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29 October 2012

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

Dear Mr Bracic

**Public file**

**Re: Hot Rolled Coil exported from Japan, Korea, Malaysia and Taiwan – Submissions from interested parties in response to Statement of Essential Facts No. 188**

Submissions from interested parties in response to Statement of Essential Facts No. 188 on hot rolled coil ("HRC") exported from Japan, Malaysia, Korea and Taiwan were recently placed on the public file. BlueScope Steel Limited ("BlueScope") provides the following comments concerning representations made by particular interested parties.

**1. Submission by Megasteel Sdn Bhd – dated 23 October 2012**

Megasteel Sdn Bhd ("Megasteel") has suggested that it has exercised "self discipline/self constraint" with its export quantities to Australia. Megasteel has also commented on export volumes of HRC and Cold Rolled Coil from Australia to Malaysia in 2011.

Megasteel has not made any specific request following the publication of Statement of Essential Facts ("SEF") No. 188 other than to suggest that it has operated with some level of self-discipline with its export volumes to Australia.

Megasteel's exports of HRC to Australia during the investigation period exceeded the negligible volume level. It is BlueScope's understanding that Malaysian HRC exported to Australia has been at prices that undercut the selling prices of the Australian industry and considered injurious. BlueScope considers that the dumping margins determined for Malaysian exports of HRC to Australia are significant and that anti-dumping measures are required to remove the threat of future material injury to the Australian industry.

**2. Submission on behalf of POSCO dated 23 October 2012**

In response to POSCO's assertions about BlueScope not experiencing injury in the automotive segment of the market, BlueScope refers to comments in its submission in response to SEF No. 188. BlueScope supplies HRC to the automotive segment of the HRC market and continues to seek to supply to the motor vehicle manufacturers. The nature of the long term contracts in the sector did not enable BlueScope to readily identify lost sales volume during the investigation period. BlueScope has submitted that it considers it has suffered price suppression from dumped imports over this period. The absence of a loss of sales volume does not unequivocally demonstrate an absence of injury.

BlueScope does not support the exclusion from measures of HRC sold to the automotive sectors from Japan or Korea.

POSCO has criticised Customs and Border Protection's findings on a number of matters including:

- the assessment of the Australian market as "imprecise";
- that the Australian market was predominantly supplied by BlueScope;
- separate injury assessments for the various market segments was required;
- the graph depicting sales on the Australian market as "inadequate";
- the selection of importers visited by Customs and Border Protection (despite this accounting for 90 per cent of imported HRC) was not representative;
- a failure to take account of "other factors" causing injury to BlueScope despite this being considered at Sections 8.9 to 8.13 of SEF No. 188;
- that the prices for imports were 3 per cent above BlueScope's selling prices (this being one of the reasons to examine injury on a micro-basis); and
- there was not a proper "weighting" of other factors in the material injury assessment (even though Customs and Border Protection only requires to be satisfied that the injury from dumping was material).

BlueScope's analysis of SEF No. 188 indicates that Customs and Border Protection has adequately addressed the matters to which it refers that Customs and Border Protection has "erred" in its assessment. BlueScope does not consider that the matters referred to by POSCO can be considered "errors" by Customs and Border protection but, rather, that POSCO merely disagrees with the conclusion(s) reached.

### **3. Submission by Nippon Steel dated 23 October 2012**

The submission on behalf of Nippon Steel & Sumitomo Metal Corporation ("Nippon Steel") has suggested that it agrees with Customs and Border Protection's assessment on injury to the Australian industry in the automotive sector from HRC exported to Australia from Japan. For the reasons detailed above (and in BlueScope's submission dated 23 October 2012) BlueScope disputes the finding contained in SEF No. 188.

Other matters raised by Nippon Steel include:

- *HRC supplied to the automotive sector are not like goods to locally-produced goods*  
BlueScope continues to supply HRC to the automotive sector and additionally has the capability to supply. There is no basis to find that goods produced by BlueScope are not "alike" to HRC exports to the Australian automotive sector;
- *HRC exports from Japan, Korea, Malaysia and Taiwan should not be cumulated*  
Customs and Border Protection demonstrated that HRC was imported from more than one country (of the nominated countries) into the four market sectors and that the conditions of s.269TAE(2C) were met. Nippon Steel has not demonstrated that Customs and Border Protection has failed to consider the legislative requirements.

- *BlueScope failed to provide a non-confidential summary of its import parity process*

BlueScope notes that Nippon Steel has detailed BlueScope's import parity process via the comments included at Section 4.3 to 4.6 of the submission. BlueScope has provided a non-confidential summary of the process and this has been repeated by Nippon Steel in the quoted paragraphs.

- *Incorrectly determined material injury at the macro and micro levels*

At the macro level Nippon Steel argues that BlueScope has only suffered injury in the form of price suppression and not price depression. Customs and Border Protection's investigations confirmed that the Australian industry had suffered price depression. It is unclear on what basis Nippon Steel can dispute a factual finding on price depression.

At the micro level, it is important to note Customs and Border Protection's comments that:

*'While end users in the pipe and tube sector only imported a small volume of their total HRC requirements from the countries under investigation and may have only imported this small volume to maintain a second source of supply, their on-going purchases of dumped imported HRC provided them with leverage when negotiating prices with BlueScope. BlueScope, accordingly, had to adjust its prices to be competitive with imports or risk losing sales volumes.'*

BlueScope agrees with Customs and Border Protection's observation. However, it should also be noted that BlueScope has demonstrated that its selling prices in the pipe and tube sector were undercut by dumped imports, [timing] of the investigation period. It is incorrect to conclude that the dumped HRC prices did not undercut BlueScope's selling prices to the pipe and tube sector.

- *the impact of "other factors" on injury to the industry was not considered*

BlueScope has previously demonstrated that Customs and Border Protection did consider the impact of injury caused by certain "other" factors (refer Sections 8.9 to 8.13 of SEF No. 188).

- *no material injury overall and an absence of a meaningful analysis to support findings on material injury and causal link*

It is Nippon Steel's contention that the injury suffered by BlueScope could not be attributed to the dumped exports, but to a range of other factors. Nippon Steel seeks to reject Customs and Border Protection's findings on the basis of its understanding of two of the four segments of the market. BlueScope disputes Nippon Steel's comments on these two sectors as BlueScope can evidence injury in both sectors from the dumped exports.

Contrary to Nippon Steel's statements, SEF No. 188 does evidence a thorough analysis of the financial performance of the industry and the impact of the dumped

exports on the industry's performance. Nippon Steel's assertions are not supported by the findings contained in SEF No. 188.

#### **4. Submission by Ford Motor Company dated 22 October 2012**

The Ford Motor Company of Australia limited ("Ford") has made representations that:

- the ascertained export price must be adjusted;
- an exemption for HRC less than 1.6mm thick or a width greater than 1550mm should be exempted from measures;
- HRC exported for use in the automotive sector should be exempted from measures; and
- the normal value for HRC used in the automotive industry should reflect prices paid in the Asia Pacific Region.

The Ford submission includes a number of redactions where a non-confidential summary of the information removed has not been provided. BlueScope is unable to adequately comment on the matters raised by Ford as a non-confidential summary of the relevant information has not been provided.

Ford has argued that the ascertained export price for HRC exported from Japan is "uncompetitive" and that the import price for HRC has declined since the investigation period. In describing the factors taken into account when negotiating price, Ford has removed the listing from the document. BlueScope is unable to assess the relevance of the "factors" identified.

It would also appear that Ford has described certain "actions" by BlueScope that impact the material injury assessment in the automotive sector. The identified factors have been removed from the document.

BlueScope requests that Customs and Border Protection require Ford to disclose non-confidential summaries of the relevant information redacted from the submission.

#### **5. Submission on behalf of JFE, Kobe and Nisshin Steel of 23 October 2012**

The submission on behalf of JFE Steel Corporation, Kobe Steel Ltd, and Nisshin Steel Co. disputes Customs and Border Protection's PAD in respect of HRC exported from Japan, asserts that the injury findings are unsupported, challenges the cumulation approach followed, and does not agree with the injury analysis or basis for causation.

The submission also seeks an exemption from measures on HRC greater than 1550mm in width.

BlueScope respectfully disagrees that pickled and oiled HRC should be excluded from the PAD. BlueScope has commented that it considers it has suffered injury from Japanese HRC exports to the automotive industry in Australia. BlueScope rejects the suggestion that it does not produce like goods to HRC exported from Japan for the automotive industry. This is simply not the case. As indicated above, BlueScope could not demonstrate a loss of sales volume to HRC exported from Japan – that does not mean that BlueScope is not injured from the dumped HRC exported from Japan.

BlueScope also challenges the claims that it has not experienced price undercutting from the dumped HRC exports in the pipe and tube segment. This is also not the case. BlueScope has evidenced to

Customs and Border Protection that it did experience price undercutting in this sector across the investigation period. BlueScope similarly rejects the suggestion that it has over reacted to import prices and that its pricing policy is based on faulty market intelligence. BlueScope's prices at that time were negotiated on a [timing] and it was cognisant of the volumes sold to the pipe and tube sector.

Interestingly, the Japanese exporters concede that there "may be grounds for cumulating exports from two or more" exporting countries as part of Customs and Border Protection's micro-causation analysis, it is contended that there are no grounds for cumulation on a macro basis. BlueScope re-states that Customs and Border Protection has correctly applied the provisions of s.269TAE(2C) and that it is appropriate to cumulate exports from the nominated countries for injury evaluation purposes.

Customs and Border Protection's material injury and causation analysis is both comprehensive and supported by the available evidence. The impact of "other" factors on the economic performance of the industry was considered, however, Customs and Border Protection was satisfied that the injury from dumping was material. This is consistent with the legislative requirements and the Minister's directive.

On the issue of an exemption for HRC imported with a width exceeding 1550mm, BlueScope submits that it can supply substitutable goods to imported product with a width greater than 1550mm.

#### **6. Submission by OneSteel ATM of 23 October 2012**

OneSteel ATM has raised similar issues in relation to requesting an exemption from measures for HRC exported from Japan, and the cumulation of exports from all countries for the purposes of injury assessment.

These matters have previously been addressed by BlueScope in this submission and BlueScope's response to SEF No. 188 dated 23 October 2012.

#### **7. Submission for China Steel Corporation – 24 October 2012**

It is suggested on behalf of China Steel Corporation ("CSC") that BlueScope has not suffered material injury from the dumped exports of HRC from Japan, Korea, Malaysia and Taiwan. CSC asserts this on the basis of both the macro and micro injury analysis.

CSC considers that the link between dumping and injury in the distribution and manufacturing sector "is more remote" than the connection with the automotive sector. This perception is important given the representations made on behalf of Japanese exporters to the automotive sector. BlueScope has competed against dumped exports in all four segments of the HRC market and has suffered price-effect injury as a consequence of holding market share across the whole market. BlueScope does not agree that any one sector has not contributed to injury experienced by it during the investigation period.

BlueScope has previously commented on claims by interested parties concerning Customs and Border Protection's assessment of "other" factors causing injury.

#### **8. Hyundai Steel Company submission dated 22 October 2012**

Hyundai Steel Company ("Hyundai") has provided an updated "Rebuttal Brief" in relation to SEF 188 and PAD 188. In essence, Hyundai objects to Customs and Border Protection's findings contained in SEF No. 188 and seeks a reconsideration to revive a negligible dumping margin for Hyundai's exports to Australia.

Hyundai is aggrieved by Customs and Border Protection's re-assessment of dumping margins by the case management team following the exporter verification visit with the company in Korea.

The rebuttal document contains comments on the SEF that have been redacted (i.e. 10 of 12 pages of "Rebuttal" document have been redacted). There is insufficient non-confidential information available in the rebuttal document to permit parties from understanding the arguments presented by Hyundai. In the absence of information that permits the reader from understanding – in non-confidential terms – the basis of the arguments presented, the comments should be rejected.

#### **9. Holden submission dated 23 October 2012**

It is noted that the Holden submission replicates the representations of POSCO.

BlueScope reiterates that it has experienced injury from the dumped Japanese and Korean HRC exported to the Australian automotive industry. As indicated, due to the nature of certain contracts in the sector, [sales information] This cannot be inferred as BlueScope not being capable/willing to supply HRC to the sector. BlueScope does consider that it has suffered price suppression on sales to the automotive sector (consistent across all sectors). An exemption from measures for Japanese (or Korean) HRC sold to the automotive sector is therefore not appropriate.

#### **Submissions by interested parties**

The submissions by interested parties representing the exporters and importers of HRC from the nominated countries are expectedly opposed to the imposition of measures and have sought to strongly contest a proposed recommendation to the Minister to impose anti-dumping measures.

The representations have sought to establish that Customs and Border Protection has erred in its assessment of dumping, material injury and causal link. BlueScope rejects the suggestions of the interested parties associated with the dumped exports that the injury sustained by BlueScope has been as a consequence of injury caused by certain other factors.

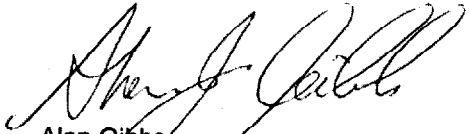
BlueScope is opposed to any proposal to exempt HRC exports from Japan from anti-dumping measures. BlueScope is a manufacturer of like goods to HRC exported from Japan and has experienced injury from the dumped Japanese HRC exports.

BlueScope therefore supports the proposed recommendation of Customs and Border Protection for the Minister to impose anti-dumping measures on HRC exported from Japan, Korea, Malaysia and Taiwan

FILE  
106

If you have any questions concerning this submission, please do not hesitate to contact me on (02) 4275 3859.

Yours sincerely



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