

9 April 2013

Ms Joanne Reid
Director, Operations 3
International Trade Remedies Branch
Australian Customs and Border Protection Service
Customs House
5 Constitution Avenue
CANBERRA ACT 2601

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Dear Ms Reid

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Galvanized Steel exported from the People's Republic of China, the Republic of Korea, and Taiwan – BlueScope comments re TA Fong Steel Co., Ltd Dumping Margin Calculation Report

I refer to the TA Fong Steel Co., Ltd ("Ta Fong") Dumping Margin Calculation Report (the "Report") recently placed on the electronic public file.

Customs and Border Protection received a completed exporter questionnaire response from Ta Fong. Due to the volume of imports from Ta Fong, Customs and Border Protection did not conduct an on-site verification visit with Ta Fong.

Based upon the acceptance of the information contained in Ta Fong's exporter questionnaire response, Customs and Border Protection has determined a dumping margin for Ta Fong's exports of galvanized steel of minus 8.6 per cent. This negative dumping margin is the largest negative margin determined (by a significant amount) for exports of galvanized steel from the countries the subject of the investigation.

BlueScope Steel Limited ("BlueScope") does not consider that the assessed dumping margin for Ta Fong can be considered reliable. Additionally, the assessment of a significant negative margin (that did not involve the verification of data with the exporter) is inconsistent with the findings for exporters that were the subject of verification visits by Customs and Border Protection.

A further concern is that the finding suggests that Ta Fong sells its products at a higher price on export markets to what it does domestically – a very unlikely scenario given the market conditions that prevailed during the investigation period.

Customs and Border Protection would be aware that Ta Fong was involved in the recent Hollow Structural Sections ("HSS") investigation¹ and dumping margins of positive 2.4 per cent were determined on Ta Fong's exports to Australia. The galvanized steel exported to Australia by Ta Fong is manufactured from hot rolled coil ("HRC") as is the HSS previously exported to Australia by Ta Fong (the subject of Investigation No. 177).

BlueScope therefore considers it unlikely that as Ta Fong has been found to have exported HSS to Australia at dumped prices of 2.4 per cent, that Ta Fong's exports of galvanized steel would be assessed at minus 8.6 per cent.

¹ Refer Trade Measures Report No. 177, P.67.

There exist a couple of likely explanations to this outcome. The Report indicates that Customs and Border Protection has compared Ta Fong's models sold domestically with those for export. However, the Report does not disclose the details of the analysis undertaken by Customs and Border Protection as to the specifications of galvanized steel sold domestically and for export by Ta Fong. Where Customs and Border Protection does not undertake a verification visit to an exporter, this information should be disclosed in the public file version of the exporter's report, to enable the reviewer to understand whether the comparison was reasonable.

The Report is very limited in detail and can be interpreted as Customs and Border Protection accepting Ta Fong's responses to the exporter questionnaire. On the basis that Ta Fong has previously been found to have exported goods to Australia at dumped prices, it is unacceptable for Customs and Border Protection to accept Ta Fong's data in this galvanized steel inquiry without further consideration.

BlueScope is particularly concerned that Ta Fong's export prices for galvanized steel exported to Australia have not been properly compared with domestic sales equivalents. There are further concerns as to the absence of appropriate adjustments for product extras that are evident for the different markets.

BlueScope requests Customs and Border Protection to re-examine the dumping margin calculations for Ta Fong's exports of galvanized steel to Australia. The large negative dumping margins assessed for Ta Fong are inconsistent with the findings of all other exporters of galvanized steel in the current investigation. As a minimum, Customs and Border Protection also has access to information on Ta Fong's basis for cost allocations from the HSS investigation that it could utilise to assist in the assessment of dumping margins for Ta Fong's galvanized steel exports to Australia.

If you have any questions concerning this submission, please do not hesitate to contact me on (02) 4275 3858.

Yours sincerely



Alan Gibbs
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