



## Anti-Dumping Commission

### Resumed Subsidy Investigations 193a & 193b

#### **SUPPLEMENTARY EXPORTER QUESTIONNAIRE - CHINA**

**PRODUCT CONCERNED:** ZINC COATED (GALVANISED) STEEL AND ALUMINIUM ZINC COATED STEEL FROM THE PEOPLE'S REPUBLIC OF CHINA

**INVESTIGATION PERIOD:** 1 JULY 2011 TO 30 JUNE 2012

**RESPONSE DUE BY:** 11 NOVEMBER 2013

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**Please note that a non-confidential version of the reply to this questionnaire must also be provided at the same time as submitting the confidential version.**

**PUBLIC VERSION****SUPPLEMENTARY EXPORTER QUESTIONNAIRE**

On 26 November 2012, the Chief Executive Officer (CEO) of the Australian Customs and Border Protection Service (ACBPS) initiated investigations following separate applications lodged by BlueScope Steel Limited (BlueScope), a manufacturer of galvanised steel and aluminium zinc coated steel (“the goods”) in Australia. The applications sought the publication of countervailing duty notices in respect of galvanised steel and aluminium zinc coated steel exported to Australia from China.

On 17 June 2013, the Delegate of the CEO of ACBPS terminated part of the investigations into the subsidisation of the goods exported to Australia from the China as they related to Angang Steel Company Limited (ANSTEEL) and ANSC TKS Galvanising Co., Ltd (TAGAL).

On 16 July 2013, BlueScope applied to the Anti-Dumping Review Panel (ADRP) requesting a review of the decisions of the Delegate of the CEO. On 11 September 2013, the ADRP published its report into the review, which found that the decisions to terminate the investigation as it related to ANSTEEL was revoked and the termination decision as it related to TAGAL was affirmed.

The ADRP’s decision focussed on the following areas of the termination decisions:

- Provision of Coking Coal to ANSTEEL by the Government of China at less than adequate remuneration; and,
- The calculation of benefits received by ANSTEEL under three government programs.

As a part of the resumed investigations, the Commission will consider the issues in the ADRP’s report which may involve requests for, and verification of, further information from interested parties.

During the investigation ANSTEEL has previously provided responses to the exporter and supplementary exporter questionnaires. In order to address the focus areas identified by the ADRP the Commission now requests ANSTEEL complete this supplementary exporter questionnaire.

These supplementary questions relate the provision of coke and coking coal at less than adequate remuneration.

Due to the timeframe for these investigations, we request a response to the questions below by COB **10 November 2013**. Note that extensions are unlikely to be granted to this due date.

As per our usual requirement, please provide both a ‘For Official Use Only’ and a ‘Public Record’ version of your response, appropriately marked.

## PUBLIC VERSION

<p><b>SECTION A – RAW MATERIAL PROVIDED BY THE GOVERNMENT AT LESS THAN ADEQUATE REMUNERATION (PROGRAMS 1-3)</b></p>
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The applicant claims that public bodies (in the form of state-invested enterprises (SIEs)) are supplying hot rolled coil, coking coal and coke directly or indirectly, to manufacturers of galvanised steel and aluminium zinc coated steel at less than adequate remuneration.

Please answer the following questions in relation to your purchases of coking coal and coke between 1 July 2011 and 30 June 2012.

1. The applicant and ADRP note that there are different grades / qualities of coking coal available. Please outline ANSTEEL's understanding of each grade / quality including but not limited to:
  - a. Names of each grade / quality available,
  - b. Use of each grade / quality as it relates to the manufacture of the goods,
  - c. Pricing differences between the grades / qualities,
  - d. Availability of different grades / qualities
  - e. Interchangeability between grades / qualities,
  - f. Sources of grades / qualities,
  - g. Reason for choosing each particular grade / quality for manufacture by Ansteel.

**RESPONSE:** With regard to the grades/qualities of coking coal, there are different categorization methods by various standards. As far as ANSTEEL considers, it is not the purpose of the Australian Anti-dumping Commission (the Commission) to simply understand such knowledge, more importantly, to identify a proper benchmark price through the grades/qualities is essential in the subject investigation.

**(1) Reasonableness of adoption of Chinese export coking coal price as a benchmark**

The reason why we need a benchmark in the original investigation is because the price of coking coal in Chinese domestic market is allegedly affected by some unfavoured forces. Such benchmark price must be identical or comparable, in terms of quality, with those used by ANSTEEL in its production.

Chinese export coking coal is naturally comparable, in terms of quality, with those used by ANSTEEL since they are both produced in similar geographical environment. Moreover, it is obvious that such export price, on average basis, must be *'a blend of premium hard coking coal and low-grade coking coal'*.

Even if Chinese export coking coal in general is lower in quality than that from Australia, we see no logic to challenge the properness of Chinese export coking coal price deriving only from such premise. The key point is firstly comparable in terms of quality and then not affected by those alleged unfavoured forces, and the logic sequence can't be reversed.

**(2) Grades/qualities, prices from Platts**

Platts, as it is also recommended by the petitioner as a reliable public information source, publishes a methodology guide for each of the markets in which it produces price assessments. With regard to the coking coal, it assessed 3 specifications which are illustrated as below:

## PUBLIC VERSION

	CSR	VM	Ash	S	P	TM	Fluidity
Peak Downs Region	74%	20.7%	10.5%	0.60%	0.030%	9.5%	400
Premium Low Vol.	71%	21.5%	9.3%	0.50%	0.045%	9.7%	500
HCC 64 Mid Vol	64%	25.5%	9.0%	0.60%	0.050%	9.5%	1700

- Notes:** 1. Peak Downs® Region: a large open cut coking coal mine in Queensland located 31 km SSE of Moranbah;  
2. HCC: Hard Coking Coal;  
3. CSR: Coke Strength after Reaction  
4. VM: Volatile Matter;  
5. S: Sulfur;  
6. P: Phosphorus;  
7. TM: Total Moisture;

From the above table, it illustrates the level of quality (sampling from the best to lower grade) in its price assessment, and coking coal from Peak Downs Region is taken as the best. As argued by the petitioner, 'the benchmark should reflect, as a minimum, coking coal constituted by a blend of premium hard coking coal and low-grade coking coal.' Therefore, the price of hard coking coal (Premium Low Vol) is suitably in such a medium position and can be taken as a proper benchmark in the subject investigation. Actually, when comparing the quality of hard coking coal (Premium Low Vol) with that consumed by ANSTEEL, such quality is still averagely better.

We provide the daily price of hard coking coal (Premium Low Vol) as published by Platts during the POI as [Confidential Exhibit 1] and we also summarize the Quarterly Average Price of hard coking coal (Premium Low Vol) during the POI as [Confidential Exhibit 2]. We also provide you with the average exchange rate as adopted by ANSTEEL in its accounting record for your reference.

When using the above price as benchmark, due adjustment shall be made to the term of sales. The proposed benchmark is based on FOB Australia while the price submitted by ANSTEEL in Exhibit C.1.3 is on EXW. That is to say, the inland freight and inland port auxiliary fees shall be deducted from the proposed benchmark so as to make fair comparison.

2. In ANSTEEL's original questionnaire response it provided detailed information regarding the purchases of coking coal and coke (Exhibit C.1.3). For each transaction listed in this exhibit, please provide details of the grade / quality / type of coking coal / coke purchased (e.g. low grade, premium grade, etc. or names you have identified in A1 above).

**RESPONSE:** The quality/grade as ANSTEEL purchased is generally comparable to HCC (Premium Low Vol) in A1 above.