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26 September 2012

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

Dear John,

**Re: Anti-Dumping investigation into HRC (Hot Rolled Coil) exported from Japan**

I refer to submissions lodged by BlueScope Steel on 17 September 2012.

**Cumulation of exports**

S269TAE(2C) of the Customs Act and S.22 of the Customs Dumping and Subsidy manual outline the considerations for the Minister in considering whether to cumulatively assess the effect of imports. Specifically, this decision is to be made in light of the conditions of competition between the imported goods themselves and between the imported goods and the domestically produced goods.

ATM submits that cumulation of exports for the assessment of causal link and material injury is **not** appropriate in the case of Hot Rolled Coil. BlueScope's submission of 17 September 2012 (No. 63) appears to argue that Hot Rolled Coil is a "heterogeneous" product. This claim is directly contradicted by aspects of BlueScope's original application outlining the different dynamics by segment and its submission in relation to exports from [REDACTED] where it is requesting Customs to make adjustments to "compare like-with-like" products.

Per our previous submissions, ATM is of the view that the dynamics of competition in HRC have varied significantly by segment and by country and as such, the questions of causation and material injury in HRC should be drawn on a segment by segment basis and a country by country basis.

Unless this assessment is carried out, accurate price undercutting analysis cannot be completed, as to cumulate without such an assessment would virtually distort [REDACTED] for the HRC grade suitable for the Pipe and Tube market. This is a major concern of ATM as we purchase our HRC [REDACTED]. The same outcome applies for the USP and NIP calculations as per previous ATM submissions. [REDACTED] and in ATM's view the investigation in relation to this country needs to be Terminated immediately.

At the very least, there should not be any consideration given to a Preliminary Affirmative Determination (PAD) for [REDACTED], particularly given the [REDACTED] based on the import price being considerably higher than the Non Injurious Price (NIP) submitted by ATM.

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To highlight the significantly varying dynamics across supplying countries and segments please find the following table:

Confidential table detailing market characteristics/data/pricing by country

A key contributing factor behind the substantially varying participation by different countries in different segments has been the significant variances in the HRC requirements/dynamics by end use market segment. The following covers a number of the observable characteristics by market segment:

Confidential table detailing market characteristics/data/pricing by segment

What is not in question in ATM's view is the substitutability of various imported HRC products with various HRC products produced by BlueScope. What is in question is the dynamics of a uniform/cumulative assessment of material injury/causal link in a market where the conditions of competition have varied so significantly by market segment and by country.

In summary, an examination of the conditions of competition in the HRC market concludes:

- Specific segments where HRC from particular countries/suppliers has no [REDACTED]
- Significant variations in HRC market share and volumes by country over the last 4 years.
- Significant variation in the HRC market share and volumes by country in the investigation period.
- Market segments where individual countries have supplied negligible or no HRC volumes.
- Substantial variation in BlueScope HRC market share and HRC market share trend by segment.
- Large differentials in HRC import prices between countries and between segments

Therefore, in ATM's view, cumulatively assessing the effect of imports in the case of HRC is not appropriate because it would undermine an accurate assessment of causal link and material injury in a market with the diversity of drivers identified.

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Material Injury and Causal Link

We refer to the following excerpts from BlueScope recent submissions:-

**Submission No. 64**

1) "Whilst these comments are considered accurate, they do not address the impact of price undercutting from dumped imports in the investigation period."

**ATM response:** [REDACTED] ATM has provided comprehensive submissions highlighting that supply from [Confidential details on causal link]

2) *"OneSteel's comments on injury and causation do not address the complete picture that includes the impact of the price undercutting from the dumped exports".*

**ATM response:** [Confidential details on causal link]

**Submission No.65**

1) *"BlueScope submits that a significant proportion of all sales of HRC are to the Pipe & Tube sector and that BlueScope's selling prices to the sector have been undercut throughout the investigation period"*

**ATM response:** ATM has provided data that has been verified by Customs that demonstrates that [Confidential details on causal link]

2) *"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."*

**ATM response:** Similar to the above view expressed by BlueScope, ATM has in a number of its submissions also highlighted the view that price undercutting is a necessary root cause for establishing the link causal link with price depression/suppression and margin decline. ATM has submitted and had verified by Customs, the data that [REDACTED] during the investigation period. Thus, on BlueScope's own submission, if there has not been price undercutting by [REDACTED] no conclusion can be drawn that Australian industry has suffered injury due to [REDACTED]

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**Conclusion**

In summary, ATM believes it has demonstrated that supply from [REDACTED] has demonstrated none of the root cause drivers in establishing a causal link between any material injury suffered by BlueScope and [REDACTED].

- [REDACTED] to ATM was at a [REDACTED] to pricing from BlueScope during the investigation period [REDACTED].
- Market share declined from Japan in the Pipe & Tube sector and overall in the investigation period.
- Volume has declined from Japan in the Pipe & Tube sector and overall in the investigation period.
- [REDACTED] very low share of overall market and Pipe & Tube market