



**BlueScope Steel Limited**  
 Sirius Building  
 Five Islands Road, Port Kembla NSW 2505  
 PO Box 1854, Wollongong NSW 2500  
 P +61 2 4275 4638 | M +61 412 377 603  
 E Chad.Uphill@bluescopesteel.com

10 March 2017

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

### Public File

Dear Sir/Madam,

### Re: Review Investigations No. 365, 366, 367, 368, 371, 372, 374, 375 and 376 - BlueScope Steel Limited response to Statement of Essential Facts

#### I. Introduction

I refer to the Statement of Essential Facts ("SEF") applicable in investigation No's 365, 366, 367, 368, 371, 372, 374, 375 and 376 concerning reviews of dumping measures for zinc coated (galvanised steel) and aluminium zinc coated steel exported from the People's Republic of China and Taiwan by:

- Synn Industrial Co., Ltd ("Synn");
- Yieh Phui Enterprise Co., Ltd ("Yieh Phui Enterprise");
- Jiangyin Zongcheng Steel Co., Ltd ("Zongcheng");
- Angang Steel Company ("Angang");
- Yieh Phui (China) Technomaterial Co., Ltd ("Yieh Phui Technomaterial"); and
- Chung Hung Steel Corporation ("Chung Hung").

The review investigations were commenced following the receipt of nine applications on behalf of six exporters between 5 August and 8 September 2016. The applications for review were received on behalf of the applicant exporters as detailed below.

Review No.	Applicant	Goods	Country
365	Jiangyin Zongcheng Steel Co., Ltd	Galvanised steel	China
366	Synn Industrial Co., Ltd	Galvanised steel	Taiwan
367	Jiangyin Zongcheng Steel Co., Ltd	Aluminium zinc coated steel	China
368	Yieh Phui Enterprise Co., Ltd	Galvanised steel	Taiwan
371	Angang Steel Company Limited	Galvanised steel	China
372	Angang Steel Company Limited	Aluminium zinc coated steel	China
374	Yieh Phui Technomaterial Co., Ltd	Galvanised steel	China
375	Yieh Phui Technomaterial Co., Ltd	Aluminium zinc coated steel	China
376	Chung Hung Steel Corporation	Galvanised steel	Taiwan

Exporter-specific rates of anti-dumping duty currently apply to all applicants except Synn Industrial Co., Ltd ("Synn") which attracts the 'all other exporter rate' for galvanised steel exported from Taiwan.

BlueScope Steel Limited (“BlueScope”) manufactures zinc coated (galvanised) steel and aluminium zinc coated steel, and is impacted by the reviews of the variable factors applicable to each exporter.

## II. Like goods

The goods covered by the measures are as follows:

- zinc coated (galvanised) steel:

“flat rolled products of iron and non-alloy steel, of a width less than 600mm and, equal to or greater than 600mm, plated or coated with zinc; and

flat rolled products of alloyed steel, of a width less than 600mm and, equal to or greater than 600mm, plated or coated with zinc exported from:

- China by Angang Steel Co. Ltd or Benxi Iron and Steel (Group) International Economic & Trading Co., or
- Taiwan by Yieh Phui Enterprise Co., Ltd.”

- aluminium zinc coated steel:

*“flat rolled products of iron and non-alloy steel of a width equal to or greater than 600mm, plated or coated with aluminium zinc alloys, not painted whether or not including resin coating.”*

The anti-dumping measures were extended to “alloyed” zinc coated (galvanised) steel following circumvention investigation No.’s 290 and 298 on exports from China by Angang Steel Co Ltd and Benxi Iron and Steel (Group) International Economic & Trading Co., Ltd, and from Taiwan by Yieh Phu Enterprise Co., Ltd.

The “alloyed” zinc coated (galvanised) steel is classified to 7225.92.00 statistical code 38 and 7225.99.00 statistical code 71. All zinc coated (galvanised) steel exported from Taiwan attracts a 5 per cent duty, whereas exports from China attract a 2 per cent rate of duty from 1 January 2017, except for ‘alloyed’ zinc coated (galvanised) steel which attracts a zero rate of duty (effective 1 January 2017).

## III. Verification

BlueScope notes that the Anti-Dumping Commission (“the Commission”) conducted on-site verification visits with Yieh Phui Enterprise, Angang, Yieh Phui Technomaterial and Chung Hung. The Commission did not conduct a verification visit with Synn due to the small volume of exports during the investigation review period.

For Zongcheng, the Commission similarly did not conduct a verification visit as it was in possession of verified galvanised steel sales and CTM&S data for the exporter for the first half of the review period from an earlier duty assessment investigation. The Commission considered the information in its possession from the earlier verification visit and that included in the exporter questionnaire to be reliable for the purposes of the review.

For the purposes of model matching, the Commission made account of the following factors:

- zinc coating range (g/m<sup>2</sup>);

- base metal thickness (mm);
- standard/grade;
- hot rolled coil versus cold rolled coil; and
- prime versus non-prime product.

BlueScope requested that the Commission conduct model-matching on the basis of Product Control Numbers (“PCNs”). The Commission has not adopted the PCN model matching methodology but has taken account of the identified factors that influence price.

#### IV. Export price determinations

The Commission assessed export prices for Zongcheng’s zinc coated (galvanised) steel exports under s.269TAB(1)(a) based upon invoice prices to Australia. As Zongcheng did not export aluminium zinc coated steel during the review period, the Commission has determined export prices under s.269TAB(3) based upon best available information and established export price equal to Zongcheng’s normal value.

Export prices for Synn’s sales of zinc coated (galvanised) steel were assessed under s.269TAB(1)(a).

The Commission determined that Yieh Phui Enterprise’s export sales were sold in Australia at a loss by the importer during the review period. As the losses were substantial and not considered recoverable by the Commission, export prices for Yieh Phui Enterprise were determined under s.269TAC(1)(c) using the deductive export price methodology.

It was established by the Commission that neither Angang or Yieh Phui Technomaterial exported zinc coated (galvanised) steel or aluminium zinc coated steel to Australia during the review period. Export prices were therefore determined by the Commission under s.269TAB(3) at a level equal to the exporter’s normal value.

In respect of Chung Hung, its export prices for zinc coated (galvanised) steel were based upon invoice prices under s.269TAB(1)(a).

#### V. Normal values

##### (a) *Particular market situation – China*

It was determined in Investigation No. 190 that a situation exists in the Chinese domestic market that renders selling prices unsuitable for normal value purposes for sales of zinc coated (galvanised) steel and aluminium zinc coated steel. As such, normal values for Chinese exporters of zinc coated (galvanised) steel and aluminium zinc coated steel were determined under s.269TAC(2)(c) using the exporter’s CTM&S. However, as the exporter’s costs did “not reasonably reflect competitive market costs” due to government influence on the key input hot rolled coil (“HRC”) being sold at artificially low prices, the Commission has referred to a benchmark for substituting an appropriate HRC cost into Chinese exporters’ costs.

The Commission has followed the approach in Investigation No. 190 for the purposes of the nine reviews.

In determining the appropriate benchmark HRC cost to substitute into the Chinese exporters’ CTM&S, the Commission has determined that for the purposes of the reviews applicable to Chinese exporters Zongcheng, Angang and Yieh Phui Technomaterial to base the HRC price on the verified purchase price for HRC from cooperating Taiwanese and Korean (i.e. Dongbu) exporters from the review period.

The Commission has proposed using “the weighted-average domestic HRC price paid by Chung Hung, YP Enterprise, and Dongbu Steel Co., Ltd” (Review Investigations No. 385 and 386).

BlueScope, however, is in disagreement with the Commission's proposed "weighted-average" methodology that utilises the HRC purchase prices of the two Taiwanese exporters, Chung Hung and Yieh Phui Enterprise, and the single Korean exporter, Dongbu. The weighted-average price will reflect a bias toward a Taiwanese HRC price for the period, creating an anomaly with the benchmark determined disproportionately in favour of the Taiwanese HRC prices during the review period. BlueScope submits that the appropriate HRC benchmark must reflect an equal (i.e. 50:50) determination of Taiwanese and Korean domestic HRC prices during the review period for the substituted benchmark to be representative of pricing from two markets (i.e. Taiwan and Korea).

(b) *Taiwan*

Normal values for Yieh Phui Enterprise and Chung Hung have been determined by the Commission under s.269TAC(1) using domestic sales invoice prices. It is assumed by BlueScope that the Commission examined whether any of the sales by the exporter's were at a loss and recoverable within a reasonable period of time.

VI. Adjustments

The Commission has made adjustments to the applicable exporter's normal value to permit a fair comparison with determined export prices. Whereas the majority of adjustments are consistent with typical adjustments made in anti-dumping investigations (e.g. adjustments for domestic and export inland freight, domestic and export credit, domestic and export packaging), BlueScope notes that the Commission has preliminarily granted adjustments to both Synn and Yieh Phui Enterprise's normal values for "the cost of domestic warranty".

The claimed 'cost of domestic warranty' is not a valid adjustment that can be separately identified by the exporter as relating directly to the goods under investigation. The provision of the suggested *domestic warranty* is not legitimate as producers will provide a credit for non-prime or damaged goods. As full credit is provided for non-prime or damaged goods, there can be no additional cost adjustment for an asserted 'warranty' cost that does not exist.

BlueScope requests that the Commission fully investigate whether the exporters Synn and Yieh Phui Enterprise afford customers credit(s) for non-standard (i.e. non-prime) or damaged goods, as product warranties are not consistent with general industry practice.

VII. Form of measures

Section 6.3 of the SEF confirms that the Commissioner proposes to recommend to the Parliamentary Secretary that the form of measure to be applied is that which is consistent with Investigation No. 190. In Investigation No. 190 the Attorney General applied measures on a combination duty basis.

BlueScope supports a consistent methodology for interim dumping duty ("IDD") and considers the combination form of duty to be the most effective in removing the injury that the measures are intended to prevent.

VIII. Conclusions

The SEF on the nine reviews involving exporters in China and Taiwan of zinc coated (galvanised) steel and aluminium zinc coated steel confirms that the variable factors have changed from the levels determined in Investigation No. 190.

Following investigations with exporters in China and Taiwan, the Commission has determined export prices and normal values for the recent review investigation period. BlueScope submits that the following matters impacting normal values determined in China and Taiwan require redress:

- the HRC benchmark for use in the Chinese exporter's CTM&S must reflect a price for domestic Korean and Taiwanese HRC selling prices on an equal basis (not on a weighted average basis that disproportionately favours lower-priced Taiwanese HRC prices); and
- claimed adjustments for domestic warranties by Synn and Yieh Phui Enterprise are not allowable cost adjustments to normal value as industry practice is for damaged goods to attract a credit in the customer's favour.

BlueScope supports the Commissioner's proposed recommendation to the Parliamentary Secretary to apply the combination form of duty consistent with the measures applied in the original investigation No. 190.

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