

10 April 2017

The Director  
Operations 3  
Anti-Dumping Commission  
GPO Box 1632  
Melbourne Victoria 3001

**Public File**

Dear Sir/Madam,

**Re Investigation No. 370 – Galvanised steel exported from India, Malaysia and Vietnam – Essar Steel India Ltd submission**

**I. Introduction**

I refer to the Essar Steel Ltd ("Essar Steel") submissions dated 13 February 2017 and 3 April 2017 in relation to Investigation No. 370.

BlueScope Steel Limited ("BlueScope") notes that Essar Steel has elected:

- (i) not to cooperate with the Anti-Dumping Commission ("the Commission") in the anti-dumping investigation into galvanised steel exports from India; and
- (ii) to fully cooperate in the countervailing investigation into galvanised steel exports from India.

Essar Steel's election to not fully cooperate with the Commission across all aspects of the investigation limits the Commission's ability to adequately evidence the impact of subsidies received by the cooperating exporter.

BlueScope rejects the assertions made that seek to link the current investigation to Investigation No. 249. The distraction offered by the exporter that includes a suggestion "Australia is not at all open for business" is fanciful, as are the inferences that injury to the Australian industry has not been caused by dumping (and subsidisation).

**II. BlueScope financials**

Both Essar submissions have sought to argue that BlueScope cannot be suffering material injury from dumping and subsidisation in its zinc coated galvanised steel ("galvanised steel") business as the company's economic performance is improving on an ongoing basis.

BlueScope earns 60 per cent of its earnings outside Australia<sup>1</sup>. The balance is achieved on sales in Australia across a broad range of businesses, that includes sales of galvanised steel. BlueScope has provided the Commission with complete Confidential Appendix A6.1 data that demonstrates injury in the 2015/16 investigation period.

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<sup>1</sup> Australian Financial Review, 21 February 2017, P.19.

The repeated references to BlueScope's 'ever strengthening financial position' as it relates to galvanised steel is incorrect and cannot be sustained.

### III. Injury cannot be attributed to dumped (and subsidised) exports

BlueScope has previously detailed to the Commission how it competes with imports of galvanised steel. Contrary to Essar's allegation that BlueScope sets the price on the Australian market, the company [*commercially sensitive pricing policies*].

Essar has sought to diminish the impact of the aggregated volumes from India, Malaysia and Vietnam during the investigation period. BlueScope provided index data on imports in the 2015/16 investigation period from the nominated countries that accounted for approximately [XX] per cent of total imports. In terms of the market share held by the said imports, this was estimated at more than [XX] per cent. The level of price undercutting from the dumped and subsidised imports as evidenced by BlueScope in its application was up to [XX] per cent.

Imports at dumped and subsidised prices that hold almost one-quarter of total imports accounting for more than 6 per cent market share in a price sensitive market, where price undercutting was prevalent.

BlueScope does not consider that Essar has provided any credible evidence that detracts from the applicant's claims as detailed in its application. Essar's claims by its representative that BlueScope has contributed to the injury it has experienced is merely speculative and not supported by any evidence.

The Essar submission of 3 April contends that BlueScope has caused itself injury through price rises following the investigation period. The Essar representative has not disclosed the reasons for the increases, other than to suggest that BlueScope "sets" prices. Following the investigation period, key raw material inputs in galvanised steel production (i.e. hot rolled coil) were the subject of substantial price increases. The movement in prices – post the investigation period – is a factor for all galvanised steel manufacturers in the region as HRC raw material input prices escalated dramatically.

The fact that prices increased due to the increase in HRC prices does not discount that BlueScope has not experienced price suppression or impacts on profit and profitability from the dumped and subsidised exports – whether during the investigation period or thereafter.

### IV. Aluminium zinc products

The most recent Essar submission suggests that the Commission should examine BlueScope's aluminium zinc coated steel business as this product "has replaced the use of galvanised steel in many traditional applications" and that it has "an overlapping usage with the goods the subject of the investigation".

BlueScope has not claimed that it has suffered a reduction in sales volumes or market share in this investigation. The material injury sustained by BlueScope has been through price-effect indicators impacting profit and profitability. The size of the galvanised zinc market over the three years to the end of the investigation period has remained stable – hence any substitution of galvanised steel sales is not borne through in market data (and cannot be considered to materially impact the performance of BlueScope's galvanised steel operation in the investigation period).

V. Conclusions on Essar claims

The matters raised on behalf of Essar in its two submissions are considered speculative and do not detract from BlueScope's claims contained in its application alleging that it has suffered material injury from dumped and subsidised exports of galvanised steel from India and Vietnam, and dumped exports from Malaysia.

The Essar submissions have also misrepresented BlueScope's economic performance for its domestic galvanised steel business by suggesting that the BlueScope company-wide results announcements in February 2017 do not confirm injury experienced in BlueScope's galvanised steel business. BlueScope does not consider that the representations made on behalf of Essar can be relied upon by the Commission in its injury assessment analysis. BlueScope has provided the Commission with information supporting its claims of financial injury (as reflected in the BlueScope Visit Report). The dumped imports account for an almost [XX] per cent share of total imports and more than [XX] per cent of the Australian market, and are considered to be sufficient to influence market pricing, resulting in material injury to the Australian industry.

If you have any questions concerning this submission, please do not hesitate to contact me on (02) 4240 1214, or BlueScope's representative Mr John O'Connor on (07) 3342 1921.

Yours faithfully,

A handwritten signature in dark ink, appearing to read 'C Uphill', written in a cursive style.

Chad Uphill  
Leader – Trade Affairs