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2 October 2012

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

Our ref: ATH  
Matter no: 9553950

By email: [john.bracic@customs.gov.au](mailto:john.bracic@customs.gov.au)

Dear Director

**Hot Rolled Coil Steel exported from Japan, the Republic of Korea, Malaysia and Taiwan  
Initiation of an investigation into alleged dumping  
Submission by Hyundai Steel Company  
Non-Confidential version**

We act on behalf of Hyundai Steel Company ("**Hyundai Steel**").

We have been instructed by Hyundai Steel to submit its response to the Australian Customs and Border Protection Service's ("**Customs**") "Review of Preliminary Dumping Margins" Report dated 28 September 2012 ("**Review Report**").

Please find **attached** the **non-confidential version** of our client's response ("**Rebuttal Brief**"). A **confidential version** of our client's response and associated exhibits marked "1" to "9" has also been provided.

**1. Summary of Submissions**

Hyundai Steel strongly objects to the alteration of the original dumping margin calculated by Customs at the verification visit. In summary, it is Hyundai Steel's contention that:

- (a) the original approach adopted by Customs at the verification visit for the calculation of export prices and normal values was entirely valid and in any event, was endorsed by Customs;
- (b) Hyundai Steel has provided sufficient evidence both in the Exporter Questionnaire and at the verification visit to demonstrate that there are other factors, in addition to the specifications, which impact on the price of HRCS;
- (c) Customs has failed to adequately consider the evidence provided by Hyundai Steel in the re-calculation of export price, normal values and dumping margins and in the Review Report;
- (d) it is inappropriate for Customs to rely on the different international standards as the basis for calculating dumping margins, as different international standards have identical specifications and are therefore identical products;  
and

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The Director, Operations 1  
Australian Customs and Border Protection Service

- (e) Customs has failed to adequately identify why the original calculations undertaken by Customs at the verification visit are unreasonable in all the circumstances.

Accordingly, Hyundai Steel considers that it is unreasonable for Customs to depart from the original methodology adopted at the verification visit and that the dumping margin should remain at 1.9%.

In addition, we emphasise that the decision of Customs to revise the dumping margin occurred at a very late stage in the Investigation and immediately prior to the due date for the publication of the SEF. As a result, our client has had a limited timeframe to respond to the Review Report and there has been no opportunity for Customs to appropriately consider this issue in detail prior to the publication of the SEF. Accordingly, we emphasise that Customs must take into account the submissions of Hyundai Steel contained in this letter and in the Rebuttal Brief prior to the issue of the SEF.

## 2. Conclusions

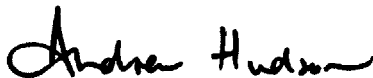
Our client strongly objects to the revised calculations and dumping margins proposed by Customs in the Review Report and submits that the original calculations undertaken by Customs at the verification visit are appropriate and valid.

In addition, our client objects to the publication of the revised dumping margin in Customs' Statement of Essential Facts ("SEF") and will reserve its right to appeal to the Trade Measures Review Officer should Customs fail to reconsider its position in relation to the revised dumping margin.

On a final note, we emphasise that it is necessary for Customs to fully consider the issues raised in this letter and the Rebuttal Brief prior to the publication of the SEF.

Our client will be pleased to discuss the issues raised in this letter and the Rebuttal Brief in further detail should Customs require.

Yours faithfully  
**Hunt & Hunt**



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**INVESTIGATION INTO THE ALLEGED  
DUMPING OF HOT ROLLED COIL  
EXPORTED TO AUSTRALIA FROM JAPAN,  
THE REPUBLIC OF KOREA, MALAYSIA AND  
TAIWAN**

**REBUTTAL BRIEF ON THE REVIEW OF  
PRELIMINARY DUMPING MARGINS  
FOR HYUNDAI STEEL COMPANY**

*Non-Confidential Version*

## **Hyundai Steel Company's Rebuttal Brief on Review of Preliminary Dumping Margins Published by the Australian Customs and Border Protection Service**

2 October 2012

Hyundai Steel Company (hereinafter "the Company" or "Hyundai Steel") hereby submits its rebuttal brief on "Review of Preliminary Dumping Margins" (hereinafter "the Review Report") published by the Australian Customs and Border Protection Service (hereinafter "CBP") on 28 September 2012.

Through "Review of Preliminary Dumping Margins", the "CBP" changed model classification and consequently amended the dumping margin calculation for "the Company", simply because "no information was provided by Hyundai to demonstrate whether other factors have impacted prices". However, "the Company" cannot find any reasonable grounds for the "CBP"'s amended methodology.

### **1. Background for Creating "Product Code"**

As clearly stated on the responses to the original questionnaire, before submitting its responses to the questionnaire, "the Company" sent an email to the "CBP" to inquire of model matching criteria, and received a reply from [redacted] [name of "CBP" officer] stating that [redacted]

[redacted] [confidential information regarding the text of "CBP"'s response]. Furthermore, the "CBP" sent a revised format for "Australian Sales" and "Domestic Sales" listings in order to newly reflect "Thickness Range", "Width Range", "Pickling and Oiling", "Edge Treatment" and "Skinpass".

It is obvious that the comparison between the export price and the normal value for a reasonable calculation of dumping margin should be made for "identical" product. Also, in determining whether certain products are identical each other, several factors such as application, physical properties, and chemical compositions should be considered. In this regard, in consideration of [redacted]

[redacted] [confidential information regarding Hyundai Steel's product code] "the Company" created a "product code" for a fair comparison between the export price and the normal value, respecting the "CBP"'s email on the product hierarchy and the revised sales listings format. It should be noted that the factors used in creating a "product code" are very commonly used ones in classifying products in a steel-making industry.

Before disregarding such "product code" hierarchy provided by "the Company", the "CBP" should have explained the "unreasonableness" of the "product code" hierarchy. The "CBP" simply states on

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“the Review Report” that the reason of disregarding the “product code” hierarchy is that “no information was provided by Hyundai to demonstrate whether other factors have impacted prices”. However, it should be noted that “impacting prices” should be a matter of “due allowances”, not a matter of “product hierarchy”. If the “CBP” is really concerned about the factors “impacting prices” in “product code” hierarchy, “the Company” firmly believes that the “CBP” does not need to be concerned about the matter, because such factors which cannot affect the price automatically cannot affect the dumping margin calculation. That is, “the CBP” should not artificially revise the “product code” hierarchy for a purpose of calculating dumping margin, as long as the “product code hierarchy” stands “reasonable”. Therefore, as stated above, “the CBP” should have addressed why the “product code” hierarchy is “unreasonable” in determining the dumping margin, “not” addressing impact on the prices.

## 2. Customs Product ID (Specifications)

In accordance with the “CBP”’s dumping margin calculation file (file name : [REDACTED]), it appears that the product code used for “model matching” is simply “specifications” for each individual transaction. That is, it appears that the products having different nominal specifications have been regarded as totally different products.

However, it should be noted that the specification of “practically identical product” can be differently nominated depending on the international standards such as “AS/NZS 1594”, “JIS”, “EN”, “ASTM”, etc. That is, certain products having the same application, physical properties (tensile strength or yield strength) and chemical composition can be differently nominated depending on the international standards.

In accordance with “page 12” of the “Application for Anti-Dumping Duties” lodged by BlueScope Steel Limited, a table named “HRC Grade Equivalents” was provided. Per the table, the Applicant itself demonstrated that “HA250/300” under AS/NZS 1594 standard is “equivalent” to “SS400” under JIS standard. Also, the table demonstrates that “HA350” is equivalent to “SS490”. That is, it is evident that certain products having the same application, physical properties, and chemical composition should be regarded as “identical” specifications, regardless of the referenced international standards, as the Applicant demonstrated. For the “CBP”’s reference, page 12 of the Application is provided in non-confidential Exhibit 1.

During the investigation period, only [REDACTED] individual specifications were sold to the Australian market, while [REDACTED] of individual specifications were sold on the domestic market and other countries’ market, under various international standards. Using [REDACTED] [REDACTED] [confidential information regarding Hyundai Steel’s product code], “the Company”

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reasonably classified various specifications in Appendix [REDACTED] and Appendix [REDACTED] attached to the responses to the original questionnaire.

However, in accordance with the "CBP"'s dumping margin calculation file, it appears that "the CBP" entirely disregarded the application and physical properties of the differently nominated specifications. In case of [REDACTED], [REDACTED], and [REDACTED] specifications, such specifications are typical grades under AS/NZS 1594.<sup>1</sup> However, such [REDACTED] specifications are not common on the Korean domestic market.<sup>2</sup> Instead, [REDACTED], [REDACTED], [REDACTED] and [REDACTED] specifications which have same (at least almost similar) application, physical properties, and chemical composition as [REDACTED] specifications are very commonly sold on the domestic market. Thus, "the CBP" should have considered [REDACTED] specifications as well as [REDACTED] specifications in order to calculate the normal value for the matched exported [REDACTED] specifications. However, without any further explanations, "the CBP" disregarded the sales of the products having the same specifications characteristics on the domestic market in determining the normal value. That is, as "the CBP" failed to demonstrate the reliability of its "Customs Product ID", it is unquestionable that "the CBP" should use the "product code" hierarchy provided by "the Company".

### 3. Supporting Documentations Demonstrating Other Factors Impacting Prices

In accordance with "the Review Report", it is stated that

*"In the case of Hyundai's exports and domestic sales, Customs and Border Protection has identified the key characteristics that can be seen to affect price<sup>3</sup>. No information was provided by Hyundai to demonstrate whether other factors have impacted prices. Therefore, Customs and Border Protection has amended the dumping calculations to reflect the revised model classifications."*

However, it is unquestionable that the "CBP"'s above statement is entirely misleading, because "the Company" provided sufficient supporting documentations during on-the-spot verification demonstrating that the sales price varies under the same specification. That is, "the Company" provided supporting documentations demonstrating that there are other factors which have impacted prices in addition to the specifications.

#### (1) Australian Sales

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<sup>1</sup> During the investigation period, the total sales volume for these three specifications represents approximately [REDACTED]% of the total export sales volume to the Australian market.

<sup>2</sup> During the investigation period, only [REDACTED] individual transactions were made on the domestic market for these three specifications.

<sup>3</sup> It appears that such key characteristics indicate the individual specification, as explained above.

During the on-the-spot verification, “the CBP” selected ten Australian sales samples and then “the Company” fully provided supporting documentations for such samples. Although “the CBP” also possesses the same supporting documentations, “the Company” hereby summarizes some sampled transactions to demonstrate that there are other factors which have impacted prices in addition to the specifications.

1) Sample #1 [redacted]  
[redacted]

[redacted]  
[redacted]

[redacted]  
[redacted] [confidential information regarding the sampled transaction]

The provided [redacted] [confidential information regarding the form of the supporting documentation] fully demonstrates that the contracted price varied depending on “other” factors under the same specification [redacted].

[redacted]  
[redacted]

[redacted]  
[redacted] [confidential information regarding the sampled transaction]

The provided [redacted] [confidential information regarding the form of the supporting documentation] fully demonstrates that the actually invoiced price varied depending on “other” factors under the same specification [redacted].

For “the CBP”’s reference, the already-provided [redacted] [confidential information regarding the form of the supporting documentation] for Sample #1 is provided in confidential Exhibit 2.

Sample #2 [redacted]  
[redacted]

[REDACTED]

[REDACTED]

[REDACTED]

[confidential information regarding the sampled transaction]

The provided [REDACTED] [confidential information regarding the form of the supporting documentation] fully demonstrates that the contracted price varied depending on "other" factors under the same specification [REDACTED].

[REDACTED]

[REDACTED]

[confidential information regarding the sampled transaction]

The provided [REDACTED] [confidential information regarding the form of the supporting documentation] fully demonstrates that the actually invoiced price varied depending on "other" factors under the same specification [REDACTED].

For "the CBP"'s reference, the already-provided [REDACTED] [confidential information regarding the form of the supporting documentation] for Sample #2 is provided in confidential Exhibit 3.

Sample #3 [REDACTED]

[REDACTED]

[REDACTED]

[confidential information regarding the sampled transaction]



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The provided [redacted] [confidential information regarding the form of the supporting documentation] fully demonstrates that the contracted price varied depending on “other” factors under the same specification [redacted].

[redacted]

[redacted] [confidential information regarding the sampled transaction]

The provided [redacted] [confidential information regarding the form of the supporting documentation] fully demonstrates that the actually invoiced price varied depending on “other” factors under the same specification [redacted].

Specially, the Sample #3 was exported with the Sample #2 at the same time and same [redacted] [redacted] [confidential information regarding the form of the supporting documentation] with same grade but the price was difference from Sample #2 because of other product characteristics.

For “the CBP”’s reference, the already-provided [redacted] [confidential information regarding the form of the supporting documentation] for Sample #3 is provided in **confidential Exhibit 4.**

[redacted] Sample #5 [redacted]

[redacted]

[redacted] [confidential information regarding the sampled transaction]

The provided [redacted] [confidential information regarding the form of the supporting documentation] fully demonstrates that the contracted price varied depending on “other” factors under the same specification [redacted].

[redacted]

[REDACTED]

[REDACTED] [confidential information regarding the sampled transaction]

The provided [REDACTED] [confidential information regarding the form of the supporting documentation] fully demonstrates that the actually invoiced price varied depending on "other" factors under the same specification [REDACTED].

For "the CBP"'s reference, the already-provided [REDACTED] [confidential information regarding the form of the supporting documentation] for Sample #5 is provided in **confidential Exhibit 5.**

[REDACTED] **Sample #6** [REDACTED]

[REDACTED]

[REDACTED] [confidential information regarding the sampled transaction]

The provided [REDACTED] [confidential information regarding the form of the supporting documentation] fully demonstrates that the contracted price varied depending on "other" factors under the same specification [REDACTED].

[REDACTED]

[REDACTED] [confidential information regarding the sampled transaction]

The provided [REDACTED] [confidential information regarding the form of the supporting

documentation] fully demonstrates that the actually invoiced price varied depending on "other" factors under the same specification [REDACTED].

For "the CBP"'s reference, the already-provided [REDACTED] [confidential information regarding the form of the supporting documentation] for Sample #6 is provided in confidential Exhibit 6.

As shown above, the supporting documentations provided during the on-the-spot verification fully demonstrate that there are other factors which have impacted prices in addition to the specifications. Therefore, it is unquestionable that the "CBP"'s statement on the "Review Report" is entirely misleading.

**(2) Domestic Sales**

During the on-the-spot verification, "the CBP" selected ten domestic sales samples and then "the Company" fully provided supporting documentations for such samples. Although "the CBP" also possesses the same supporting documentations, "the Company" hereby summarizes some sampled transactions to demonstrate that there are other factors which have impacted prices in addition to the specifications.

**Sample #1** [REDACTED]  
[REDACTED]  
[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] [confidential information regarding the sampled transaction]

The provided [redacted] [confidential information regarding the form of the supporting documentation] fully demonstrates that the actually invoiced price varied depending on “other” factors under the same specification [redacted].

For “the CBP”’s reference, the already-provided [redacted] [confidential information regarding the form of the supporting documentation] for Sample #1 is provided in confidential Exhibit 7.

[redacted] Sample #2 [redacted]  
[redacted]  
[redacted]  
[redacted] [confidential information regarding the sampled transaction]

The provided [redacted] [confidential information regarding the form of the supporting documentation] fully demonstrates that the actually invoiced price varied depending on “other” factors under the same specification [redacted].

For “the CBP”’s reference, the already-provided [redacted] [confidential information regarding the form of the supporting documentation] for Sample #2 is provided in confidential Exhibit 8.

[redacted] Sample #4 [redacted]  
[redacted]  
[redacted]

[confidential information regarding the sampled transaction]

The provided [redacted] [confidential information regarding the form of the supporting documentation] fully demonstrates that the actually invoiced price varied depending on “other” factors under the same specification [redacted].

For “the CBP”’s reference, the already-provided [redacted] [confidential information regarding the form of the supporting documentation] for Sample #4 is provided in confidential Exhibit 9.

As shown above, the supporting documentations provided during the on-the-spot verification fully demonstrate that there are other factors which have impacted prices in addition to the specifications. Therefore, it is unquestionable that the “CBP”’s statement on the “Review Report” is entirely misleading.

#### 4. Conclusion

As demonstrated above, it is evident that “the CBP”’s “Review Report” dated 28 September 2012 has serious flaws because

·Whether certain factors impact prices should be a matter of “due allowances”, not a matter of “product code” hierarchy.

·“The CBP” disregarded the application and physical properties in creating “Customs Product ID”. That is, certain specifications having the same application and physical properties should be regarded as the same specifications, regardless of the referenced international standards, as the Applicant demonstrated.

·Nevertheless, “the Company” fully demonstrated during the on-the-spot verification that there are other factors which have impacted prices in addition to the specifications.

Therefore, “the Company” respectfully requests that “the CBP” withdraw its revised dumping margin calculation methodology and revert to the original dumping margin calculation methodology and dumping margin 1.9% of Hyundai Steel stated on the original visit report dated 24 September 2012.

# Exhibit 1

3. Fully describe your product(s) that are 'like' to the Imported product:
- Include physical, technical or other properties.
  - Where the application covers a range of products, list this information for each make and model in the range.
  - Supply technical documentation where appropriate.
  - Indicate which of your product types or models are comparable to each of the imported product types or models. If appropriate, the comparison can be done in a table.

**Like Goods**

BlueScope manufactures Flat-Rolled products of iron or non-alloy steel, of a width of 600mm or more, hot-rolled, not clad, plated or coated and Flat-Rolled products of iron or non-alloy steel, of a width less than 600mm, not clad, plated or coated – not further worked than hot-rolled, of varying thicknesses.

The locally produced goods are like product to the Imported Flat-Rolled products of iron or steel, not clad, plated or coated, of widths less than 600mm and greater than or equal to 600mm, of varying thicknesses.

**Physical properties**

The HRC steel manufactured by BlueScope is supplied in coiled form to customers and may also be later be cut into sheets for sale to manufacturers, or further slit into narrower widths. HRC may also be supplied in a pickled and oiled (surface treatment) form.

The most common grades of HRC steel are:-

HRC Grade 'Equivalents'				
AS/NZS 1594		JIS G3131	JIS G3101	JIS G3132
HA1	=	SPHC		SPHT1
HA200	=	SPHC	SS330	SPHT1
HA250 / 300	=		SS400	SPHT2
HA350	=		SS490	SPHT3
HA3	=	SPHD		

The steel chemistry, processing temperature, % thickness reduction and coiling temperature are all used to produce the required mechanical properties for each product grade, as designated by the International Standards.

Typically each International Standard has a range of steel grades nominated as Formable, Commercial or Structural grades. The formable/commercial grades are those with mechanical properties suitable for general pressing and forming whereas the structural grades are those with guaranteed minimum properties that structural engineers utilize in the design of their final product designs.

The locally produced Goods have a product thickness range of 1.5mm to 12.7mm, and a width range up to 1830mm wide.

A HRC steel General Information Brochure is included at Non-Confidential A-3.3.1. A copy of BlueScope's Product data Sheets for the "HRC Grade Equivalents" listed above are included in Non-Confidential Attachment A-3.3.2 to A-3.3.8.