

PUBLIC RECORD

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Galvanised Steel Anti-Dumping

Malaysia ADC Exporter Briefing

30 November 2016

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The Malaysian Economy – CY2015

Calendar Year 2015

- The Malaysian economy grew by **5.0%** in 2015 (2014: 6.0%)
- Supported by the continued expansion of domestic demand (2015: 5.1%; 2014: 5.9%)
- Domestic demand primarily driven by the private sector
- Private consumption:
 - Has been weighed down by weaker sentiment and households adjusting to the rising cost of living
 - But supported by continued income growth and stable labour market conditions
- Private investment:
 - Driven by the manufacturing and service sectors

Calendar Year 2016

- Expected to grow by 4.0%-4.5%
- Domestic demand to continue as the principal driver of growth, sustained primarily by the private sector
- External sector to provide growth support
- All economic sectors (excl. agriculture) expected to expand, with the services and manufacturing sectors remaining the key drivers of overall growth

Source: The Malaysian Iron & Steel Industry Federation

The Malaysian Iron & Steel Industry

- As at 2014, 2,466 companies produced ferrous and non-ferrous products; 67% fabricated steel goods, and 33% basic metals
- The industry engages 186,942 employees and generates investment of RM\$80 billion
- The industry contributes approx. 4% to national GDP
- The average annual sector growth rate from 2016 to 2018 is forecast at 4%
- Malaysia's steel demand is currently 4th largest in ASEAN

Source: The Malaysian Iron & Steel Industry Federation

Malaysia's Exports of Finished Steel Products

- For CY2015, major steel exports were Pipe & Tube (53.5%), Cold Rolled Sheets & Strips (16.7%), Galvanised sheet (7.2%), Bars (4.5%) and other metallic coated steel (4.1%)

Source: The Malaysian Iron & Steel Industry Federation

Malaysia's Steel Export Trend (2008-2015)

- In CY2015, Australia was the largest destination for exports, with total volume of 459,413 metric tonnes (19.6%)

(’000 MT)
0
21

Source: The Malaysian Iron & Steel Industry Federation

Galvanised Steel – Malaysian Mills of Interest

CSC Steel

CSC Steel Holdings Berhad was incorporated in Malaysia on 20 January 2004. After acquiring 100% equity of both CSC Steel Sdn. Bhd. and Group Steel Corporation (M) Sdn Bhd., CSC Steel Holdings was successfully listed on the Main Board of Bursa Malaysia Securities Berhad on 30 December 2004.

The Group's core products are pickled & oiled steel coils (PO), cold rolled steel coils (CR), galvanized steel coils (GI) and pre-painted galvanized steel coils (PPGI).

[www.cscmalaysia.com]

FIW Steel SDN BHD

FIW Steel Sdn Bhd was incorporated on 11th July, 1960 as the first steel related manufacturer in Malaysia in the form of joint venture (Japan and Singapore).

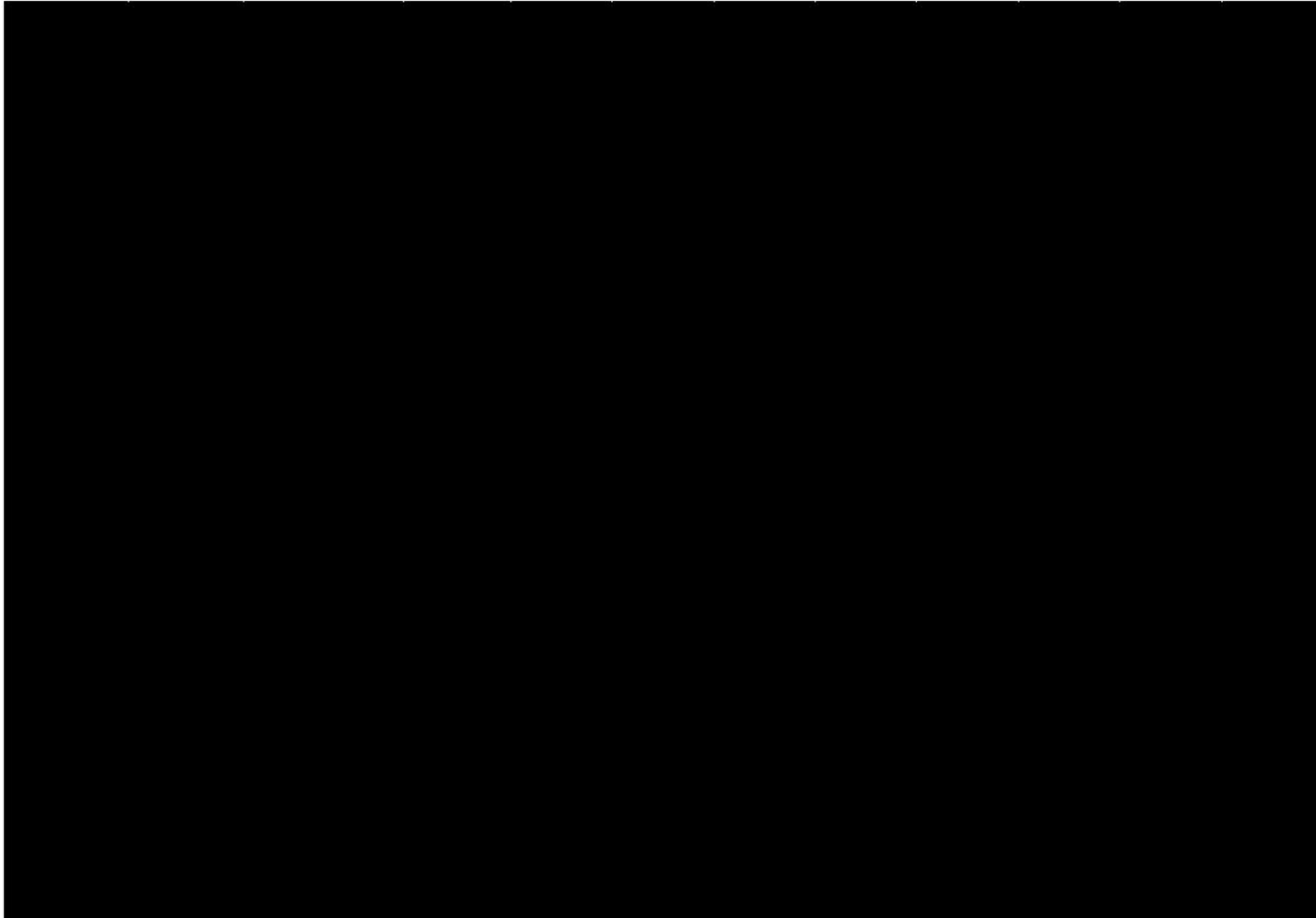
Since incorporation, the company has played a role in pioneering every stage of technological development in steel sheet galvanizing and related products.

In 2004, Sumitomo Corporation took ownership of the original Japanese investment, and the company is currently one of the global members of Sumitomo Corporation's group of companies.

[www.fiw.com]

Calender Year Mill Capacities

[Confidential Malaysian Steel Mill Capacities]



Galvanised Steel – Exports to Australia

- Malaysian galv. exports are predominately of two types, and of a particular grade and coating mass:
 - *[Galvanised export type 1]*
 - *[Galvanised export type 2]*
- In terms of 'Grade' classification:
 - *[Galvanised grade classification 1]*
 - *[Galvanised grade classification 2]*

Grade Designation (AS 1397 / JIS 3302)	
G2 / SGCC / SGHC	Reports the steel grade of Galvanised steel. The steel grade determines the guaranteed or typical mechanical properties of the product. The Australian standard AS 1397 range of steel grades are noted in bold with the equivalent Japanese standard JIS 3302 steel grades noted alongside unbolded. The G2 and G3 type grades are 'Formable' steel grades, whilst the G250 to G550 covers the range of 'Structural' steel grades. AS 1397 designates the structural grades via their minimum Yield Strength whilst the JIS 3302 designates their structural grades via their minimum Tensile Strength. All other special grades (for example as supplied to the Automotive industry /standards) will fall into the 'other' category for this investigation.
G3 / SGCD /	
G250 / SGC 340 / SGH 340 / SGC 340 / SGHC 340	
G300 / G350 / SGC 400 / SGH 440 / SGC 440 / SGHC 440 / SGC 490 / SGCH 490	
G450 / G500	
G550 / SGC 570	
Other	

Excerpt from BlueScope's proposed Product Control Numbers

Galvanised Steel – Exports to Australia (cont.)

– In terms of the 'Coating Mass' classification:

- [Galvanised coating mass type 1]
- [Galvanised coating mass 2]

	Coating Mass (weight)	Reports the amount of zinc (Z) or zinc/iron (ZF) coating that has been applied to the base steel. This is expressed as the total (both top and bottom sides) in grams/square metre of surface area. The designated coating mass is a guaranteed minimum value. Note: JIS 3302 expresses coating mass in a shortened manner compared to AS 1397 (i.e. AS 1397 coating of Z275 (g/m2) = Z27 in the JIS 3302 standard and AS 1397 coating of ZF100 (g/m2) = F10 in the JIS 3302 standard).
1	<= 100 g/m2	
2	>100 g/m2 to <= 220 g/m2	
3	> 220 g/m2 to <= 300g/m2	
4	>300 g/m2 to <= 400 g/m2	
5	>400 g/m2	

– In terms of 'Thickness':

- [Galvanised coating mass type 1]
- [Galvanised coating mass 2]

	Thickness (BMT)	Reports the Base Metal Thickness (BMT) of the substrate steel before the zinc coating or the zinc/iron coating is applied. For galvanised steel of the same coating mass, the thinner the base metal, the more square metres per tonne and therefore more coating metal is required to be applied and higher the cost and selling price.
1	< 0.40 mm	
2	=> 0.40 mm to < 0.50 mm	
3	=> 0.50 mm to < 0.75 mm	
4	=> 0.75 mm to < 1.00 mm	
5	=> 1.00 mm to < 1.50 mm	
6	=> 1.50 mm to < 2.00 mm	
7	=> 2.00 mm to < 2.50 mm	
8	=> 2.50 mm	

Galvanised Steel – FY2016 Normal Values

[Confidential Normal Value Calculation]

– Prima facie Normal Values and Dumping Margins:

[Confidential Product Type]

Weighted average normal value	A\$1,017 per tonne
Weighted average export price	A\$799 per tonne
Dumping margin	A\$218 per tonne (27.2%)

[Confidential Product Type]

Weighted average normal value	A\$969 per tonne
Weighted average export price	A\$799 per tonne
Dumping margin	A\$171 per tonne (21.4%)

The aggregate weighted average dumping margin [*confidential product types*] is **24.2%**

Galvanised Steel – FY2016 Normal Values (cont.)

- In Consideration Report 370, the ADC compared the dumping margins proposed by BlueScope to those calculated by the Commission:

[Confidential Malaysian market pricing detail]

Galvanised Steel – Normal Value Adjustments

Hot Rolled Coil Investigation ITR 188

- In ITR 188, the then Australian Customs & Border Protection made the following Normal Value adjustments to Megasteel's Hot Rolled Coil ("HRC") steel Normal value:
 - Domestic credit;
 - Domestic inland transport;
 - Export inland freight;
 - Export packaging;
 - Export terminal handling; and
 - Slitting, pickling and oiling costs.
- [*Confidential comments on Normal Value calculations*].

Galvanised Steel – Product Control Numbers

- BlueScope has proposed a Product Control Number (“PCN”) coding system to permit the ready identification of key attributes associated with galvanised steel grades/models produced by Malaysian manufacturers / exporters.
- The PCN Coding System permits the ready identification of galvanised steel products taking account of:
 - Prime/non-prime;
 - Hot/cold rolled base steel;
 - Coating type;
 - Coating mass;
 - Grade designation (as per applicable standards);
 - Thickness (Base Metal Thickness);
 - Width; and
 - Form (coil or sheet).
- Activity: PCN walk-through
- Refer Non-Confidential Attachment #1 for the galvanised steel PCN coding system

Galvanised Steel – Cost to Make

HRC
CPCM
MCL
CPL3
AUTO PACKLINE
Non Standard Scrap/Costs
Warehousing
Full Manufacturing Costs

Zinc Costs in MCL
MCL Costs excluding Zinc Costs
MCL

HRC	Hot Rolled Coil
CPCM	Coupled Pickle Cold Mill
MCL	Metal Coating Line
CPL3	Continuous Paint Line No.3
AUTO PACKLINE	Average Pack Cost SpringHill

[Confidential BlueScope Cost to Make data]

EQR's – CSC Steel / FIW Steel

- BlueScope's ability to comprehensively brief the ADC is constrained by the high level of redactions, and inadequate content, per the Malaysian manufacturer EQR's.

CSC Malaysia

- Significant 'whole-of-text' redacted content
- Applying throughout the EQR, allowing very little meaningful conclusions to be drawn
- Section C 'Exported Goods & Like Goods' provides scant content on exporter-suggested model-matching parameters

FIW Steel

- Where suggested model-matching details have been provided (Section C), the exporter has no commentary on how the domestic v's exported grades of galvanised steel differ...

2. S
3. S
4. S
5. S
6. S
7. S

