BlueScope Steel Limited
Sirius Building
Five Islands Road, Port Kembla NSW 2505
PO Box 1854, Wollongong NSW 2500
P +61 2 4240 1214 | **M** +61 412 377 603
E Chad.Uphill@bluescopesteel.com

20 June 2017

The Director
Operations 5
Anti-Dumping Commission
Industry House
Binara Street
Canberra ACT 2601

Public File

Dear Sir/Madam,

Re Investigation No. 370 – Galvanised steel exported from India, Malaysia and Vietnam – BlueScope Steel Limited response to Statement of Essential Facts

I. Executive Summary

BlueScope Steel Limited ("BlueScope") welcomes the publication of Statement of Essential Facts No. 370 ("SEF 370") and Preliminary Affirmative Determination No. 370 ("PAD 370") concerning exports of zinc coated (galvanised) steel "galvanised steel" from India, Malaysia and Vietnam.

The publication of SEF and PAD 370 on 31 May 2017 follows the notification of the commencement of the investigation into exports from India, Malaysia and Vietnam on 7 October 2016. The investigation examined exports during the investigation period 1 July 2015 to 30 June 2016.

The investigation by the Anti-Dumping Commission ("the Commission") has determined that all exports of galvanised steel from India, Malaysia and Vietnam (with the exception of exports by the Hoa Sen Group and Nam Kim Steel Joint Stock Company of Vietnam) were at dumped prices above negligible levels. It was also established that exporters of galvanised steel from India had received countervailable subsidies that were above negligible levels. The Commission has additionally confirmed that the Australian industry manufacturing like goods has experienced material injury from the dumped and subsidised exports and that a causal link exists between the injury and the exports from India, Malaysia and Vietnam.

This submission details BlueScope's position that domestic selling prices in Vietnam for galvanised steel are not suitable for normal value purposes. It is BlueScope's contention that hot rolled coil ("HRC") exports from the People's Republic of China ("China") significantly influence domestic selling prices for galvanised steel in Vietnam rendering them unsuitable for normal value purposes. The market situation exists in Vietnam as a consequence of a 'transfer' of the previous market situation finding for galvanised steel in China where it was determined by the Minister[1] that government-influenced HRC prices rendered domestic selling prices in China unsuitable for normal value determination.

Vietnam imports more than 50 per cent of its HRC requirements from China. As the largest supply source for HRC, Chinese HRC export prices influence the export prices to Vietnam of all other suppliers. This transfer of the market situation finding in China to galvanised steel selling prices in Vietnam affords Vietnamese galvanised steel exporters a competitive advantage in Australia that is akin and alike in all respects to the injurious Chinese galvanised steel exports to Australia.

[1] Report No. 190, galvanised steel and aluminium zinc coated steel exported from P R China, Korea and Taiwan.

It cannot be ignored that Vietnam's exports of galvanised steel to Australia benefit from the same government influence on HRC prices as Chinese galvanised exports to Australia. For this reason, galvanised steel domestic selling prices in Vietnam are unsuitable for normal value purposes. Normal values for Vietnam exporters of galvanised steel must therefore be determined under subsection 269TAC(2)(c) using the exporters costs of production, plus applicable selling and general administration expenses and an amount for profit (as determined in accordance with Regulation 45).

Without detracting from BlueScope's firm stance of the 'transfer' of the Chinese market situation finding on galvanised steel to Vietnam's export of the goods to Australia, BlueScope considers that exports of galvanised steel by the Hoa Sen Group (Hoa Sen") and Nam Kim Joint Stock Company ("Nam Kim") were also at dumped prices above negligible levels during the investigation period and should be included in the Commission's recommendation to the Assistant Minister to apply interim measures on future exports to Australia from Vietnam.

The submission further highlights that the applicable domestic prices and costs for the 1 July 2015 to 30 June 2016 investigation period do not reflect contemporary prices and costs applicable in the first half of the 2017 calendar year and that adjustments to applicable variable factors for each exporter the subject of the proposed measures is required to reflect the exceptional circumstance of significant and sustained price increases evident post the investigation period. In recommending to the Assistant Minister the appropriate measures to be applied to the exporters the in India, Malaysia and Vietnam, the Commission must recognise that measures based upon the investigation period are insufficient to remove the injury from dumping that the measures are intended to prevent (i.e. they under-address the injury from dumping).

The Assistant Minister, therefore, must take account of contemporary pricing post the investigation period when imposing measures to adequately address the injury from dumping.

II. Preliminary Recommendations

SEF 370 confirmed the following dumping margins for exporters in India, Malaysia and Vietnam:

Country	**Exporter/Manufacturer**	**Preliminary Dumping Margin**
India	JSW Group	9.0%
	Essar Steel India Limited	7.6%
	Uncooperative and all other exporters	12.0%
Malaysia	CSC Steel Sdn Bhd	14.5%
	FIW Steel Sdn Bhd	16.5%
	Uncooperative and all other exporters	16.5%
Vietnam	Hoa Sen Group	<2%
	China Steel Sumikin Vietnam Joint Stock Company	8.4%
	Nam Kim Steel Joint Stock Company	<2%
	Uncooperative and all other exporters	14.2%

The Commission's assessment of subsidy margins for galvanised steel exported from India and Vietnam was as follows:

Country	Exporter/Manufacturer	Preliminary Subsidy Margin
India	JSW Group	5.0%
	Essar Steel India Limited	3.6%
	Uncooperative and all other exporters	6.2%
Vietnam	Hoa Sen Group	<2%
	China Steel Sumikin Vietnam Joint Stock Company	
	Nam Kim Steel Joint Stock Company	
	Uncooperative and all other exporters	

The Commission proposes to recommend to the Assistant Minister that anti-dumping measures (in the form of a dumping duty for India, Malaysia and Vietnam, and a countervailing notice for India) be imposed as follows:

- Using combination of fixed and variable duty method for subsidy; plus
- A combination of fixed and variable duty method for dumping, minus an amount for the subsidy rate applying to export subsidy programs (where this has been received by the exporter or group of exporters).

III. Like goods

The Commission noted the representations by Hoa Sen and Essar Steel that argued aluminium zinc coated steel ("al zinc") products '*are similar to galvanised steel and are being increasingly substituted to galvanised steel products to Australia'* and are substitutes for the goods under consideration.

BlueScope submits that in the event that the goods the subject of Investigation No 370 were being substituted by al zinc products, it would be expected that the former would experience a decline in total sales volumes with a corresponding increase in the latter. This has not been the case. BlueScope reiterates its earlier representations that it cannot be concluded that galvanised steel is being substituted by al zinc products as this is not borne out by the Commission's assessment of an expanding galvanised steel market in the investigation period.

IV. Dumping

(a) India

The Commission confirmed that Essar Steel ("Essar") did not cooperate in the dumping investigation. In light of this, the Commission determined Essar's normal value having regard to all information (in accordance with subsection 269TAC(6)) "*using the highest weighted average normal value for the entire investigation period from the cooperating exporter from India, excluding any favourable downward adjustments made to that figure*".

In the absence of normal information from any other Indian exporter of the goods, BlueScope recognises that the Commission has only information available to it from the JSW Group. Despite this – and on the basis that Essar has elected not to cooperate with the Commission in the dumping investigation – BlueScope submits that Essar's normal value should equate to that of the 'uncooperative' exporters in India and not be based upon normal value information sourced from cooperative exporters- a precedent that may advantage an 'uncooperative exporter'

The Essar Steel normal value should therefore reflect that of the uncooperative exporters in India.

(b) Vietnam – market situation

The Commission has investigated BlueScope's claim that a market situation existed in Vietnam for galvanised steel sold during the investigation period. BlueScope's allegation was based upon the influence of Chinese exports of hot rolled coil ("HRC") in Vietnam, following the Commission's Investigation No. 190 where it was confirmed that a market situation was evident for galvanised steel due to artificially low HRC prices (HRC being the primary raw material input in galvanised steel manufacture). Specifically, the Commission determined that the Chinese government influence distorted the selling prices of the HRC and subsequently the selling prices of galvanised steel.

BlueScope contended that the prices of galvanised steel in Vietnam are artificially low as a result of the importation of the HRC from China, and that, therefore, the domestic prices of galvanised steel in Vietnam are not suitable for the determination of normal values under subsection 269TAC(1) as a particular market situation in relation to galvanised steel renders the domestic selling prices for those goods unsuitable.

The Commission has <u>incorrectly</u> concluded that a particular market situation for galvanised steel in Vietnam was not evident. The Commission's analysis confirmed:

- Following a comparison of Chinese HRC sales prices to cooperating Vietnamese exporters with sales prices and volumes from other countries, confirmed that "*the Chinese HRC costs which were imported from unrelated suppliers at arms length transactions were not the lowest*";
- Whilst China was one of the suppliers of HRC in Vietnam, other countries such as Russia, Taiwan, Korea, Brazil, Japan and Australia also supplied HRC to the Vietnamese converters of HRC;
- There was no evidence that the Government of Vietnam ("GOV") influenced the prices in the galvanised steel market;
- About 50 per cent of the HRC used in the production of galvanised steel was sourced from China;
- The Commission therefore concluded that "*a significant quantity of HRC was sourced from countries other than China*";
- There was a '*significant spread of prices'* for HRC from supplying source countries;
- That '*Russian HRC prices were lower than those from China, while Japanese and Korean HRC prices were higher than Chinese HRC prices at a comparable level of trade'*; and
- It therefore could not be concluded that "*Chinese HRC prices have influenced HRC prices from other countries, which as a consequence could have distorted selling prices for galvanised steel in Vietnam*".

[redacted]

A closer examination, however, of the Commission's "Non-Confidential Attachment 2 – Assessment of a Particular Market Situation – Vietnam" lends itself to a different conclusion than that proffered by the Commission.

BlueScope agrees that Australia's Anti-Dumping provisions allow for the rejection of domestic selling prices for normal value purposes where it can be established that a 'situation' exists such that domestic selling prices are rendered unsuitable. A 'situation' may involve circumstances where the domestic selling prices for goods the subject of an investigation have been materially impacted by government influence – for example, raw material cost inputs (i.e. HRC in the galvanised steel investigation). The Commission confirmed that

HRC accounts "*for more than 60 per cent of total raw material costs*" and further that as a consequence "*the Commission considers HRC to be a key determinant of the domestic price of galvanised steel in Vietnam*".

It is not considered necessary to repeat BlueScope's grounds upon which it considered that the Chinese HRC export prices influenced the selling prices of galvanised steel in Vietnam (refer BlueScope's application and Section 2 of Non-Confidential Attachment 2 to SEF 370).

It is also not necessary to repeat the GOV's responses as per its Government Questionnaire Response as summarised at Section 3 of Non-Confidential Attachment 2 to SEF 370.

BlueScope, however, must challenge the Commission's assessment of the data upon which it has relied to formulate its conclusion that Chinese HRC export prices have not influenced domestic Vietnamese galvanised steel prices. BlueScope does agree with the Commission's statement that BlueScope has asserted that the "*transfer of the artificially low input prices from China into finished goods in Vietnam (galvanised steel) is, in essence, akin to the exportation of the GOC's policies and plans*". The Commission does not contest this assertion.

The Commission states that "*In order to assess BlueScope's claims concerning the Chinese HRC being purchased in Vietnam at an artificially low price* ***the Commission undertook a comparative analysis of the importation costs of HRC in Vietnam supplied by various countries***" (emphasis added).

From the three cooperative exporters' comprehensive 'line-by-line import data for HRC' the Commission found:

- Two cooperative exporters imported some HRC from China, the third did not;
- The two cooperative exporters' purchases from China were from unrelated suppliers and concluded these to be arms-length transactions;
- A comparison of the HRC import prices from China with HRC import prices from other countries confirmed that the prices from China were not the lowest;
- A comparison of the weighted-average Chinese HRC unit price with the weighted-average unit import price of imports of all other countries determined that for one exporter the weighted average HRC price from China was slightly higher than the weighted average purchase price, while for the other exporter the HRC unit price (for China) was slightly lower than the weighted average purchase price (for the other countries);
- As a second test, the Commission compared quarterly Chinese import prices of two cooperating exporters with weighted average HRC Korean and Taiwanese unit prices[2];
- The comparison of Chinese import prices into Vietnam with domestic Korean and Taiwanese unit prices confirmed that the former prices 'were generally lower';
- The Commission stated that it recognised that the China HRC prices were import prices into Vietnam whereas the Korea and Taiwan unit prices were domestic prices – although the Commission stated that the difference was "not significant and does not cause it to alter its view that there is no evidence that the import prices of HRC from China to Vietnam are 'artificially low'"; and
- According to Vietnam import data, approximately 52 per cent of HRC by volume was sourced from China, with the remaining from other countries.

BlueScope acknowledges the Commission's efforts in examining the impact of Chinese HRC prices on Vietnamese selling prices for galvanised steel. Respectfully, however, the Commission has ignored the obvious impact of a major source of supply – that is, China's HRC selling prices into Vietnam accounted for 52 per cent of total imports and the consequent impact of lower Chinese prices on the pricing ability of all

[2] From weighted-average benchmark price data in Investigation No. 365.

remaining countries supplying into Vietnam. It cannot be conveniently overlooked that HRC suppliers with smaller market shares in Vietnam than China, must match the prices of the most dominant, established supplier (with significant excess capacity).

It cannot be interpreted that the Chinese prices do not influence the pricing of other suppliers (e.g. the HRC export prices from Russia, Korea, Japan, Taiwan and Australia).

BlueScope also considers that the Commission's second test on the impact of Chinese HRC prices to Vietnam further confirms and attests that the Chinese landed prices in Vietnam were lower than the benchmark prices – validating BlueScope's representations that Chinese HRC prices into Vietnam are below benchmark prices (particularly once adjustments for freight differentials have been fully accounted for).

The Commission's assessment of a particular market situation in Vietnam (Non-Confidential Attachment 2) fails to take full account of the influential impact of Chinese HRC import prices in Vietnam on the pricing intentions of remaining HRC suppliers to the Vietnam market. China is the price-setter for HRC prices in Vietnam (and more broadly throughout South-East Asia) at prices that are artificially low – as evidenced in Report 190). The Chinese HRC import prices into Vietnam materially influence the selling prices of downstream converters including galvanised steel producers. A comparison of the Chinese HRC (freight-adjusted) import prices into Vietnam with benchmark domestic prices in Korea and Taiwan confirms that Vietnam galvanised steel producers are similarly benefiting from China's artificially low HRC input prices.

The Commission also seeks to discount the impact of Chinese import prices on Vietnamese HRC prices by suggesting that Vietnamese galvanised steel producers should be allowed to benefit from cheaper arms-length input prices from non-related suppliers and that non-Chinese producers account for close to fifty per cent of the entire domestic market. BlueScope disagrees on both fronts. The first contention is unsustainable as it is demonstrated that the Chinese artificially low input prices have been transferred to Vietnam's galvanised steel industry. The second contention blatantly ignores the substantial foothold Chinese suppliers have on 52 per cent supply of HRC in Vietnam – the remaining suppliers do not supply anywhere near an influencing percentage share of the market as China.

The Commission's market situation finding in respect of Vietnam is therefore flawed and cannot be sustained. Normal values for galvanised steel in Vietnam cannot be determined using domestic selling prices as these are rendered unsuitable by government-influenced, artificially low, Chinese HRC export prices. Normal values for galvanised steel exported from Vietnam to Australia, therefore, must be determined in accordance with the exporter's costs of production under subsection 269TAC(2)(c).

(c) Hoa Sen – normal value

The Commission has determined normal values for Hoa Sen under section 269TAC(1), using Hoa Sen's quarterly weighted average domestic invoice prices for like goods by model where those sales were in the ordinary course of trade and were sold in sufficient volumes. For other models where insufficient sales were made in the ordinary course of trade normal values were made under subsection 269TAC(2)(c).

A dumping margin for Hoa Sen has been assessed as negative 0.7 per cent.

SEF 370 provides no indication (or detail) as to the percentage of Hoa Sen's sales (by model) that were determined under section 269TAC(1) versus those made under subsection 269TAC(2)(c).

BlueScope has previously submitted[3] that the Commission has erred by not examining all domestic sales by Hoa Sen in its normal value assessment. SEF 370 confirms that the Commission "*does not disagree with*

[3] BlueScope submission dated 28 April 2017, EPR document No. 84.

BlueScope that all sales can be relevant when determining normal value using section 269TAC(1)". The Commission then seeks to offer reasons why not all domestic sales will be considered under section 269TAC(1) including:

- Where sales by comparable models are appropriate; and
- In circumstances where the market is segmented (e.g. wholesale, retail and OEM sales).

The Commission further detailed that Hoa Sen had sales to at two different levels:

(i) subsidiaries (related parties); and
(ii) end-users.

It was claimed that the sales to related parties were for further processing that resulted in the value-added goods not falling within the goods description. The remaining sales to end-users were through branch networks and direct to end-users. The Commission's verification team obtained from Hoa Sen *'all domestic sales of galvanised steel made by its 15 largest branches to unrelated customers'*. It was determined that sales to the *Di An* branch '*was by far the largest branch by volume of sales'*. The Di An branch was a warehouse facility and goods sold from this facility met the description of the goods. It was considered by the verification team that domestic sales by the Di An branch '*were appropriate for calculating normal values'*.

The Commission stated in SEF 370 that "*The current exporter verification report had followed a similar methodology to an earlier report concerning that exporter Hoa Sen Group in investigation No. 249 (INV 249) concerning the same goods*[4]".

The Commission followed this comment with a discussion its selection of domestic sales via related branches as relevant sales for normal value purposes. BlueScope does not dispute this selection. The central issue is, however, that not <u>all</u> domestic sales from related branches were used for normal value purposes. The Commission indicated that "*Sales of the galvanised steel to all unrelated customers from all branches were not able to be extracted*". Many of the sales by related branches were for goods not the subject of the investigation. As a consequence, sales only to the '*top five customers were examined in more detail'*. The Commission selected unrelated sales by the Di An branch as it considered these sales were the most relevant as they related to like goods. It was further considered that the proportion of sales by Di An branch for the wholesale sales only to total branch sales to unrelated parties was "*found to be a reasonable proportion*". The Commission further claimed that:

> "*It was found that there was minimal variance between the weighted average price per kilogram for the Di An branch compared to the weighted average price per kilogram for the top five branches*."

This comparison, however, was only for the referenced "top five" branches. It is also clearly stated by the Commission that "*Sales of the galvanised steel to all unrelated customers from the branches were not able to be extracted*".

BlueScope submits that there are a number of variables impacting the Hoa Sen data that the Commission has unwittingly accepted in accepting the data as reliable (including the failure to secure <u>all</u> domestic sales of galvanised steel by the Hoa Sen Group). These variables include:

- whether the goods considered to be like goods were in fact alike and not further value-added products;
- whether the galvanised steel products considered to be like goods could be readily identified by model (or grade) reference;

[4] SEF 370, P.38.

- what was the basis for selecting the "top five customers"? Was it on total volume or volume of sales of galvanised steel (considered to be like goods)?
- Was any testing undertaken by the Commission of model comparisons across the five selected customers? and
- In contrasting the Di An branch with the sales for the top five customers, was the Di An branches sales included in the "top 5 customers" or excluded?

BlueScope maintains reservations – in the absence of access to all domestic sales information for the Hoa Sen Group - as to the accuracy of the data relied upon by the Commission that relates to Hoa Sen's top five customers. As a minimum, the inclusion of all remaining domestic sales volumes and prices for galvanised steel will increase the weighted average prices due to the lower volumes sold.(i.e. lower volume model sales are generally sold at higher prices than high volume sales). The selected data relied upon by the Commission can therefore not be considered 'safe' and 'reliable' as being representative of Hoa Sen's total domestic sales of galvanised steel. It should also be noted that the inclusion of all domestic sales by Hoa Sen from all of its related branches would increase the instances of normal value determination under section 269TAC(1) (and therefore likely reduce the instances of normal value determination under subsection 269TAC(2)(c)).

BlueScope remains concerned that the Commission accepts incomplete data sets for the purposes of section 269TAC(1) when a key principle for an exporter to be classified as 'cooperative' is the provision of <u>all</u> domestic sales of like goods.

(d) Nam Kim

The Commission did not conduct a verification visit with Nam Kim and relied upon information in Nam Kim's exporter questionnaire response ("EQR"). The Nam Kim normal value report indicates that the Commission tested the Nam Kim data provided in its EQR by:

- *Comparing the preliminary export price to the information contained in the ABF import database; and*
- *Benchmarking key variables (such as costs, price and adjustments) to:*
  - *On-site verified data (for) cooperating Vietnamese exporters in the current case; and*
  - *Other independent information.*

The Nam Kim normal values were determined under subsection 269TAC(2)(c) as "*there was an absence of like goods in the domestic market that would be relevant for the purpose of determining a price under subsection 269TAC(1)*". The Nam Kim report indicates that domestic sales were in low volumes and were insufficient upon which to determine normal value sunder section 269TAC(1). The Minister can determine normal values for an exporter based upon the domestic sales of an 'other seller' on the Vietnam market. It is not clear from SEF 370 whether the Commission considered using domestic selling price information from the other Vietnamese exporters Hoa Sen or China Steel Sumikin Vietnam Joint Stock Company (Vietnam) ("CSSV"). It is furthermore not clear whether the Commission contrasted Nam Kim's constructed normal values with those determined for other exporters in Vietnam under section 269TAC(1) to establish whether the Nam Kim normal value's were representative. As indicated above, BlueScope has reservations about the completeness of the Hoa Sen normal value information, however, CSSV's domestic selling price data could have been used under section 269TAC(1) as the domestic sales of an 'other seller' on the Vietnamese market.

The domestic selling price information of CSSV was the subject of an 'on-site' verification and could have been relied upon by the Commission to determine normal values for Nam Kim under section 269TAC(1) for comparable models (with appropriate adjustments for similar models of like goods).

V. Contemporary variable factors

The investigation period for Investigation 370 is 1 July 2015 to 30 June 2016. The investigation has extended to almost twelve months following the end of the investigation period (as at 30 June 2017). Over the intervening period, there has been a dramatic and sustained increase in domestic and export selling prices for the goods the subject of inquiry, driven by substantial rises in raw material costs (most notably, iron ore, coking coal, HRC, zinc and aluminium).

Raw material prices in the investigation period were at record, decade-long, lows. The recovery in raw material prices has been driven by changes in China's domestic policy for hard coking coal ("HCC") operating licences and increased demand, with recent price levels forecast to remain stable. BlueScope is concerned that in this instance the determination of variable factors based upon the investigation period will deliver measures that are manifestly inadequate to address dumping and injury to the Australian industry.

To assist with the Commission's understanding of the rapid changes in raw material pricing information for coking coal and iron ore over the last twelve-month period, BlueScope has included graphic representations of key raw material pricing inputs over the last five years (refer Confidential Attachment 1). It can be seen that the pricing for coking coal and iron ore was at the lowest points during the investigation period (i.e. 1 July 2015 to 30 June 2016). HCC and iron ore are raw materials used in the manufacture of hot rolled coil ("HRC").

The long-term low in HCC during 2016 was driven by a combination of several expansion projects being completed increasing supply availability combined with a long dry season that ensured that there were no supply disruptions. The Chinese domestic steel industry provided a healthy demand for seaborne HCC over that period. The sudden escalation of HCC in the September to November 2016 period was due to a change in China domestic policy (Policy 276) where operating licences for domestic HCC producers changed from 320 days/year to 276 days/year – a major supply constraint, and contributed to rapid demand for seaborne HCC. Whilst this new policy was targeted at thermal coal producers as an environmental initiative, it was a blunt instrument and impacted HCC producers. This policy was relaxed to 313 days/year and eased the supply shortage and prices normalised in early 2017, with Cyclone Debbie also having a small temporary impact on supply logistics.

Also included for reference purposes is the HRC domestic pricing trend in Korea and Taiwan (subject to measures following Investigation 190) which reflects the price movements in the combined raw material coking coal and iron ore price trends (refer Confidential Attachment 2). Similar HRC price trends would apply for galvanised steel producers in India, Malaysia and Vietnam in the period post the investigation period.

The graphs depicted in Confidential Attachments 1 and 2 (raw material input prices and HRC prices) demonstrate that the sharp price increases that followed from mid 2016 are material in nature. It can be seen that the coking coal input prices have increased by more than 100 per cent and the iron ore by 31 per cent from the levels of the investigation period. The price increases for HRC have similarly increased by 32 to 38 per cent from the lows of the investigation period.

It is critical that anti-dumping measures imposed by the Assistant Minister are effective in removing injury from dumping. In the event that the Commission recommends to the Assistant Minister that the measures reflect the variable factors of the investigation period, it can be seen from the graphs in Confidential Attachments 1 and 2 that the measures will be insufficient to address dumping and the Australian industry will experience further material injury in a rising market. The proposed measures – as a minimum – must reflect the contemporary prices that have occurred in the twelve-month period following the investigation period involving exports of galvanised steel from India, Malaysia and Vietnam.

VI. Non-injurious price

BlueScope agrees with the Commission's assessment that in a market unaffected by dumping and/or subsidisation, it should be able to achieve – as a minimum – selling prices that reflect undumped and unsubsidised import parity pricing levels.

Consistent with the Minister's accepted measures in Report No. 190, BlueScope requests that the Commission recommend to the Assistant Minister that the FOB non-injurious price for each exporter be determined at the exporter's respective normal value.

VII. Form of measures

The Commission has proposed recommending to the Assistant Minister that the form of the proposed measures be calculated as follows:

- Using the combination of fixed and variable duty method for subsidy; and
- The combination of fixed and variable duty method for dumping, minus and amount for the subsidy rate applying to export subsidy programs (where this has been received by the exporter or group of exporters).

BlueScope concurs with the Commission's proposed form of measures to be applied to exporters of galvanised steel from India, Malaysia and Vietnam. It is considered that the combination form of measures to be applied is consistent with the form of measures that already apply to exporters of galvanised steel from China, Korea and Taiwan and hence does not disadvantage one exporter over another.

VIII. Conclusions

BlueScope welcomes the Commission's findings that galvanised steel exported from Malaysia and Vietnam were exported at dumped prices and from India at dumped and subsidised prices during the investigation period that resulted in material injury to the Australian industry.

BlueScope supports the proposed recommendations to the Assistant Minister to publish:

- Dumping duty notice in respect of exports of galvanised steel from India, Malaysia and Vietnam (except for exports from Vietnam by Hoa Sen and Nam Kim); and
- Countervailing duty notices in respect of all exports of galvanised steel from India.

As detailed in this submission, BlueScope considers that the Commission has erred in its market situation assessment for galvanised steel in Vietnam. It is BlueScope's view that Chinese HRC exports to Vietnam which accounted for a market-influencing 52 per cent of total HRC imports during the investigation period, were the price leaders for HRC prices in the Vietnamese market. As a consequence, all remaining suppliers (including HRC exporters in Japan, Korea, Russia, Taiwan and Australia) were forced to match the dominant Chinese sourced HRC prices for supply into Taiwan. It is therefore reasonable to conclude that the artificially low HRC prices sourced from China have influenced prevailing galvanised steel selling prices in Vietnam rendering selling prices unsuitable for normal value purposes. The 'transfer' of artificially low Chinese HRC prices (as determined in Investigation No. 190) onto the Vietnamese market has impacted prevailing galvanised steel domestic selling prices such that it can be considered that a market situation for galvanised steel prevails in Vietnam.

BlueScope submits that the Commission must therefore determine normal values for galvanised steel exporters in Vietnam in accordance with subsection 269TAC(2)(c) and substitute a market-determined HRC domestic price benchmark into the exporter's costs (which also take full account of selling and general administration expenses and profit in accordance with Regulation 45).

It is BlueScope's contention that a positive market situation finding for galvanised steel sold in Vietnam will result in all exporters having dumping margins in excess of negligible amounts. This will further result in the Commission recommending to the Assistant Minister that anti-dumping measures would apply to all Vietnamese exporters of galvanised steel (including Hoa Sen and Nam Kim).

In the event that the Commission does not alter its market situation view (which BlueScope considers is erroneous) respect of Vietnam, BlueScope reiterates its view that the Commission must take account of all domestic sales of galvanised steel by Hoa Sen (and not just amounts it considers to be representative) in determining normal values under section 269TAC(1). The willingness to accept less than the required information from a 'cooperative' exporter (for all domestic sales) establishes an unsafe precedent for future investigations. In the absence of all domestic sales information on like goods, Hoa Sen must be considered uncooperative. In respect of Nam Kim, BlueScope submits that the Commission could have determined normal values for Nam Kim using domestic selling price information from cooperative exporters.

BlueScope has highlighted that prices from the investigation period are substantially lower than contemporary prices and that proposed measures based upon data from the investigation period will be manifestly inadequate to redress injury from dumping. It is critical that the Commission recommend measures that are based upon contemporary prices and ensure that the measures do not deficient in addressing injury to the Australian industry.

BlueScope concurs with the Commission's proposed recommendation to establish the non-injurious price for each exporter at the level of the respective normal value, and to recommend the combination form of measures to be applied to all exporters in India, Malaysia and Vietnam.

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,

Chad Uphill
Leader – Trade Affairs

Confidential Attachment 1

[redacted]

[redacted]

[redacted]

Confidential Attachment 2

[redacted]