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Ms Joanne Reid
Director, Operations 3
International Trade Remedies Branch
Australian Customs and Border Protection Service
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Dear Ms Reid

Public File

Hot Rolled Steel Plate – Approach to costing's for Plate Steel manufacturers

I refer to Exporter Questionnaire Responses recently placed on the Public File in the plate steel investigation.

It is understood that some exporters may seek to utilise an "average" costing methodology for the purposes of demonstrating the cost-to-make-and-sell ("CTM&S") of plate steel sold domestically and for export. The averaging approach could involve a single cost associated with plate made on a plate mill (i.e. pattern plate) and coil plate made on a hot roll coil mill.

BlueScope costs plate separately via each of its production processes. That is, plate manufactured on a plate mill is costed separately to plate made on a hot roll coil mill. "Hot Metal" is the only common cost, with all other manufacturing costs calculated on the product type (pattern plate or coil plate).

BlueScope submitted appendices in its application that reflected the actual cost position by grade (i.e. 8250, 8350, Q&T Green, and "other"). The other category includes the HA250/350 coil plate grades.

The attached Comparison Table (Commercial-in-Confidence) for the BlueScope's most common plate products over the investigation period (i.e. January to December 2012) highlights the \$/T variance between:

- (i) Grade 8250 pattern plate versus grade HA250 coil plate, at relevant thickness levels;
- (ii) Grade 8350 pattern plate versus grade HA350 coil plate, at relevant thickness levels;
and
- (iii) All pattern plate versus coil plate, at relevant thickness levels.

It is apparent from the Comparison Table that in all cases, plate produced on the plate mill has a [amount] manufacturing cost than plate produced via the hot strip mill process.

BlueScope submits that it is therefore important that exporters provide actual production costs via separate production processes. For example, Shandong Iron and Steel (China) has provided production costs via production line. In the event that there are separate production lines for plate made from slab and plate made from coil, actual costs for each product type can be readily verified by Customs and Border Protection.

BlueScope does not consider it appropriate for 'average' costing's to be used for plate manufactured by an exporter that utilises both a plate mill (pattern plate) and a hot roll coil mill (coil plate). BlueScope does not consider it unreasonable for Customs and Border Protection to require exporters to provide separate costs for plate steel manufactured by the plate and hot roll coil manufacturing processes for verification.

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

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Alan Gibbs', with a stylized flourish at the end.

Alan Gibbs
Development Manager – International Trade