



Australian Government
Australian Customs and
Border Protection Service

INVESTIGATIONS INTO THE ALLEGED DUMPING HOT ROLLED PLATE STEEL

EXPORTED FROM

**THE PEOPLE'S REPUBLIC OF CHINA, THE REPUBLIC OF
INDONESIA, JAPAN,**

THE REPUBLIC OF KOREA AND TAWAIN

IMPORTER VISIT REPORT

GS Global Australia PTY LTD

**THIS REPORT AND THE VIEWS OR RECOMMENDATIONS CONTAINED
THEREIN WILL BE REVIEWED BY THE CASE MANAGEMENT TEAM AND
MAY NOT REFLECT THE FINAL POSITION OF CUSTOMS AND BORDER
PROTECTION**

March 2013

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2 BACKGROUND AND PURPOSE

2.1 The application

On 21 December 2012, an application was lodged on behalf of BlueScope Steel Limited (BlueScope) requesting that the Minister for Home Affairs (the Minister) publish:

- a dumping duty notice on hot rolled plate steel (HRPS) exported to Australia from the People's Republic of China (China), the Republic of Indonesia (Indonesia), Japan, The Republic of Korea (Korea) and Taiwan; and
- a countervailing duty notice on HRPS exported to Australia from China.

BlueScope alleges that the Australian industry has suffered material injury caused by HRPS exported to Australia from the nominated countries at dumped and, in the case of China, subsidised prices.

BlueScope provided further information and data in support of its application, the last of which was received on 29 January 2013. As a result, Customs and Border Protection restarted the 20 day period for considering the application.

On 12 February 2013, following consideration of the application, the Chief Executive Officer of Australian Customs and Border Protection Service (Customs and Border Protection) decided not to reject the applications and initiated investigation into the alleged dumping of HRPS from China, Indonesia, Japan, Korea and Taiwan and alleged subsidisation from China. Public notifications of the initiation of the investigations were published in The Australian on 12 February 2013. Australian Customs Dumping Notice (ACDN) No. 2013/18 and ACDN 2013/20 provides further details of the investigation and is available at www.customs.gov.au.

2.2 Previous anti-dumping investigations

On 25 March 2004, the Minister for Justice and Customs published a dumping duty notice under s. 269TG(2) of the Act, imposing dumping measures on certain plate steel exported to Australia from China, Indonesia, Japan and Korea with the exclusion of one Korean exporter and two Indonesian exporters. The measures took effect on 2 April 2004.

Following a review by the Trade Measures Review Officer (TMRO), the Minister requested the Chief Executive Officer (CEO) of Customs and Border Protection to reinvestigate the findings in original report No. 76.

Following the reinvestigation, on 7 December 2004, the Minister for Justice and Customs accepted Customs and Border Protection's recommendations in report No. 87 to affirm the publication of dumping duty notices. Public notice was provided on 24 December 2004.

The measures expired on 2 April 2009.

There are currently no anti-dumping or countervailing measures on plate steel exported to Australia.

2.3 Background to meeting

Following the initiation of the investigations, a search of Customs and Border Protection's import database indicated that GS Global Australia Pty Ltd (hereafter referred to as GS Global) imported goods under investigation from [REDACTED] during 1 January 2012 and 31 December 2012 (the investigation period). Customs and Border Protection also confirmed from its database that GS Global was a major¹ importer of HRPS.

Customs and Border Protection notified GS Global of the initiation of the investigations and sought their cooperation with the investigations and provided to the company an importer questionnaire in respect of HRPS to complete. Customs and Border Protection also provided to GS Global a list of selected consignments that occurred during the period of investigation for further verification to source documentation.

GS Global completed the importer questionnaire, providing details regarding the company, overseas supplier information, imports and importation and selling expenses. A copy of Part A (company and supplier details) of the GS Global importer questionnaire response is at **Confidential Attachment GEN 1**.

2.4 Purpose of meeting

The purpose of this visit was to:

- confirm that GS Global was a major importer of HRPS and obtain information to assist in establishing the identities of the exporters of the goods;
- verify information on imports of HRPS to assist in the determination of export prices from China, Indonesia, Japan, Korea, and Taiwan;
- establish whether the export purchases were arms-length transactions;
- establish post exportation costs incurred in importing;
- identify GS Global's sales and customers and determine sales volume, selling prices and costs;
- recommend how export price may be determined under section 269TAB of the Customs Act 1901²; and
- provide GS Global with an opportunity to discuss any issues relevant to the investigations.

Prior to the meeting Customs and Border Protection forwarded an agenda to GS Global and advised that supporting documentation would be required for the identified selected consignments. A copy of the visit agenda is at **Confidential Attachment GEN 2**.

¹ For the purpose of this report, a major importer is defined as an importer that imported more than 5% of the total volume of imports from the countries subject to the investigations.

² Herein all references to legislation in this report refer to the *Customs Act 1901*, unless otherwise specified.

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2.5 Visit

Details of the visit were as follows:

Company	GS Global Australia Pty Ltd
Address	Suite 3801, Level 38, Northpoint 100 Miller Street, North Sydney
Telephone no.	02 9954 0911
Fax no.	02 9954 0919
Email	[REDACTED]
Date	28 March 2013
Present	
GS Global	Peter Han, Deputy General Manager Sung Brendon Chung, Sale & Marketing & Procurement Manager Paul Park, Sale & Marketing Representative
Customs and Border Protection	Tom O'Connor, Manager Operations 1 Tim Flor, Supervisor Operations 3

At the meeting and due to the number of recent Customs and Border Protection anti-dumping verification visits undertaken with GS Global, GS Global decided an introduction and overview of the investigation was not necessary. For the record however, the following summary would have been provided and follows;

- The investigation period is 1 January 2012 to 31 December 2012;
- Customs and Border Protection will examine the Australian market from 1 January 2008 for the purpose of analysing the condition of the Australian industry;
- initial submissions from interested parties are due by 25 March 2013 (in response to the applications and initiation notice);
- a preliminary affirmative determinations (PADs) may be made no earlier than 13 April 2013 (after day 60 from the date of initiations);
- provisional measures may be imposed at the time of the PADs or at any time after the PADs have been made, but Customs and Border Protection would not make such a determination until it was satisfied that there appears to be, or that it appears there will be, sufficient grounds for the publication of dumping duty notices;
- a statement of essential facts (SEF) for the investigation will be placed on the public record by 3 June 2013 or such later date as the Minister allows;
- this SEF will set out the material findings of fact on which Customs and Border Protection intends to base its recommendations to the Minister and will invite interested parties to respond, within 20 days, to the issues raised therein (submissions received in response to the SEF will be considered when compiling the report and recommendations to the Minister);
- Customs and Border Protection's report to the Minister is due by 17 July 2013, unless an extension to the SEF is approved by the Minister;

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- the Minister will have 30 days from the date of receipt of the final report to make a final decision;
- certain interested parties have the right to seek a review to the Trade Measures Review Officer in relation to the Minister's decision;
- Non confidential submissions and visit reports are placed on the public file and the electronic public file accessible via Customs and Border Protection's website;
- GS Global would be given an opportunity to review the visit report for accuracy; and an 'For Official Use Only'³ report on the visit will be prepared; and
- a public record version of this visit report would then be prepared in consultation with GS Global and placed on the Public Record for the investigation.

The verification team also drew GS Global's attention to the ACDN 2012/02 and ACDN 2012/34 that describes the operation of goods in transit and the operation of securities.

Customs and Border Protection recently visited GS Global for a concurrent investigation into the alleged dumping and subsidisation of aluminium zinc coated steel and zinc coated steel. For that investigation and this investigation GS Global was co-operative and had the required documentation available for the meeting.

The case number for viewing relevant public documents on the electronic public record is case number 198.

³ Which replaces the previously used security classification of "*Confidential*".

3 THE GOODS

3.1 The goods the subject of the application

3.1.1 Description

The goods the subject of the application are flat rolled products of:

- iron;
- non-alloy steel; or
- non-heat treated alloy steel of a kind commonly referred to as Quench and Tempered (Q&T) Green Feed;

of a width greater than 600mm, with a thickness equal to or greater than 4.75mm, not further worked than hot rolled, not in coils, with or without patterns in relief.

Goods excluded from the investigation are:

- 250 megapascal (MPa) yield strength grades of plate steel with a thickness greater than 150mm;
- 350 MPa yield strength grades of plate steel with a thickness greater than 100mm;
- Q & T Green Feed grades of plate steel with a thickness greater than 105mm; and
- heat treated Q & T grades of plate steel.

The goods are classified to the following tariff subheadings in Schedule 3 of the Customs Tariff Act 1995:

- 7208.40.00 statistical code 39;
- 7208.51.00 statistical code 40;
- 7208.52.00 statistical code 41;
- 7225.40.00 statistical codes 22 and 24.

For tariff subheadings 7208.40.00, 7208.51.00 and 7208.52.00 the general rate of duty is 5 per cent for goods imported from Japan and free for imports from China, Indonesia, Korea and Taiwan.

For goods imported under the tariff subheading 7225.40.00 the general rate of duty for goods imported from Japan, Korea and Taiwan is 5 per cent and 4 per cent for imports from China and Indonesia.

3.2 'Like' goods

GS Global indicated that the goods manufactured by the Australian industry are like goods to the goods described above. We were informed that there is no significant difference.

When GS Global places orders, the order typically requires that the goods meet Australian standards. We were informed that the Australian industry also manufactures to these specifications.

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Both the imported goods and the like goods manufactured by Australian industry can be put to the same end use. Typical applications find the goods being used in mining, agriculture and general construction/fabrication.

3.3 GS Global comments

GS Global advised that HRPS is made from either a slab in a rolling mill or cut from coil. Flat products cut from coil are called sheets and those from slabs are called plates. Hot rolled plate steel from coil has thickness limitations which is the main differentiating factor. Generally and depending on the mill, plate steel made in this fashion has a thickness limitation of 16mm to 20mm.

Although the distinction, GS Global considers it is theoretically correct that the end product can be applied for the same end use and are interchangeable with HRPS made from slabs up to a thickness of 16mm to 20mm however in practice this is not always the case.

Again steel plate made from coil is typically better for laser cutting applications as the surface tends to be smoother and cleaner due to the manufacturing processes, however it cannot be applied in all situations for various reasons, namely the mills finished product quality.

Consequently, GS Global's products are sourced from mills that use either slabs and or coil.

[REDACTED]

(Quench and tempered discussion).

4 COMPANY BACKGROUND

4.1 Company background

GS Global advised that it is 100 per cent owned by GS Global Corporation, (GS Global Corporation), the subsidiary of GS Group in Korea. Prior to July 2009, GS Global was known as SsangYong (Australia) Pty Ltd (SsangYong). SsangYong has participated in a number of Customs and Border Protection anti-dumping investigations in respect of steel commodities.

Being part of the GS Global Group, on this company's website, it notes that GS Global has corporate dealings in steel, petrochemical, industrial materials, livestock and machineries.

4.1.1 General background

GS Global described itself as an importer and distributor of a range of carbon steel products including hot rolled coil, steel plate and steel coated sheets. Annual revenue of all steel products in 2012 was approximately \$[REDACTED] with the goods under investigation representing approximately [REDACTED] of total revenue. Although GS Global observed that from 2011, sales of HRPS have [REDACTED] and forecasting indicates this [REDACTED] will continue.

As part of the business strategy, GS Global only purchases the goods [REDACTED] customers [REDACTED]. [REDACTED] (Customer purchase and delivery arrangements).

During the investigation period, GS Global made offers to Australian customers, negotiated with overseas suppliers, arranged importation of goods, and delivered and sold imported goods to its Australian customers under agreed credit terms.

GS Global has [REDACTED] employees at its North Sydney office.

4.2 Accounting

GS Global explained that it uses [REDACTED] accounting software and its financial year is from January to December. GS Global advised that its financial statements and reports are externally audited by Price Waterhouse Coopers. GS Global provided its Statement of Earnings for the 2012 calendar year (unaudited) which covered the investigation period (**Confidential Attachment SGA 1** refers).

4.3 Relationship with GS Global Corporation

[REDACTED]

[REDACTED]
[REDACTED] (Purchasing relationship with GS Corporation)

4.4 Relationship with steel mills

We were informed that GS Global has no ownership of control relationships with the steel mills that supply the goods. GS Global use [REDACTED] to supply its Australian customers.- [REDACTED] located in South Korea.

4.4.1 [REDACTED]

[REDACTED]
[REDACTED] . No other goods are supplied by [REDACTED].

[REDACTED]
[REDACTED] (Relationship discussion mill 1).

[REDACTED]
For the remainder of the goods supplied to the Australian customers GS Global uses [REDACTED].

4.4.2 [REDACTED]

[REDACTED]
(Relationship discussion mill 2).

GS Global also explained that it does not receive any rebates or discounts from its suppliers.

4.5 Relationships with customers

GS Global confirmed that it is not related to any of its customers, nor does it maintain [REDACTED] with its customers. GS Global also stated that it does not offer any rebates or discounts, and that the invoiced price is the price paid.

5 IMPORTS

5.1 Introduction

GS Global is an importer of the goods from [REDACTED] mills located in Korea.

All [REDACTED] orders [REDACTED] placed [REDACTED] have subsequent [REDACTED] [REDACTED] (Ordering strategy).

5.2 Ordering process and price

5.2.1 [REDACTED]

[REDACTED]

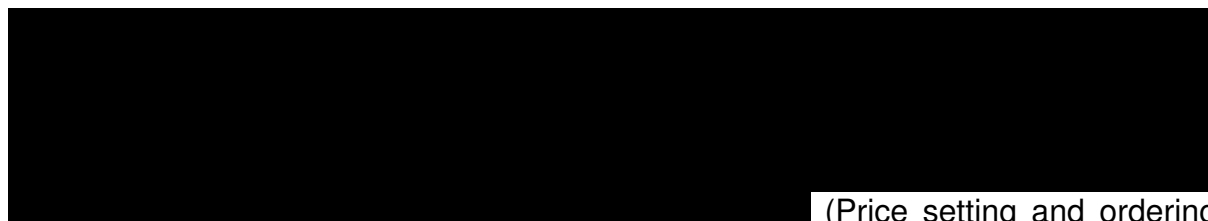
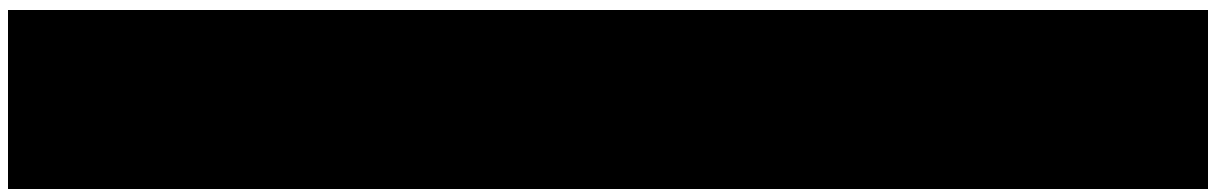
[REDACTED]

(Price setting and ordering from suppliers)

5.2.2 [REDACTED]

[REDACTED]

[REDACTED]

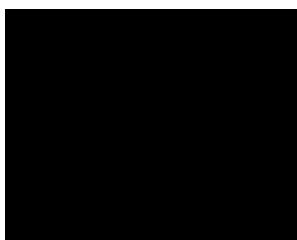


(Price setting and ordering from suppliers)

5.2.3 Order acceptance

Once the order is accepted, GS Global receives the purchase order —In this system the following details are noted;

-
-
-
-
-
-



5.3 Volumes

Extracted from the Customs commercial data base are the volumes and values of the goods imported by GS Global together with the weighted average price per tonne in AUD by tariff classification goods description.

Goods Description	Tonnes	AUD	Wt Ave FOB mt. AUD
Of a thickness exceeding 10mm			
Of a thickness of 4.75mm or more but not exceeding 10mm			
Other, nor further worked than hot-rolled, not in coils			
Total			

GS Global provided domestic sales data as requested in Part C of the importer questionnaire. On examination we identified the volume and values and queried these amounts with GS Global. Accordingly the volume was only approximately one sixth of the volume identified in the Customs commercial database. GS Global indicated that the sales data only related to the 12 consignments selected.

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To confirm the table's total volume, GS Global provided a printout from its system of all importations of the goods during the investigation period. This report indicated mill, bill of lading date and volume which were within [REDACTED] tonnes of the Customs database volume. We considered the small discrepancy acceptable due to report filtering differences. See **confidential attachment IMP 1**.

5.4 Terms

The vast majority of orders are sold on [REDACTED] terms. We noticed a small number of orders with terms of [REDACTED]. Invoicing currency was predominantly [REDACTED] goods and [REDACTED] goods manufactured at [REDACTED]. Although terms are usually [REDACTED], the overseas freight component [REDACTED].

GS Global pays GS Global Corporation with payment terms ranging from [REDACTED] days after receiving the documents.

[REDACTED] (Payment term considerations).

5.5 Verification

Prior to the visit, we selected 12 shipments and asked GS Global to provide Customs and Border Protection the following source documents:

- purchase order
- commercial invoices;
- evidence of payment to supplier;
- packing lists;
- bills of lading;
- Customs broker fees;
- domestic freight and into store invoices;
- selling invoices and evidence of payment

The source documents are at **confidential attachment IMP 2**.

For each shipment we used the source documents provided to check the listed quantity, invoice value, ocean freight and insurance, exchange rate, customs duty, importation costs, expenses and average selling prices in the cost to import and sales spread sheet provided with the importer questionnaire response.

Following the visit we verified all twelve sets of documents for proof of payment of the shipment and post exportation costs to source documents at **confidential attachment IMP2**. We were able to reconcile the shipment number, quantity, value, price and delivery terms for the selected shipments with the data in the import list from Customs commercial database and to the cost to import and sales worksheet.

5.5.1 Importation costs

We calculated the average post free on board expenses for the selected shipments, which are summarised in the following table (expressed in Australian dollars per tonne).

Detail	Weighted average cost per unit (AUD/tonne)
Ocean freight	██████████
Insurance	██████████
Australian importation costs (excluding GST)	██████████
Selling, general and administrative expenses (based on average selling price)	██████████

5.6 Marine insurance

For export purchases GS Global paid for marine insurance. We indicated that the cost of the insurance ██████████. We were informed the marine insurance ██████████.

5.7 Credit Insurance

With most of its domestic sales, GS Global takes out credit insurance to cover the event of non-payment. As part of the documentation and the sales route exercise GS Global had separately identified this expense. At **confidential attachment IMP2** are copies of the updated premiums that covered the investigation period.

5.8 Export prices for shipments

Based on the Customs and Border Protection import database, we calculated the weighted average FOB export price (in AUD) for HRPS over the investigation period.

Goods Description	Wt Ave FOB mt. AUD
Of a thickness exceeding 10mm	██████████
Of a thickness of 4.75mm or more but not exceeding 10mm	██████████
Other, nor further worked than hot-rolled, not in coils	██████████

5.9 Forward Orders

Via the importer questionnaire, GS Global indicated the volume and value of forward orders which were reported as [REDACTED] mt and \$[REDACTED]. The forward orders extended out to [REDACTED] 2013. This volume was proportional to the volume of annual trade.

5.10 Who is the importer

We noted that GS Global:

- is named as the buyer on supplier invoices;
- is named as the consignee on the bill of lading; and
- pays port and wharfage, duty and delivery costs of the goods on their arrival.

We consider GS Global was the beneficial owner of the goods at the time of importation and is therefore the importer.

5.11 Who is the exporter?

Unlike an importer, the legislation does not have a definition for an exporter. Customs and Border Protection therefore will generally identify the exporter as:

- a principal in the transaction located in the country of export from where the goods were shipped who gave up responsibility by knowingly placing the goods in the hands of a carrier, courier, forwarding company, or their own vehicle for delivery to Australia; or
- a principal will be a person in the country of export who owns, or who has previously owned, the goods but need not be the owner at the time the goods were shipped.

Where there is no principal in the country of export Customs will normally consider the exporter to be the person who gave up responsibility for the goods as described above.

It is common for traders and other intermediaries to play a role in the exportation of the goods. These parties will typically provide services such as arranging transportation, conducting price negotiations, arrange contacts with the producer, etc.

In such cases, the trader typically acts as an intermediary who, although one of the principals, is essentially a facilitator in the sale and shipment of the goods on behalf of the manufacturer. Typically the manufacturer as a principal who knowingly sent the goods for export to any destination will be the exporter.

Therefore, depending on the facts, Customs and Border Protection considers that only in rare circumstances would an intermediary be found to be the exporter.

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Typically this will occur where the manufacturer has no knowledge that the goods are destined for export to any country and the essential role of the intermediary is that of a distributor rather than a trader.

Specifically;

- the commercial invoices identify GS Global Corporation as the seller;
- the packing lists do not identify the mills;
- the bills of lading identify the shipper as the GS Global Corporation;
- GS Global Corporation pays for overseas freight (in most instances otherwise its GS Global);
- GS Global Corporation accepts the orders from GS Global;
- GS Global Corporation undertakes price negotiations with the mills;
- GS Global Corporation pays the relevant mill; and
- GS Global pays GS Global Corporation for the goods.

In relation to goods supplied from both [REDACTED] and [REDACTED], upon review of the documentation provided it is clear that GS Global Corporation plays a significant role in the procurement of the goods. However it is very likely that [REDACTED] and [REDACTED] are aware of the final destination for the manufactured goods despite GS Global Corporation's involvement.

Evidence of this includes the details provided in the purchase order from GS Global to GS Global Corporation and the commercial invoice provided from GS Global Corporation to GS Global which identifies the port of discharge.

Also of note is the fact that most HRPS is ordered to an Australian standard. [REDACTED] Based on the information available we consider [REDACTED] an intermediary as opposed to the exporter.

Subject to further enquiries with GS Global Corporation, [REDACTED] all the circumstances of trade are not known, however we consider [REDACTED] to be the exporters.

6 AUSTRALIAN MARKET AND SALES

6.1 General

GS Global indicated the market for HRPS is very competitive however HRPS prices have been fluctuating up and down over the last 18 months for various reasons. GS Global cited mining activity as a main driver of price movements as this industry is a main end user of the goods. Other factors relate to the raw material input prices. Iron ore as a main input has been subject to price fluctuations due to, inter alia, Chinese demand for steel in general.

Agriculture being the second largest market for HRPS has been relatively static whilst general construction has been very flat due to domestic and international economic conditions. GS Global indicated that many construction companies are reluctant to commit to any project due to the current economic environment.

Furthermore, GS Global informed us that the number of steel product anti-dumping investigations in the recent 12 to 18 months has had a significant negative impact on confidence to take undertake any long term pricing forecasts and commit to projects of any significance.

Hot Rolled Plate Steel

[REDACTED] to the flat market and the significant increase of importing pre-fabricated components. GS Global indicated that such activity, particularly so in the mining industry, is well documented in the local press.

6.2 Market Share

GS Global indicated its market share for HRPS to be approximately [REDACTED]% of the total imported volume and we were informed that the Australian market size from all sources was approximately [REDACTED] tonnes. This has been calculated from an examination of import statistics, knowledge of the Australian industry's production output and the volume of its own sales.

6.3 Australian sales

[REDACTED] (grades sold during investigation period)-GS Global indicated in its importer response that most of its sales were to distributors or distributors that offered small scale fabrication activities as well. We were informed that GS Global prepared Part C sales data, representing the 12 selected shipments of their response by hand and as such would take many weeks to prepare such data for the full year.

Below is the list of GS Global customers.

Customer	Level of Trade
----------	----------------

6.4 Price and distribution arrangements

All sales are made on an [REDACTED] basis. Price setting however is significantly more complex.

We were informed that to set prices for Australian customers a number of factors need to be considered,

[REDACTED] (Price setting mechanisms)

[REDACTED] (Price setting mechanisms)

[REDACTED] (Price setting mechanisms).

[REDACTED] (Price setting mechanisms)

6.5 Rebates and discounts

GS Global stated that it does not offer rebates, settlement discounts or volume percentage discounts to their customers and that the invoiced price is the price paid.

6.6 Sales verification (accuracy)

GS Global provided us with a line by line sales list of its sales of HRPS for the 12 selected shipments.

At the visit GS Global provided copies of commercial invoices for sales related to the 12 selected shipments. Copies of these documents are at **confidential attachment IMP2**. The invoice numbers, quantity, amount and customer's names reconciled with the information in the sales list.

Since each sale related to a selected shipment, we were able to confirm the volumes of the domestic sales transaction to Customs commercial database.

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We also confirmed that only sales of HRPS were included in the Part C sales listing. Based on the source documents provided we are satisfied that the values in the sales list are accurate.

[REDACTED]

(Details of sales during investigation period).

6.7 Proof of Payment

We were provided with evidence of payment for all twelve transactions. These documents confirm that GS Global has been paid the invoiced amounts. See **confidential attachment IMP2**.

6.8 Upwards verification (completeness)

We were provided with GS Global's statement of earnings for the year ended 31 December 2012 (**confidential attachment SGA 1**). We were informed that although unaudited, the audited financial statements should not be too much different.

The statement of earning does not provide any divisional reporting or reporting by product group. Accordingly we were not able to confirm the total value of HRPS sales.

To assist with the total sales value GS Global provided a report that identified the total sales volume of the goods entered during the period of investigation. See **confidential attachment SGA 2**. A total of [REDACTED] tonnes was sold during period of investigation. Using the weighted average selling price of \$[REDACTED] calculated from the Part C response, we calculated annual sales value of \$[REDACTED].

6.9 Selling, general and administrative expenses (SG&A)

GS Global included in its cost to import and sell spread sheet at Part B of its importer questionnaire response, an SG&A expense of [REDACTED] per cent calculated from the 2012 statement of earnings.

The statement of earnings had a comprehensive breakdown of the into-store costs, selling, general and administrative expenses. The selling, general and administrative expenses (SG&A) per cent was calculated by dividing the total SG&A by the sales revenue of all products.

6.10 Profitability of sales and selling price

The completed importer worksheet at Part B of the questionnaire [REDACTED], a rate of profit of approximately [REDACTED] per cent on the selected shipments.

7 ARMS LENGTH

In determining export prices under s.269TAB(1)(a) and normal values under s.269TAC(1), the legislation requires that the relevant sales are arms length transactions.

Section 269TAA outlines the circumstances in which the price paid or payable shall not be treated as arms length. These are where:

- there is any consideration payable in respect of the goods other than price;
- the price is influenced by a commercial or other relationship between the buyer, or an associate of the buyer, and the seller, or an associate of the seller;
- in the opinion of the Minister, the buyer, or an associate of the buyer, will, directly or indirectly, be reimbursed, be compensated or otherwise receive a benefit for, or in respect of, the whole or any part of the price.

Furthermore, where:

- goods are exported to Australia otherwise than by the importer and are purchased by the importer from the exporter (whether before or after exportation) for a particular price; and
- the Minister is satisfied that the importer, whether directly or through an associate or associates, sells those goods in Australia (whether in the condition in which they were imported or otherwise) at a loss;

the Minister may treat the sale of those goods at a loss as indicating that the importer or an associate of the importer will, directly or indirectly, be reimbursed, be compensated or otherwise receive a benefit for, or in respect of, the whole or a part of the price.

GS Global considers its purchases are made at arms length transactions.

We are satisfied that GS Global pays the invoiced price for the goods but the price is paid to GS Global Corporation, and not to the mills.

We examined the profitability achieved by other importers of HRSP during the investigation period and compared these results to GS Global's result. We consider the rate of profit calculated in GS Global's cost to import and sell worksheet supports an arms length price setting relationship between itself and GS Global Corporation.

After reviewing the documentation for the selected shipments, rates of profit achieved, and subject to further inquiries with GS Global Corporation, we are satisfied that the sales between GS Global and GS Global Corporation are arms-length.

8 DUMPING, MATERIAL INJURY AND CAUSATION

8.1 General

GS Global stated that it does not consider that the Australian industry has suffered injury as a result of dumped imports of HRPS. GS Global advised that the Korean manufacturers from which GS Global Corporation sources supply strongly assert that exports of the goods to Australia were not dumped.

GS Global attributes any injury experienced by the Australian industry to the following factors:

- *BlueScope's distribution:* – GS Global indicated that one of the main drivers of BlueScope's injury cause is that it is in the market competing with itself. GS Global explained that BlueScope has a distribution arm that needs to sell the goods in competition with its mill sales. It considers such behaviour is causing injury.
- *Pre-fabricated goods:* – Another factor is that volume has been lost due to the increasing practice of importing pre-fabricated products in knock down components only to be erected in Australia. These goods are thereby passing the need for plate steel importation and demand from domestic fabricators.
- *Economic conditions impacting the global market* – GS Global advised that the global steel markets (including for steel related products) are depressed (following from the global financial crisis). It advised that this depression has resulted in downwards pressure on global steel prices and reduced competitiveness of global markets. GS Global advised that the conditions of the global steel market directly impact the prices for steel products in the Australian markets. It noted that in the next six to twelve months, the European economic crisis, reduced international business confidence and reduced global demand (especially from China) will impact on the Australian steel markets.
- *Appreciation of the Australian dollar* – GS Global stated that the appreciation of the Australian dollar has impacted on the Australian market for HRPS, resulting in increasing the competitiveness of imports (i.e. as they are cheaper). It stated that the price of the HRPS produced by BlueScope and imported from suppliers in the nominated countries were comparable; however the currency increased the competitiveness of imports.
- *Imports from countries not nominated in the application* – GS Global noted that imports from countries other than those nominated in the application may be impacting the Australian market for HRPS. It noted that the prices for imports from these countries, given current market conditions (depressed prices and over supply) would be competitive and comparable to the prices of imports from the nominated countries.
- *Market share held by the Australian industry* – GS Global stated that BlueScope's sales of HRPS represent the significant majority of the Australian market. It stated that the import volumes do not dominate the market and therefore pricing behaviour of these imports would not be causing injury to the Australian industry. GS Global also noted that the majority of customers which

source the imported material also source material from BlueScope. It noted that BlueScope's dominance in the market is evident, that even with increased competitiveness of imports local customers still predominantly source product from BlueScope.

- *Inefficiencies and ineffectiveness of the Australian industry* – GS Global noted that BlueScope's ability to effectively compete with imports of HRPS is impacted by its inefficient production facilities, compared to overseas producers. GS Global stated further inefficiencies resulted from BlueScope's higher organisation costs, higher labour costs and higher transportation costs. It noted that any injury experienced by the Australian industry is a result of its inability to adopt innovative measures to improve the efficiency and competitiveness of its business. GS Global stated that the cessation of BlueScope's export business would be contributing to excess domestic supply of its products.

8.2 Other comments

In addition to the comments summarised at Section 8.1, GS Global noted that:

- the Australian market for HRPS needed to retain a source of imported products as an alternative to domestic supply, especially to accommodate periods where domestic supply is not available; and
- there are advantages to being able to source supply domestically.

9 UNSUPPRESSED SELLING PRICE

Unsuppressed selling price (USP) and non-injurious price (NIP) issues are examined at an early stage of an investigation and, where possible and appropriate, preliminary examinations are made during the application consideration period for the purpose of assessing injury and causal link and therefore the appearance of reasonable grounds for the publication of a dumping duty notice.

Customs and Border Protection generally derives the NIP by first establishing a price at which the applicant might reasonably sell its product in a market unaffected by dumping. This price is referred to as the USP.

Customs and Border Protection's preferred approach to establishing USPs observes the following hierarchy:

- industry selling prices at a time unaffected by dumping;
- constructed industry prices – industry cost to make and sell plus profit; or
- selling prices of un-dumped imports.

Having calculated the USP, Customs and Border Protection then calculates a non-injurious price by deducting the costs incurred in getting the goods from the export free on board point (or another point if appropriate) to the relevant level of trade in Australia. The deductions normally include overseas freight, insurance, into-store costs and amounts for importer expenses and profit.

We were informed that using BlueScope's domestic selling prices would be very difficult due to the significant number of rebates offered to their customers. The rebates on offer are for various activities and goods, but separating them and applying them specifically to the goods under investigation would be very difficult. Consequently determining the actual price paid by the market would be difficult to quantify.

GS Global indicated that it wanted to consider the issue in greater detail and may provide a submission at a later date.

10 RECOMMENDATIONS

Based on the information available, the HRPS imported by GS Global in the investigation period from [REDACTED]

- has been exported to Australia otherwise than by the importer;
- the importer did not import the goods from the exporter; and
- the purchases of the goods by the importer are considered arms' length transactions.

Subject to further inquiries with the exporters and intermediary, at this stage we are satisfied that, in relation to exports from [REDACTED] we are of the view that not all the circumstances of the sales are known and the export prices should be established pursuant to s.269TAB(3) of the Act using all relevant information.

PUBLIC FILE

11 ATTACHMENTS

Confidential Attachment No.	Title
Confidential Attachment GEN 1	Importer Questionnaire Response
Confidential Attachment GEN 2	Visit agenda
Confidential Attachment IMP 1	GS Global imported volume report
Confidential Attachment IMP 2	Source documents for 12 selected shipments
Confidential Attachment SGA 1	Audited financial statements for the year ended 31 August 2012
Confidential Attachment SGA 2	Total sales volume of goods imported
Confidential appendix APP 1	Importer cost to import and sell worksheet