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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

Re: Hot Rolled Coil exported from Japan, Korea, Malaysia and Taiwan – Submissions from interested parties

I refer to submissions from interested parties in the investigation into hot rolled coil ("HRC") exported from Japan, Malaysia, Korea and Taiwan. BlueScope Steel Limited ("BlueScope") takes this opportunity to respond to issues raised by particular interested parties.

1. Submission by A D Coote – dated 11 July 2012

It is claimed by A D Coote that BlueScope does not supply HRC to the same quality as imported HRC. It is further stated that A D Coote will be required to import lighting columns if anti-dumping measures are imposed. BlueScope rejects the claim that it does not manufacture quality HRC. HRC manufactured by BlueScope is recognised globally as of excellent quality. A D Coote's assertion is not accompanied by any evidence to support its claim. A.D. Coote's claim must therefore be disregarded.

2. Letter on behalf of JFE Steel, Kobe Steel and Nisshin Steel – 19 July 2012

It is asserted on behalf of the exporters that the injury from the Japanese exports is 'negligible'. BlueScope's application for measures demonstrated that the HRC market had contracted in the investigation period. The impact of dumping in a contracted market, however, has a greater impact in these circumstances and the local industry is more susceptible to injurious dumping. The representations on behalf of the identified exporters have not adequately considered this factor.

The grounds for commencing an investigation remain valid and BlueScope maintains that it has experienced material injury from the exports at dumped prices.

3. Submission by Orrcon – 25 July 2012

It is submitted by Orrcon that "*Hot Rolled Coil for the purpose of manufacturing pipe and tube was not imported at prices lower than the domestic nett price during the period of the investigation*".

This statement by Orrcon is incorrect. BlueScope has evidenced to Customs and Border Protection its net selling prices to the pipe and tube sector across the investigation period. BlueScope has [commercially sensitive pricing information] across the investigation period. Orrcon's assertions are not supported in this analysis.

It is noted that Orrcon states that BlueScope could not have experienced injury in the pipe and tube sector. BlueScope submits that a significant proportion of all sales of HRC are to the pipe and tube sector and that BlueScope's selling prices to the sector have been undercut throughout the investigation period. The available evidence is supportive of injury being sustained to the Australian industry due to sales made to the pipe and tube sector.

4. Submission on behalf of GM Holden – 25 July 2012

It has been argued on behalf of G M Holden that Korean exports of HRC have not caused material injury to the Australian Industry and that injury experienced by the industry is as a result of "other" factors.

BlueScope disputes these claims. BlueScope has submitted evidence in its application that demonstrates price undercutting of BlueScope selling prices by HRC exported from Korea. HRC exported from Korea has been a cause of price-effect injury to the Australian industry. BlueScope has also evidenced that it could not pass on raw material cost increases in the investigation period and was required to reduce selling prices in response to the dumped exports (from Japan, Korea, Malaysia and Taiwan). The impact of the price depression and suppression experienced by BlueScope in the investigation period was of greater significance in the reduced HRC market, supporting BlueScope's view that it was more susceptible to material injury in the investigation period.

BlueScope draws to Customs and Border Protection's attention that the market volumes for HRC in the investigation period are not dissimilar to the volumes that were evident in the 2009/10 equivalent period affected by the global financial crisis, however, the price suppression experienced in the investigation period was considerably greater than that evident in 2009/10 (i.e. substantially eroded margin and reduced profit).

It is considered that GM Holden's submission has not adequately demonstrated that the injury experienced to BlueScope from the dumped exports was not material.

5. Submission by Tokyo Boeki (Australia) Pty Ltd – 24 July 2012

Tokyo Boeki operates as an agent between JFE and Nippon Steel, and Ford Australia.

The submission argues that the volumes in the automotive sector are down on previous years and that this is the cause of injury to the Australian industry. BlueScope respectfully re-asserts the comments above that it has suffered price-effect injury from the dumped exports and that this injury was material across the investigation period.

6. Letter by Detmac Pty Ltd – 25 July 2012

Detmac is a customer of BlueScope. BlueScope has supplied HRC for pallet racking, shelving and conveyor equipment.

It is claimed by Detmac that BlueScope does not provide "all of the grades and thicknesses of steel" required by Detmac and that in the past BlueScope has "not at all times been able to supply" sufficient steel.

BlueScope is concerned that Detmac perceives that it cannot source the all the grades and thicknesses of steel it requires. BlueScope is able to supply within its specification range and

understands that Detmac's requirements are available from local supply. Detmac's comments relating to BlueScope's supply record are understood to refer to the period prior to the global financial crisis [BlueScope supply].

7. Toyota Motor Corporation Australia Limited – 25 July 2012

TMCA is a supporter of Australian industry and purchases HRC from BlueScope.

It is conceded by TMCA that there is a low volume of HRC that is not sourced locally and is imported. The letter does not disclose the specifications of the HRC of concern to TMCA. BlueScope cannot address TMCA's concerns in the absence of clear information on the grades concerned.

8. Australian Steel Association Inc – 25 July 2012

The ASA has stated that the imports of the goods under consideration have declined in volume (and market share) and that "HRC pricing was a favourable contributor" to BlueScope's profitability.

The reliance upon a decline in import volumes of HRC from the nominated countries as not being the cause of material injury is unsustainable. As indicated, in a contracting market, the local supplier is more susceptible to the effects of injurious dumping. BlueScope has demonstrated that it has experienced price undercutting from HRC exported from each of Japan, Korea, Malaysia and Taiwan. In response to the price undercutting, BlueScope has reduced its prices. At the same time, BlueScope has experienced raw material costs increases that it has been unable to recover in its domestic selling prices.

It is not clear what is meant by HRC pricing being favourable to BlueScope's profitability, however, as evidenced, the Australian industry's selling prices fell during the investigation period, as raw material costs increased.

The ASA has suggested that HRC imports from other source countries (in particular, New Zealand) have contributed to the material injury experienced by the Australian industry. BlueScope has provided Customs and Border Protection with pricing information for HRC sourced from New Zealand [commercially sensitive information].

9. OneSteel Australian Tube Mills – 1 August 2012

BlueScope welcomes ATM's comments that injury has been caused by margin compression over raw material costs, and that the steel industry globally is depressed. This is recognition that exporters with excess production capacity will supply at dumped prices. BlueScope agrees that injury from dumping is the key consideration.

BlueScope has provided Customs and Border Protection with information throughout the industry verification visit demonstrating that it has experienced material injury due to an erosion of margin (i.e. reduced selling prices and increased raw material costs). BlueScope isolated the costs associated [commercially sensitive cost information]. Similarly, BlueScope demonstrated that the impact of the increase in the Australian dollar had only a minor impact on BlueScope's performance.

The key observable factor in the material injury experienced by BlueScope was its inability to raise prices to recover cost increases due to the availability of HRC exports at dumped prices from Japan, Korea, Malaysia and Taiwan during the investigation period.

10. Nippon Steel – 8 August 2012

It is presented on behalf of Nippon Steel that there exists no basis upon which to publish a Preliminary Affirmative Determination ("PAD") and that Customs and Border Protection cannot draw conclusions on causation of injury due to Nippon Steel's exports.

BlueScope does not accept this view. Whilst Nippon Steel argues that "full compliance is disproportionate to the benefit assessed" by its non-completion of a complying exporter questionnaire response and participation in a verification visit, Customs and Border Protection must rely on the available facts concerning Nippon Steel's exports to Australia. Customs and Border Protection will assess Nippon Steel's export prices and establish whether the selling prices undercut the Australian industry's prices. On the basis price undercutting is confirmed, it can be concluded that Nippon Steel's exports contributed to injury experienced by the Australian industry.

BlueScope has addressed the impact of "other" factors relied upon by Nippon Steel as the cause of material injury experienced by BlueScope (refer above).

11. POSCO Submission - 8 August 2012

It is noted that POSCO appears to be assuming that measures will be imposed. BlueScope would therefore assume that POSCO has exported at dumped prices, confirming BlueScope's concerns.

POSCO has made a number of comments that BlueScope considers it appropriate to comment on:

- *"imports from the PRC comprise almost a quarter of the total imports to Australia during 2011/12 (at 22.4%)*

This is not the case and the application does not state this.

- *POSCO has concerns with the ISSB data*

It is unlikely that an agency involved in the provision of data would be unreliable. If this were the case, the agency would unlikely continue in this field. Nevertheless, Customs and Border Protection has verified the data in the application with its own import data and was satisfied as to the reliability of the ISSB data.

- *Claims that BlueScope's HRC does not meet the requirements of automotive industry*

BlueScope notes that POSCO has exercised discretion with its assertions. Careful wording including "in some circumstances" BlueScope does not meet the specification standards. BlueScope suggests that the same claim can be made regard to any product where specification standards are not met in "some" limited applications.

- *Material injury direction*

BlueScope has demonstrated material injury across a number of indicators (with loss of market share not alleged). The injury identified through the range of indicators is considered to be material and has been demonstrated to have occurred as a result of the dumped exports.

- *Other factors causing injury*

BlueScope has addressed this issue above.

POSCO has also sought to comment on costs incurred by BlueScope (including raw materials), the ability of BlueScope to pickle and oil HRC at Port Kembla, and the apparent losses on BlueScope's export business. The items raised are somewhat ancillary to the principle issues, namely, the exports (including those by POSCO) have been at dumped prices that has caused material injury to the Australian industry.

POSCO - and other interested parties - have conveniently ignored the impact that dumped exports have had on the Australian industry. It is assumed by the parties that the dumping has had zero impact. The absence of recognition of the impact of dumped exports on prevailing prices in an open and transparent market, is of serious concern to BlueScope.

Conclusions on Submissions by interested parties

BlueScope has attempted to address the relevant assertions contained in submissions from interested parties, particularly those assertions that relate to causation. BlueScope has substantiated its claims of material injury and causation as contained in its application for measures during the industry verification visit conducted by Customs and Border Protection. BlueScope does not consider that the submissions made by interested parties detract in any way from BlueScope's allegations of dumping and material injury from exports of HRC from Japan, Korea, Malaysia and Taiwan.

If you have any questions concerning this submission, please do not hesitate to contact me on (02) 4275 3859.

Yours sincerely



Alan Gibbs
Development Manager – International Trade