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Mr Sanja Sharma
Assistant Director
Dumping Operations 3
Anti-Dumping Commission
SAP House, Level 4
CANBERRA ACT 2601

Public File

Dear Mr Sharma

Investigation No. 370 - Zinc coated galvanised steel exported from India, Malaysia and Vietnam – Proposed Unsuppressed Selling Price and Form of Measures

I. Introduction

The Anti-Dumping Commission (“the Commission”) has sought BlueScope Steel Limited’s (“BlueScope”) view as to an appropriate Unsuppressed Selling Price (“USP”) for galvanised steel manufactured and sold in Australia during the 2015/16 investigation period.

The Commission will calculate a non-injurious free-on-board price (“NIP”) from the USP for all exporters from the nominated countries. The NIP may be considered for the application of anti-dumping measures at less than the full margin of dumping (i.e. the Lesser Duty Rule).

BlueScope also submits that interim dumping duties must be applied based upon the combination method to ensure the measures are effective in addressing the injury they are intended to prevent.

II. Basis for a USP

BlueScope notes the practice of the Commission when seeking to calculate a NIP. The Commission’s preferred approach, as outlined in Chapter 23 of the Dumping and Subsidy Manual, when establishing a USP is to consider the following hierarchy:

- industry selling prices at a time unaffected by dumping;
- constructed selling prices; industry cost-to-make-and-sell (“CTM&S”) plus profit, or
- Selling prices of un-dumped goods.

The Australian market for galvanised steel has been impacted by dumping since the 2011/12 year. The Commission’s Report No. 249 confirmed that in the 2013/14 period, BlueScope’s selling prices were impacted by dumping (as well as no dumping). Anti-circumvention Report No. 290 also confirmed that the Australian market has been impacted by circumvention activities of exporters the subject of measures from China and Taiwan.

BlueScope contends that galvanised steel market prices have been influenced by dumping (whether from countries not the subject of measures, or circumvention exports) since the 2011/12 year. As a consequence

BlueScope does not consider that a USP can be established based upon market selling prices unaffected by dumping during the last five year period.

Where it is established that it is unsuitable to use market selling prices for determining a USP, the next preferred alternative is a USP based upon the Australian industry's CTM&S during the investigation period, plus an appropriate level of profit. The Commission has verified BlueScope's CTM&S for the 2015/16 investigation period and established that domestic sales are made at a loss.

BlueScope notes the Commission's available options for determining a reasonable amount for profit to be applied to the verified CTM&S. The options include¹:

- weighted average profit rate (% mark-up) achieved by the industry in the most recent period unaffected by dumping, with a preference for a one-year minimum; or
- profit rate (% mark-up) from the Australian industry's similar category of goods (where the data for a similar category of goods is verified).

BlueScope has demonstrated that galvanised steel market selling prices in Australia have been influenced by dumping since the 2011/12 year. Hence, there is an absence of a period unaffected by dumping over the past five years. In the absence of an appropriate profit mark-up to apply from recent galvanised steel pricing, BlueScope considers that recent pricing for locally manufactured and sold [*product type*] is a suitable source for a mark-up to be applied to galvanised steel costs.

[*Product type details*]

The percentage mark-up in the [*product type*]. Whilst this level of mark-up is below a level that BlueScope considers an adequate return on investment, BlueScope submits that it is a market-determined mark-up that is available from a business in a similar category of goods.

BlueScope therefore proposes a USP for galvanised steel in 2015/16 based upon CTM&S data plus [*product type*].

III. Form of measures

Interim Dumping Duties ("IDD") that currently apply to exports of galvanised steel from China, Korea and Taiwan are based upon the combination method of duties. The Commission can recommend to the Minister that IDD measures be applied in the following forms:

- Combination of fixed and variable duty method;
- Floor price duty method;
- Fixed duty method ; or
- *ad valorem* duty method.

BlueScope does not support IDD being determined upon a fixed duty methodology as export prices may be reduced following the imposition of the measures in order for the duties to be absorbed by the exporter. IDD based upon a floor price are appropriate for non-volatile markets – which is not applicable in the commodity steel industry. For similar reasons applicable to a fixed rate of IDD, *ad valorem* measures are also readily circumvented by the exporter reducing export prices (again, to absorb the measures).

¹ Dumping and Subsidy Manual, P. 130.

BlueScope submits that IDD based upon the combination method are the most effective form of measures to be applied to ensure they are effective in addressing the effects of injurious dumping.

IV. Conclusions

BlueScope recommends that the Minister:

- (a) Determine a USP for galvanised steel based upon CTM&S plus a mark-up derived from [*product type*]; and
- (b) Apply IDD based upon the combination method for injurious exports from India, Malaysia and Vietnam.

If you have any questions concerning this submission, please do not hesitate to contact me on (02) 4275 4638 or BlueScope's representative Mr John O'Connor on (07) 3342 1921.

Yours faithfully

A handwritten signature in black ink, appearing to read 'C Uphill', written in a cursive style.

Chad Uphill
Leader – Trade Affairs