



Australian Government
**Australian Customs and
Border Protection Service**

**INVESTIGATION INTO THE ALLEGED DUMPING OF
HOT ROLLED COIL**

EXPORTED FROM

**JAPAN, MALAYSIA, THE REPUBLIC OF KOREA AND
TAIWAN**

IMPORTER VISIT REPORT

**ONESTEEL TRADING PTY LTD
(trading as OneSteel Sheet & Coil)**

**THIS REPORT AND THE VIEWS OR RECOMMENDATIONS CONTAINED
THEREIN WILL BE REVIEWED BY THE CASE MANAGEMENT TEAM AND
MAY NOT REFLECT THE FINAL POSITION OF CUSTOMS AND BORDER
PROTECTION**

July 2012

1 TABLE OF CONTENTS

1 TABLE OF CONTENTS 2
1 BACKGROUND AND PURPOSE 3
1.1 Background to the current investigation 3
1.2 Purpose of meeting 3
1.3 Meeting 4
1.4 Documents provided by OneSteel Sheet & Coil 5
2 THE GOODS 7
2.1 The imported goods 7
2.2 Tariff classification 7
3 COMPANY BACKGROUND 9
3.1 Commercial operations 9
3.2 Accounting 9
3.3 Product Range 9
3.4 Relationship with suppliers 10
3.5 Relationships with customers 11
3.6 Like goods 11
4 IMPORTS 13
4.1 Introduction 13
4.2 Verification of imports 13
4.3 Export prices for shipments 15
4.4 Who is the importer 15
4.5 Who is the exporter? 16
5 AUSTRALIAN MARKET AND SALES 17
5.1 General 17
5.2 Ordering and Sales Process 17
5.3 Date of sale 19
5.4 Sales verification 20
5.5 Profitability of sales 20
5.6 Forward orders 20
6 ARMS LENGTH 21
7 CAUSATION & INJURY 22
8 UNSUPPRESSED SELLING PRICE 23
9 RECOMMENDATIONS 24
10 ATTACHMENTS 25

2 BACKGROUND AND PURPOSE

2.1 Background to the current investigation

On 10 May 2012, BlueScope Steel Limited and BlueScope Steel (AIS) Pty. Ltd (jointly referred to as BlueScope in this report) lodged an application requesting that the Minister for Home Affairs (the Minister) publish a dumping duty notice in respect of hot rolled coil steel (HRC) exported to Australia from Japan, the Republic of Korea (Korea), Malaysia and Taiwan. On 28 May 2012, BlueScope provided additional information and as a result, the maximum period of 20 days allowed to examine the application was recommenced.

Public notification of initiation of the investigation was made on 15 June 2012 (refer to Australian Customs Dumping Notice No. 2012/30).

Following initiation of the investigation, a search of Customs and Border Protection's import database indicated that OneSteel Trading Pty Ltd, trading as OneSteel Sheet & Coil (OneSteel Sheet & Coil) had imported HRC from [REDACTED] during the investigation period (April 11 to March 2012). Customs and Border Protection wrote to OneSteel Sheet & Coil advising the company of the initiation of the investigation, requesting co-operation with the investigation and provided the company with a copy of the importer questionnaire to complete. OneSteel Sheet & Coil was also provided with a list of its imports during the investigation period, extracted from Customs and Border Protection's import database, and identified a number of transactions from the list for verification.

OneSteel Sheet & Coil completed the importer questionnaire, providing details regarding the company, overseas supplier information, imports and expenses.

2.2 Purpose of meeting

The purpose of this visit was to:

- confirm that OneSteel Sheet & Coil was an importer of HRC and obtain information to assist in establishing the identity of the exporter;
- verify information on imports of HRC to assist in the determination of export prices from [REDACTED];
- establish whether the purchases were arms length transactions;
- establish post exportation costs incurred in importing;
- identify OneSteel Sheet & Coil's sales and customers and determine sales volume, selling prices and selling costs;
- recommend how export price may be determined under s. 269TAB; and
- provide the company with an opportunity to discuss any issues it believed relevant to the investigation.

2.3 Meeting

We advised OneSteel Sheet & Coil of the investigation process and timeframes.

- The investigation period is April 2011 to March 2012.
- The injury analysis period is from April 2008.
- A preliminary affirmative determination (PAD) may be made no earlier than 14 August 2012. Provisional measures may be imposed at the time of the PAD or at any time after the PAD has been made. Customs and Border Protection would not make such a determination until it was satisfied that there appears to be, or that it appears there will be, sufficient grounds for the publication of a dumping duty notice.
- A statement of essential facts will be placed on the public record by 3 October 2012 or such later date as the Minister allows. The statement of essential facts will set out the material findings of fact on which Customs and Border Protection intends to base its recommendations to the Minister. The statement of essential facts will invite interested parties to respond, within 20 days, to the issues raised. Submissions received in response to the statement of essential facts will be considered when compiling the report and recommendations to the Minister.
- Customs and Border Protection's report to the Minister is due no later than 17 November 2012, unless an extension to the statement of essential facts is approved by the Minister.

We advised OneSteel Sheet & Coil that we would prepare a confidential report on the visit. OneSteel Sheet & Coil would be given an opportunity to review the visit report for accuracy. A non-confidential version of this visit report would be prepared in consultation with OneSteel Sheet & Coil and placed on the public record.

2.3.1 Meeting Details

COMPANY	OneSteel Trading Pty Ltd (trading as OneSteel Sheet & Coil)
ABN	50 007 519 646
ADDRESS	Level 8, 205 Pacific Highway, St Leonards
TEL NO	03 8671 4440
FAX NO	03 8360 2334
DATE	19 July 2012

PRESENT	
OneSteel Trading Pty Ltd	Nick Fithall, General Manager Sales – Distribution Segment Colman O’Loughlan, Manager International Trade Josh Harslett – Steel in Concrete Value Chain Manager Richard Clement, General Manager – Australian Tube Mills Adam Lawrence – Manager Supply Chain & Market Support Australian Tube Mills Glen Szecsodi – National Procurement & Supply Chain Manager - OneSteel Sheet & Coil Rebecca Gao, Commercial Analyst – OneSteel Sheet & Coil Peter Stawiarski (phone) – Procurement Manager, Australian Tube Mills Andrew Hall – Commercial Manager Projects, Steel Manufacturing
Customs and Border Protection	Joanne Reid, Director, Operations 2 Carl Halpin, Supervisor, Operations 2 Ellen Lihos, Graduate Trainee, Operations 1

Prior to the meeting, Customs and Border Protection forwarded an agenda to OneSteel Trading. A copy of the agenda is at **Confidential Attachment GEN 1**.

OneSteel Sheet & Coil co-operated fully with the visit, making relevant staff available and providing copies of the majority of the requested documents. Further documentation was provided shortly after the meeting.

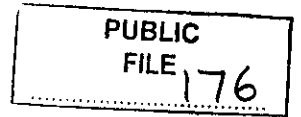
2.4 Documents provided by OneSteel Sheet & Coil

As part of the Importer Questionnaire, Customs and Border Protection provided OneSteel Sheet & Coil with a copy of a download from the Customs and Border Protection import database, and selected 9 shipments from this listing for further examination and verification.

As its response to Part B of the Importer Questionnaire, OneSteel Sheet & Coil completed a 'Cost to Import and Sell' importer transaction form for the selected lines for 9 of the selected shipments.

Prior to the visit, OneSteel Sheet & Coil provided Customs and Border Protection with packages of source documents for the selected 9 shipments. After the visit OneSteel Sheet & Coil provided proof of payment for the 9 shipments in the importer transaction form.

PUBLIC RECORD



OneSteel Sheet & Coil provided further relevant documentation during the verification, discussed throughout this report.

3 THE GOODS

3.1 The imported goods

The imported goods the subject of this application are HRC (including in sheet form), a flat rolled product of iron or non-alloy steel, not clad, plated or coated (other than oil coated).

There are a number of relevant international standards for HRC that cover the range of HRC products via specific grade designations, including the recommended or guaranteed properties of each of these product grades. The relevant Australian Standard is AS/NZS 1594.

Goods *excluded* from this application are hot rolled products that have patterns in relief (known as checker plate) and hot rolled plate.

In its application, BlueScope noted that HRC is supplied in a range of thickness, all of which are claimed to be covered by the application. This is the case for HRC that is still in coil form. However, Customs and Border Protection has identified that the thickness of the coil when cut, will determine whether the product is classified as hot rolled sheet (which falls within the description of the goods covered by the application) or hot rolled plate¹ (which is clearly excluded from the goods description).

Based on its research into this matter, Customs and Border Protection has a preliminary view that plate is 3/16th of an inch (4.75mm) thick or more whilst sheet is below this thickness. BlueScope confirmed that this was also their view.

3.2 Tariff classification

The tariff classifications and statistical class codes in Schedule 3 to the *Customs Tariff Act 1995* and relevant rates of duty for HRC are shown below.

Tariff Classification	Statistical class code	Rate of duty - Japan	Rate of duty - Korea	Rate of duty - Malaysia	Rate of duty - Taiwan
7208.25.00	32	5%	0%	0%	0%
7208.26.00	33	5%	0%	0%	0%
7208.27.00	34	5%	0%	0%	0%
7208.36.00	35	5%	0%	0%	0%
7208.37.00	36	5%	0%	0%	0%
7208.38.00	37	5%	0%	0%	0%
7208.39.00	38	5%	0%	0%	0%
7208.53.00	42	5%	0%	0%	0%

¹ Most hot rolled plate is produced directly from steel slabs, however, some is cut from HRC. All hot rolled plate is excluded from the goods description.

PUBLIC RECORD

PUBLIC
FILE 174

7208.54.00	43	5%	0%	0%	0%
7208.90.00	30	5%	5%	4%	5%
7211.14.00	40	5%	0%	0%	0%
7211.19.00	41	5%	0%	0%	0%

Customs and Border Protection's tariff section identified that HRC may also be classified under 7208.51.00 (statistical class code 40) and 7208.52.00 (statistical class code 41), however, these tariff classifications relate to hot rolled products that are not in coils and have a thickness of 4.75mm or more, and therefore Customs and Border Protection considers these to be plate products at this time. BlueScope has also advised that these tariff descriptions describe hot rolled plate.

4 COMPANY BACKGROUND

4.1 Commercial operations

4.1.1 Company background

OneSteel Sheet & Coil advised that it is 100 percent owned by OneSteel Limited (ASX traded public company). OneSteel Sheet & Coil is located under the corporate services section of OneSteel Ltd, in particular with the distribution arm of the company. OneSteel Sheet & Coil distributes products from external suppliers and a small amount from the OneSteel manufacturing business.

Prior to the verification meeting, OneSteel Sheet & Coil provided a chart showing its structure, including the identities of all legal entities within the business. This forms **Confidential Attachment GEN 2**.

4.1.2 Functions of company

OneSteel Sheet & Coil described itself as a distributor of a range of steel products including HRC, steel plate and sheets as well as a small amount of steel piping products.

During the investigation period, OneSteel Sheet & Coil made offers to Australian customers, negotiated with overseas suppliers, arranged importation of goods, and delivered and sold imported goods to its Australian customers under agreed credit terms.

OneSteel Sheet & Coil stated that it has approximately [REDACTED] within its distribution business. OneSteel Sheet & Coil estimated that HRC accounts for approximately [REDACTED] of the total turnover for the distribution business. [REDACTED] is the main product that OneSteel Sheet & Coil distribute.

4.2 Accounting

OneSteel Sheet & Coil explained that it uses the following accounting systems:

[REDACTED]

[REDACTED] *[Confidential accounting information]* OneSteel Sheet & Coil has a financial year of 1 July to 30 June.

4.3 Product Range

OneSteel Sheet & Coil advised that it imports a range of HRC products including the following grades and finishes;

[REDACTED]

OneSteel Sheet & Coil estimated that it has approximately [REDACTED] different SKUs. OneSteel Sheet & Coil has machinery onsite

[Redacted]

[Confidential business information] OneSteel Sheet & Coil also advised that it imports and supplies HRC that has a chemical composition that meets the [Redacted]

4.4 Relationship with suppliers

OneSteel Sheet & Coil estimated that approximately [Redacted] of its HRC is supplied by BlueScope Steel Ltd (BlueScope). The remainder of its HRC is supplied by [Redacted]

[Redacted]

[Confidential business information]

OneSteel Sheet & Coil also imports HRC from [Redacted] because some of the products imported cannot be produced by BlueScope. OneSteel Sheet & Coil stated that HRC is sourced [Redacted]

[Confidential supplier arrangement information]

[Redacted]

[Confidential supplier information]

OneSteel Sheet & Coil also stated that they are selective with their choice of supplier, this is because the steel supplied must have a strict chemical composition to meet Australian standards. OneSteel Sheet & Coil estimated that it purchased approximately [Redacted] of its products [Redacted]

[Redacted]

[Confidential sales information] OneSteel Sheet & Coil stated that it is not related to any of its suppliers.

4.5 Relationships with customers

OneSteel Sheet & Coil identified various customers for HRC. It noted that some customers purchases [redacted] of HRC per year, whereas others purchase [redacted]. OneSteel Sheet & Coil stated that it sells [redacted] One of the customers that OneSteel Sheet & Coil sells to is [redacted]

[redacted]

[redacted] *[Confidential business information]*

4.6 Like goods

OneSteel Sheet & Coil identified that hot rolled sheet is anything up to 3mm in thickness. OneSteel Sheet & Coil was asked its opinion on the thickness that differentiates cut HRC from steel plate. OneSteel responded that it believed that a thickness above 4.75mm constitutes steel plate.

[redacted]

[Confidential sales information]

[redacted] *[Confidential sales arrangements information]*

OneSteel Sheet & Coil agrees with BlueScope in classifying coil as anything between 1.5mm to 12mm in thickness. They also stated that the market standard widths are generally 900mm, 1200mm and 1500mm. The commercial quality grade is usually AS1594HA1 or its equivalent.

OneSteel Sheet & Coil also claimed that some products that were included in the GUC were actually outside the production capacity of BlueScope. One of these products is HRC with width greater than 1500mm. OneSteel Sheet & Coil stated that HRC with a width greater than 1500mm has not been manufactured by BlueScope locally since the closure of the Westernport Hot Strip Mill in October 2011. Furthermore, stock manufactured prior to closure was exhausted by January 2012, leaving the domestic market no alternative but to import product above 1500mm for consumption beyond January 2012.

PUBLIC RECORD

PUBLIC
FILE 170

OneSteel Sheet & Coil also asserted that HRC with a thickness of less than 2.2mm is not manufactured by BlueScope in any width greater than 1200mm. OneSteel Sheet & Coil further explained this by stating that BlueScope has the capability to produce coil between 1200mm and 1500mm wide in the thickness range 2mm to 2.2mm, however the market standards are 1200mm and 1500mm, therefore any intermediate widths in this range are difficult to market and sell. OneSteel Sheet & Coil stated that for this reason, BlueScope only supplies 1500mm wide coil in thicknesses above 2.2mm. As a result of this all HRC in the 1.5mm to 2mm range with a width range of 1200mm to 1500mm must be imported.

OneSteel Sheet & Coil estimated that HRC 1.5mm to 2mm thick with a width between 1200mm and 1500mm wide and HRC above 1500mm wide represent approximately [REDACTED] of OneSteel Sheet & Coil's HRC consumption during the investigation period.

5 IMPORTS

5.1 Introduction

Customs and Border Protection's import database indicates that OneSteel Sheet & Coil imported about [REDACTED] tonnes of HRC during the investigation period. All imports were [REDACTED]

5.2 Verification of imports

OneSteel Sheet & Coil provided source documents to verify the data in its importer transaction form for all shipments in the investigation period. OneSteel Sheet & Coil further noted that some of the importations in the Customs and Border Protection database formed a single order and shipment. These importations were grouped in the importer transaction form. The source documents to verify the data in OneSteel Sheet & Coil's importer transaction form included the relevant:

- supplier invoice;
- supplier packing list;
- Bill of Lading;
- invoices for importation costs; and
- invoices for Australian freight charges;

for selected importations.

These source documents form **Confidential Attachment IMP 1.**

5.2.1 Supplier invoice details

We matched the invoice prices, volume and supplier details for each of the selected shipments on the importer transaction form to the supplier invoices.

We confirmed that [REDACTED] shipments were invoiced [REDACTED]

[REDACTED] We confirmed that the listed credit terms were correct.

Invoices were in USD. OneSteel Sheet & Coil explained that [REDACTED]

[REDACTED] [Confidential business information]

5.2.2 Shipment costs

OneSteel Sheet & Coil provided details on shipment costs, including insurance values. Overseas freight was quoted in [REDACTED] OneSteel Sheet & Coil advised that the insurance amounts listed were based on their yearly marine insurance. OneSteel Sheet & Coil calculated the marine insurance to be [REDACTED] and provided a copy of its marine insurance contract to verify this amount **Confidential Attachment IMP 2.**

PUBLIC RECORD

We are satisfied that the overseas freight and marine insurance costs are accurate. We calculated the following average shipping costs based on the selected shipments.

Item	Average cost \$AU/T
Ocean freight	
Marine insurance	
Total	

5.2.3 Importation costs

Under the heading of 'Australian Importation Costs' in the importer transaction form, OneSteel Sheet & Coil entered amounts for customs duty, fumigation, port services charges, terminal handling charge, shipping line document fee, loading fee, customs entry fee, customs broker fee, quarantine, AQIS fee and permits, GST, delivery, fuel levy, bank charges and inspection costs.

We compared the relevant importation cost invoices to the importer transaction form and found all the costs to be correctly recorded.

Using the verified data in the importer transaction form, weighted average importation costs in \$AU/Tonne have been calculated in the below table.

Item	Average cost \$AU/T
Port service charges	
Customs entry and broker fee	
Delivery	
Terminal Handling Charge	
Fuel Levy Charge	
AQIS Fees and Permits	
Inspection Costs	
Total	

5.2.4 Selling, general and administrative (SG&A) costs

We noted on the importer transaction form that OneSteel Sheet & Coil calculated selling, general and administration (SG&A) costs for each of the selected shipments based on an estimate of [REDACTED] of sales revenue. OneSteel Sheet & Coil demonstrated using their financial management accounts,

[REDACTED]

[Redacted] (See Confidential Attachment IMP 3). The SG&A costs included [Redacted]

[Redacted] [Confidential sales information] From the documents that OneSteel Sheet & Coil provided we were able to reconcile the SG&A costs to the amount recorded on the importer transaction form.

5.2.5 Bank charges

OneSteel Sheet & Coil provided us with bank documents that showed the bank charges for the selected importer shipments [Redacted]

[Redacted] [Confidential pricing information]

Item	Average cost \$AU/T
SG&A	[Redacted]
Bank charges	[Redacted]
Total	[Redacted]

5.3 Export prices for shipments

Based on verification of [Redacted], we calculated a weighted average FOB export price (in AUD) for the goods over the investigation period.

[Redacted] [Confidential pricing information]

HRC	FOB Export Price \$AU/T
FOB export price	[Redacted]

5.4 Who is the importer

We noted that OneSteel Trading:

- is named as the customer on supplier invoices;
- is named as the consignee on the bill of lading; and
- arranges delivery of the goods to its customers.

We consider OneSteel Trading was the beneficial owner of the goods at the time of importation and is therefore the importer.

5.5 Who is the exporter?

Customs and Border Protection will generally identify the exporter as:

- a principal in the transaction located in the country of export from where the goods were shipped who gave up responsibility by knowingly placing the goods in the hands of a carrier, courier, forwarding company, or their own vehicle for delivery to Australia; or
- a principal will be a person in the country of export who owns, or who has previously owned, the goods but need not be the owner at the time the goods were shipped.

Where there is no principal in the country of export Customs and Border Protection will normally consider the exporter to be the person who gave up responsibility for the goods as described above.

We reviewed the documentation provided in relation to the sample shipments ordered through [REDACTED] Upon review of this documentation and other information supplied by OneSteel Sheet & Coil, we are satisfied that:

- the commercial invoices identify the supplier;
- the bills of lading identify the supplier as the shipper of the goods; and
- the supplier arranges and pays for the goods to be transported to the wharf and loaded onto the ship in the country of export; and
- OneSteel Sheet & Coil pays the relevant supplier.

We are satisfied that [REDACTED] is the exporter of HRC imported by OneSteel Sheet & Coil.

To our knowledge, these entities are principles in the country of export that manufacture the goods and provide the goods for shipment directly to OneSteel Sheet & Coil.

Subject to further inquiries with the exporter, we are satisfied that the export prices can be established under s. 269TAB(1)(a) using the invoice price less any costs in respect of matters arising after exportation.

6 AUSTRALIAN MARKET AND SALES

6.1 General

OneSteel Sheet & Coil stated that the Australian hot rolled coil market is going through a historically weak period and the main driver of this is the decline in the commercial and residential building market. OneSteel Sheet & Coil also stated that the decline in domestic manufacturing and manufacturing by the automotive industry has caused a decrease in HRC sales.

[Redacted]
[Confidential supplier information]

6.2 Ordering and Sales Process

OneSteel Sheet & Coil advised that its usual ordering and sales process for the goods is as follows:

1. Ordering and Sales process with [Redacted]

- OneSteel Sheet & Coil uses its demand forecast function to estimate the volume of HRC that needs to be bought.

[Redacted]
[Confidential sales information]

- Once OneSteel Sheet & Coil decides the volume of HRC required, they place an order with [Redacted]. OneSteel Sheet & Coil receives a [Redacted] for HRC from [Redacted]. This price is based on

[Redacted]
[Confidential sales information]

- [Redacted] issues OneSteel Sheet & Coil with a base price and then there are extras added for different widths and grades. The base price is usually for the standard thicknesses, which are 3mm to 10mm. Most of the products OneSteel Sheet & Coil sell

[Redacted] They also estimated that the surcharge for pickled and oiled HRC is usually [Redacted] per tonne.

- [Redacted]

PUBLIC RECORD

[Redacted]

[Confidential sales information] OneSteel Sheet & Coil is often asked by its Australian customers to provide a price offer

[Redacted]

[Confidential sales information] Once the price is negotiated the customer issues a purchase order.

- OneSteel Sheet & Coil places the order with

[Redacted]

[Confidential supplier information] The lead time between the order date and fulfilment of the customers' order can vary from [Redacted] OneSteel Sheet & Coil organises for the goods to be landed and cleared.

OneSteel Sheet & Coil estimated that approximately [Redacted] of goods are delivered to the customer

[Redacted]

[Confidential sales information] OneSteel Sheet & Coil's Australian customers pay OneSteel Sheet & Coil according to agreed payment terms. These payment terms are

[Redacted]

[Confidential sales information] OneSteel Sheet & Coil stated that because of the dynamic nature of the HRC market,

[Redacted]

[Confidential pricing arrangements]

[Redacted]

[Confidential pricing arrangements]

[Redacted]

[Redacted]

terms of sale are usually

[Redacted]

[Confidential sales information]

[Redacted]

[Confidential sales information]

2. Ordering and Sales process with BlueScope

The ordering process begins with BlueScope and OneSteel Sheet & Coil agreeing on

[Redacted]

[Confidential pricing arrangements] OneSteel Sheet & Coil stated that the price is contracted at

[Redacted]

[Confidential pricing arrangements] OneSteel Sheet & Coil stated that the manufacturing lead time with BlueScope is usually weeks.

[Redacted]

[Confidential sales information]

6.3 Date of sale

OneSteel Sheet & Coil advised that the price for orders of HRC is invoiced on the date that OneSteel Sheet & Coil receives

[Redacted]

Customs and Border Protection usually regards the invoice date as the date of sale (that is, the date that best represents when the material terms of the sale have been established) unless there is clear evidence to indicate that another date is appropriate.

OneSteel Sheet & Coil has not indicated that a date other than the invoice date should be considered as the date of sale.

6.4 Sales verification

OneSteel Sheet & Coil provided source documents for 6 selected sales which included customer purchase orders, OneSteel Sheet & Coil's invoices to its Australian customers and evidence of payment by OneSteel Sheet & Coil's customers. These source documents form part of Confidential Attachment IMP 1.

For these selected sales we matched the invoice details (value, quantity, invoice date, delivery terms and credit terms) to OneSteel Sheet & Coil's sales listing (Confidential Attachment SALES 1). We also observed the provided bank statement extracts displayed the payment to the various freight and transport companies. We matched the payments displayed on the bank statement extracts for the selected sales to OneSteel Sheet & Coil's sales listing.

We are therefore satisfied that invoice details recorded in OneSteel Sheet & Coil's sales listing are accurate, and that OneSteel Sheet & Coil's customer paid the invoiced amounts for these transactions.

6.5 Profitability of sales

OneSteel Sheet & Coil calculated the total profit for each of the [REDACTED] (total selling price minus total cost to import and sell) in the importer transaction form.

[REDACTED] [Confidential sales information]

The range of profit for the shipments was calculated as being [REDACTED]
[REDACTED] [Confidential sales information] We observed that [REDACTED]

6.6 Forward orders

OneSteel Sheet & Coil Importer Questionnaire response indicated that there were [REDACTED] forward orders. We examined the orders and noted nothing of significance by way of source of supply, volume or price.

7 ARMS LENGTH

Section 269TAA outlines the circumstances in which the price paid or payable shall not be treated as arms length. These are where:

- there is any consideration payable for in respect of the goods other than price;
- the price is influenced by a commercial or other relationship between the buyer, or an associate of the buyer, and the seller, or an associate of the seller;
- in the opinion of the Minister, the buyer, or an associate of the buyer, will, directly or indirectly, be reimbursed, be compensated or otherwise receive a benefit for, or in respect of, the whole or any part of the price.

Furthermore, where:

- goods are exported to Australia otherwise than by the importer and are purchased by the importer from the exporter (whether before or after exportation) for a particular price; and
- the Minister is satisfied that the importer, whether directly or through an associate or associates, sells those goods in Australia (whether in the condition in which they were imported or otherwise) at a loss;

The Minister may treat the sale of those goods at a loss as indicating that the importer or an associate of the importer will, directly or indirectly, be reimbursed, be compensated or otherwise receive a benefit for, or in respect of, the whole or a part of the price.

[Redacted] [Confidential sales information] We did not find

any evidence that:

- there is any consideration payable other than price;
- or that the price is influenced in OneSteel Sheet & Coil's favour by a commercial or other relationship between OneSteel Sheet & Coil and [Redacted].

We confirmed during our verification that the price invoiced [Redacted] was the price paid by OneSteel Sheet & Coil. Therefore, we consider that sales between OneSteel Sheet & Coil [Redacted] were arms length transactions.

8 CAUSATION & INJURY

OneSteel Sheet & Coil asserted that the injury being suffered by the Australian industry is being caused by a number of factors. OneSteel Sheet & Coil stated that the key driver for injury to BlueScope has been the rising raw material costs that have been experienced by all steelmakers. OneSteel Sheet & Coil also stated that the international price for steel has been decreasing since the 2009 financial year.

OneSteel Sheet & Coil also stated that in the 2011 financial year an increasing percentage of exports lead to a lower profitability for BlueScope. Furthermore in 2012 the closure of BlueScope's HRC export arm lead to an increase in unit cost to make and sell of HRC.

OneSteel Sheet & Coil also asserted that it is the general decline in the residential and commercial market that has caused injury to the Australian industry. The weakening manufacturing sector in Australia has also lead to a decline in HRC purchases. As a result of this there has been a general oversupply of HRC in the Australian market.

In terms of causation, OneSteel Sheet & Coil asserted that there has not been an increase in the volume of exports of HRC. OneSteel Sheet & Coil also stated that there hasn't been an increase in the share of imported HRC, as opposed to Australian industry produced HRC, in the past 4 years. Evidence of this is available at **Confidential Attachment IMP 4**.

PUBLIC RECORD

PUBLIC
FILE 159

9 UNSUPPRESSED SELLING PRICE

At the visit OneSteel Sheet & Coil did not have any comments on the calculation of an unsuppressed selling price and non-injurious price.

10 RECOMMENDATIONS

Based on the information available, for HRC exported
[REDACTED] to OneSteel Sheet & Coil:

- the goods have been exported to Australia otherwise than by the importer;
- it appears that the goods have been purchased by the importer from the exporter; and
- the goods are subsequently sold by the importer to a person who is not an associate of the importer.

Subject to further inquiries with the exporter, we are satisfied that the export prices can be established under s. 269TAB(1)(a) using the invoice prices less any deductions to FOB level, where required.

11 ATTACHMENTS

Confidential attachment GEN 1	OneSteel Sheet & Coil meeting agenda
Confidential attachment GEN 2	OneSteel Sheet & Coil Business Structure chart
Confidential attachment IMP 1	Source documents for importations and proof of payment and sales
Confidential attachment IMP 2	Extracts of marine policy
Confidential attachment IMP 3	Statement of earnings for FY 2011-2012
Confidential attachment IMP 4	OneSteel PowerPoint on HRC exports
Confidential attachment SALES 1	OneSteel Sheet & Coil's HRC sales listing