



PUBLIC  
FILE 185

BlueScope Steel Limited  
ABN 16 000 011 058  
BANZ  
Port Kembla  
Post Office Box 1854  
Wollongong NSW 2500  
Telephone 02 4275 3859  
Facsimile +02 4275 7810  
www.bluescopesteel.com

6 September 2012

Mr John Bracic  
Director, Operations 1  
International Trade Remedies Branch  
Australian Customs and Border Protection Service  
Customs House  
5 Constitution Avenue  
CANBERRA ACT 2601

Dear Mr Bracic

**Public File Version**

**Re: Hot Rolled Coil exported from Japan, Korea, Malaysia and Taiwan – proposed  
unsuppressed selling price**

Introduction

I refer to Customs and Border Protection's investigation into hot rolled coil ("HRC") exported from Japan, Malaysia, Korea and Taiwan.

Customs and Border Protection has completed an Industry Verification Visit with BlueScope Steel Limited ("BlueScope") and has requested input from BlueScope in respect of an appropriate basis for an unsuppressed selling price ("USP").

*Trade Measures Policy Advice*

Customs and Border Protection issued Trade Measures Policy Advice No. 2004/01 "Establishing USPs and NIPs" as a guide to Customs and Border Protection's approach to establishing the non-injurious price ("NIP").

Section 269TACA of the *Customs Act 1901* defines the NIP as the minimum price necessary "...to prevent the injury, or a recurrence of the injury..." caused by the dumping.

The NIP is derived from the USP. Customs and Border Protection refers to the USP as "a price the industry may achieve in the market in the absence of dumped or subsidized imports". Customs and Border Protection follows a preferred hierarchy for the establishment of a USP that includes:

1. Industry selling prices at a time unaffected by dumping;
2. Constructed industry prices – industry cost to make and sell plus profit;
3. Selling prices of non-dumped imports.

Customs and Border Protection derives the NIP from the USP by deducting the costs of moving the goods from the FOB point in the exporting country to (generally) the FIS point in Australia. These costs usually include costs for overseas freight, import duties, customs and clearance expenses, local freight from wharf to store, and an importer's margin.

USP for HRC

BlueScope has examined its selling prices and costs for locally produced HRC from 2008/09 to 2011/12 (years ending March). The application for measures has indicated that the injury from the dumping commenced during the 2011 year, hence selling prices during the year immediately preceding the investigation period are unsuitable for USP purposes.

BlueScope's selling prices in the 2009/10 year were impacted by the global financial crisis – with prices below the levels of the 2011/12 investigation period. BlueScope's sales volumes in 2008/09 were also impacted by the GFC.

BlueScope does not consider that imports from countries at non-dumped prices are of sufficient volume to influence selling prices for HRC on the Australian market.

It is BlueScope's view that the USP for the Australian industry manufacturing HRC should be based upon BlueScope's cost-to-make-and-sell ("CTM&S") in the 2011/12 investigation period, uplifted by a weighted-average profit achieved in the 2008/09 and 2009/10 years. A weighted-average profit averaged across two years takes account of the market fluctuations apparent in both years and is representative of actual returns achieved by BlueScope.

The following details the proposed USP calculation:

**Table 1: Constructed USP for Australian HRC Industry – 2011/12**

	2008/09	2009/10	Weighted Av 2008/09 & 2009/10	2011/12
Revenue	xxx	xxx	xxx	
Tonnes	xxx	xxx	xxx	
Av. Selling Price	xxx	xxx	xxx	
Av Profit \$/MT	xxx	xxx	xxx	
As % of Sell Price	xxx	xxx	xxx	
<b>CTM&amp;S</b>				xxx
Profit (@ xxx%)				xxx
<b>USP</b>				xxx

**Notes:**

1. All revenues, quantities, CTM&S, profit sourced from Appendix A6.1 1010 and 1310 HRC manufactured by BlueScope.
2. Av profit based on net gain/loss at Line M of Appendix A6.1 for 1010 and 1310.
3. All years ending 31 March.

The production of HRC is a highly capital intensive process. Required returns on investments in the steel industry are xxxxxxx due to the volatility associated with pricing and rapid changes in supply and demand.

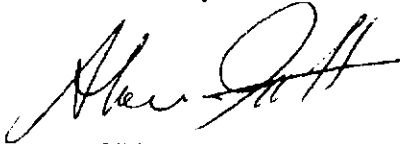
Proposed USP

BlueScope has determined a proposed USP for the 2011/12 year based upon the company's CTM&S HRC domestically in Australia, adjusted for a level of profit achieved in the 2008/09 and 2009/10 years.

BlueScope welcomes the opportunity to discuss the proposed USP with Customs and Border Protection or, alternatively, address and questions that may arise from the suggested methodology.

Please do not hesitate to contact me on (02) 4275 3858 if you have any questions.

Yours sincerely



Alan Gibbs  
Development Manager – International Trade