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Mr Geoff Gleeson  
Director, Operations 1  
Anti-Dumping Commission  
GPO Box 1632  
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Email: [operations1@adcommission.gov.au](mailto:operations1@adcommission.gov.au)

Dear Mr Gleeson

### Public File

## Review of measures investigations No. 272 & 273 – Aluminium Zinc Coated Steel and Zinc Coated Galvanised Steel exported from Korea by Dongbu Steel Co Ltd

### Background

BlueScope Steel Limited (“BlueScope”) has reviewed the Statement of Essential Facts (“SEF”) No. 272 and 273 in respect of aluminium zinc coated steel (“aluminium zinc”) and zinc coated galvanised steel (“galvanised steel”) exported from the Republic of Korea (“Korea”) by Dongbu Steel Co. Ltd (“Dongbu”).

The publication of SEFs No. 272 and 273 follows an application by Dongbu that the variable factors applicable to its exports of aluminium zinc and galvanised steel to Australia have changed since the measures were imposed by the Attorney-General based upon an earlier investigation period (i.e. 1 July 2011 to 30 June 2012).

In the original investigation (No. 190) the Attorney-General determined that Dongbu’s exports to Australia were at dumped prices as follows:

- for aluminium zinc – at a margin of 5.8 per cent; and
- for galvanised steel – at a margin of 3.2 per cent.

### Review Findings

The Anti-Dumping Commission (“the Commission”) accepted Dongbu’s 1 October 2014 application for review of the variable factors applicable to its exports of aluminium zinc and galvanised steel. The application claimed that Dongbu had increased its export prices following the imposition of measures. It was further claimed that the Australian industry had not increased its selling prices following the imposition of measures.

The Commission did not conduct a verification of the information contained in Dongbu’s response to an Exporter Questionnaire (“EQ”) forwarded by the Commission. The Commission elected to rely upon the unverified information contained in Dongbu’s EQ response. The acceptance of unverified data for the purposes of establishing new variable factors is an unacceptable risk in seeking to ensure anti-dumping measures are effective and reliable.

BlueScope does not endorse the recently emerged practice of non-verification of data as it can be expected that interested parties will seek to exploit opportunities in EQ responses that will only be “tested” in the event of verification of the data. No penalties apply for the supply of data that is subsequently proven to be incorrect.

BlueScope considers that the non-verification of data for the purposes of establishing normal values, export prices and non-injurious prices for cooperative exporters is an unsafe practice that should not continue.

The Commission’s assessment of Dongbu’s dumping margins in the review investigation period should have alerted the Commission to conduct a verification visit with Dongbu. In the review period, the Commission has determined dumping margins of negative 19.5 per cent for Dongbu’s exports of aluminium zinc to Australia, and negative 2.1 per cent for exports of galvanised steel. The significant difference between the margins for coated steel products that do not have wide disparity in pricing should have alerted the Commission to concerns with Dongbu’s data as supplied in the EQ response.

It is considered unlikely that an exporter could achieve sales in a competitive market (i.e. Australia) with a negative 19.5 per cent dumping margin.

BlueScope would have anticipated a closer alignment of dumping margins for exports of aluminium zinc and galvanised steel by Dongbu during the review period. This is due to the similar nature of costs and prices for the two classes of goods. A more prudent methodology for reviewing the exporter’s normal value could involve movements in the domestic price for the key raw material input hot rolled coil between the two investigation periods. BlueScope, however, is not aware to what extent this information was available to the Commission during the review.

As the Commission is recommending to the Parliamentary Secretary that the non-injurious prices for Dongbu be established at Dongbu’s normal value, there exists an increased reliance on the credibility and accuracy of Dongbu’s normal value. However, Dongbu’s normal value has not been verified or contrasted with the domestic selling prices of other Korean producers of the goods over the review period and it therefore cannot be relied upon with any high degree of confidence.

#### Dongbu’s request

It is noted that Dongbu has requested the Commission to recommend to the Parliamentary Secretary that the effective date for the revised variable factors be the date at which the review investigations were initiated. BlueScope is opposed to delivering a “windfall gain” to the importer of the goods exported by Dongbu that does not pass through, in full, to the customer of the imported goods. Due to the unlikelihood of the customer receiving the full benefit of a refunded interim duty amount, the Commission is requested to recommend to the Parliamentary Secretary that the new variable factors take effect from the date the Report is signed by the Parliamentary Secretary.

#### Closing Remarks

BlueScope holds significant reservations concerning the accuracy of normal values determined for Dongbu – particularly in respect of Dongbu’s normal values for aluminium zinc. Further, BlueScope views the reliance by the Commission of unverified data contained in the EQ response as an “unsafe” precedent for future review inquiries involving the review of the applicable variable factors. The Commission has not sought to discuss possible alternative methodologies for revising the applicable variable factors with BlueScope.

BlueScope does not support the determination of new variable factors based upon unverified information contained in the exporter's EQ response. This establishes a dangerous precedent that will undoubtedly be exploited in future inquiries.

Finally, BlueScope encourages the Commission to recommend to the Parliamentary Secretary that the effective date of the new variable factors is the date at which the revised instruments are signed by the Parliamentary Secretary.

If you have any questions concerning this submission, please do not hesitate to contact me on (02) 4275 3859 (direct), or BlueScope's consultant John O'Connor on (07) 3342 1921.

Yours sincerely

A handwritten signature in blue ink, appearing to read "Alan Gibbs". The signature is fluid and cursive, with the first name "Alan" and the last name "Gibbs" clearly distinguishable.

Alan Gibbs  
Development Manager – International Trade Affairs