



20 June 2017

The Director
Operations 5
Anti-Dumping Commission
SAP House, Level 4
224 Bunda Street
Canberra ACT

Attention: Case Manager, Sanjay Sharma

**INVESTIGATION INTO ALLEGED DUMPING OF ZINC COATED (GALVANISED) STEEL
FROM INDIA, MALAYSIA AND VIETNAM**

BRIEF COMMENT on SEF/PAD DOCUMENTS – NO 370

In the Applicant's submission, "Industry" BlueScope, (hereafter referred to as BSL) argued dumping & countervailing measures were occurring, during the POI, which was resulting in material injury.

On 7 October 2016, the Commissioner, Dale Seymour, issued a notice ADN2016/105 initiating an investigation in respect of the above-referenced product and countries.

Following that, Exporter Questionnaires were issued, assuming a number were completed and returned, and the ADC visited exporters in Vietnam and Malaysia for verification. In the case of CSCM (our Malaysian exporter client) a very constructive visit occurred between 12th – 16th December 2016.

On 31 May 2017, the ADC issued the SEF/PAD on this case.

Summary

BSL's recent Financial Reports and subsequent Executive Presentations showed strong EBIT and a promising outlook. This contrasts with the position taken by BSL's Anti-Dumping Department.

The ADC has rightly concentrated the injury assessment on BSL's accounting system that includes the GUC. What the exporters and their representatives do not have access to is the transfer pricing approach within BSL's departments for cost transfers, HRC to colour bond, and whether therefor the results reflected for Gal Coil sales and profits are fair and reasonable. We trust that the ADC significantly tested this and will confirm same to us.

We have argued for years that despite the legal definition of "industry" takes no account of national interest. We appreciate the ADC agreed to visit a number of end users spoke to you about:

- BSL's inability to service market leading them to push out offer lead time by 2 months,
- BSL supplementing capacity by importing from India though their subsidiary NZ Steel Pty Limited.,
- BSL continue to give preference to their own larger roll formers/fabricators, understandingly, but again transfer pricing is a big question



- BSL will not directly supply the vast majority of smaller end users who together employ a larger number of staff. BSL will only supply to selected larger distributors who obviously take a margin on the way through and compete with their customers. End users have no choice but to import to remain competitiveness.

Material Injury

It is understood that for a number of the ASEAN countries, their exports have a zero dumping margin. That being the case we will review how the low volumes from the countries covered by this investigation, particularly Malaysia, can be causing material injury

The fact that BSL is importing themselves (to supplement their capacity) from India at dumped prices is adding to their own injury – Essar combined rate for example being 7.8%. It should have meant that BSL should not have been able to begin this dumping action.

Based on BSL's application, MSCM share of imports is in excess of 3% of total imports during the POI. That might may be correct, but based on an estimated market size of GUC in excess of 700Kmt, imports accounted for roughly 25% of the market (with my extensive experience in the industry is this is within the 20-25% historical range).

Based on this total market size estimate, CSCM's 15.3Kmt, is only approximately 2% share, surely not likely to cause material injury?

Injury Continuing

Unless BSL increase the prices they are paying for their imports from India, their imports will continue to cause themselves injury.

Are far as the CSCM is concerned, the ADC is well aware of the change in dynamics of their supply situation with Mega closing production of the GUC sub straight, so the HRC cost inputs will be same for domestics and exports in future so it is impossible for the ADC to contest that new exports to Australia will be at dumped prices.

Summary

In summary we contend that BSL has not suffered material injury as a result of material being imported from Malaysia. The application of this investigation has caused significant market uncertainty and disruption that has led end users to seek alternate sources of supply. These sources are not BSL and are countries that are not subjected to this investigation. This alone highlights that BSL will not acquire these additional tonnes if measures were to be imposed.

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