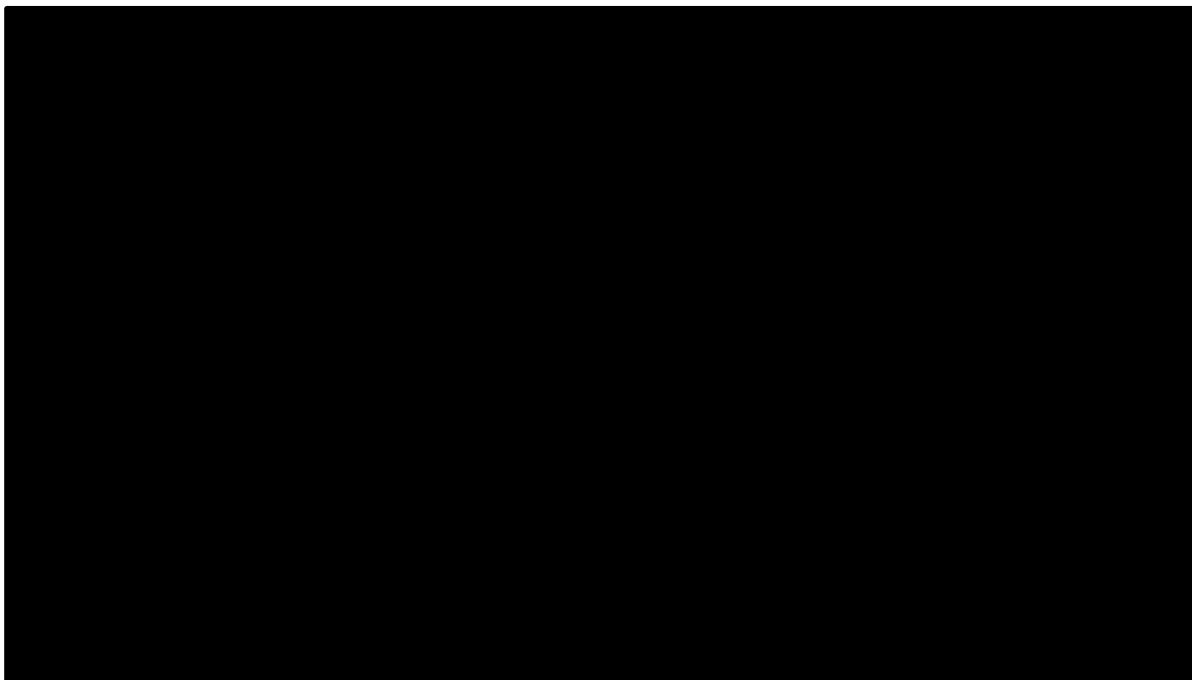
As a consequence of the raw material price increases (including HRC), global selling prices for aluminium zinc coated steel and zinc coated (galvanised) steel have risen substantially following the end of the investigation period. The revised variable factors determined in SEF 385 and 386 do not reflect contemporary prices and, if implemented, would cause material injury to the Australian industry.

BlueScope requests the Commission to recommend revised variable factors to apply to exports by Dongbu that take account of recent HRC price increases (up to and including May 2017) to apply to future exports of aluminium zinc coated steel and zinc coated (galvanised) steel to Australia by Dongbu.

The following graph depicts the change in the Korean domestic HRC during the period of investigation.



The increasing HRC price throughout the period of investigation has influenced the prevailing zinc coated (galvanised) steel price as evidenced in the graph below.



V. Material injury to the Australian industry

In the event the Commission is intending to recommend to the Minister that the variable factors applicable to Dongbu be based upon ANV's, AEPs and non-injurious prices that are based on the investigation period of 1 October 2015 to 30 September 2016, it can now be seen that those variable factors are not contemporary. As a result, the substantial shift in raw material prices (including for HRC) subsequent to the investigation period renders variable factors established for the investigation period unsuitable in preventing material injury to the Australian industry.

BlueScope understands that the Commission has access to steel industry subscription services on pricing trends, including for the period post the investigation (i.e. from 1 October 2016 to May 2017). The Minister is not prevented from taking into account new and relevant information up to the time of the decision to accept or reject the Commission's recommendations¹. The then Customs and Border Protection affirmed the decision to take account of information outside the investigation period².

In light of the exceptional circumstances within this investigation where the upsurge in raw material prices have translated to sharp increases in aluminium zinc coated steel and zinc coated (galvanised) steel prices subsequent to the end of the investigation period, BlueScope is requesting the Commission to recommend to the Minister that variable factors (i.e. normal values) outside the investigation period be included as the basis for revised variable factors in investigations 385 and 386.

Where the Minister does not take account of contemporary prices (as reflected in variable factors to May 2017), any decision to impose revised variable factors based upon the investigation period 1 October 2015 to 30 September 2016 will result in exports to Australia by Dongbu at dumped and injurious levels.

¹ TMRO decision on Report No.188.

² Report No. 209.

The changes in prices for raw materials (including HRC) subsequent to the investigation period have been highlighted with the Commission. BlueScope requests the Commission to include in its recommendations to the Minister in respect of these review investigations 385 and 386 concerning variable factors applicable to the Korean exporter Dongbu to take account of relevant information impacting normal values subsequent to the investigation period (up to and including domestic selling prices in May 2017).

VI. Closing remarks

BlueScope submits that normal values applicable to aluminium zinc coated steel and zinc coated (galvanised) steel for Dongbu should not be the subject of subsection 269TAC(8) adjustments due to the absence of export price information upon which fair comparison assessments are based during the relevant period.

It is further requested by BlueScope that following the dramatic increases in HRC, aluminium zinc coated steel and zinc coated (galvanised) steel prices following the prescribed investigation periods for Investigations 385 and 386, the Commission include in its recommendations to the Minister that information outside the investigation period (i.e. up to and including May 2017) be included in the determination of contemporary variable factors to apply to Dongbu.

If you have any questions concerning this submission, please do not hesitate to contact me on (02) 4240 1214, or BlueScope's representative Mr John O'Connor on (07) 3342 1921.

Yours faithfully,



Chad Uphill
Leader – Trade Affairs