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12 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

Received
15 April 2013

Dear Ms Reid

For Public File

Aluminium Zinc Coated Steel and Galvanized Steel exported from the People's Republic of China, the Republic of Korea, and Taiwan – Submissions/documents on Public File

I refer to certain recent submissions on the Public File relating to exports of the abovementioned goods to Australia. BlueScope Steel Limited "BlueScope" seeks to comment on matters raised by interested parties in the identified submissions.

1. Union Steel Co., Ltd China

The submission dated 4 April 2013 on behalf of Union Steel Co., Ltd China ("USC") challenges the treatment by Customs and Border Protection of certain verified cost elements including the selling and general administration ("S,G&A") expenses including an interest expense, the date of sale for goods exported to Australia, and the application of a level of profit on USC's constructed normal value.

It has been suggested by USC that the interest expense included in its S,G&A was an expense of Wuxi. BlueScope submits that this matter would have been sufficiently discussed during the verification visit and it is difficult for Customs and Border Protection to adequately verify USC's claim post the visit. BlueScope does not consider that Customs and Border Protection should amend USC's constructed normal value as it cannot be satisfied that the interest costs were not incurred by USC.

The USC submission suggests that the invoice date should not be used as the date of sale for transactions to Australia. It is argued on behalf of USC that "*the shipping market was very busy and it was hard to make shipping arrangements from China to Australia*". The use of the date of export for date of sale purposes is usual practice for Customs and Border Protection. It would appear that USC has not provided further evidence in support of its claim to use a different date to date of export for fair comparison purposes.

BlueScope supports the approach followed by Customs and Border Protection in applying an appropriate level of profit to USC's constructed normal value. It would appear that USC is seeking to apply a level of profit on domestic sales by USC post substitution of a benchmark hot rolled coil ("HRC") price. The impact of this approach would be to reduce the level of profit applied to USC's constructed normal value. BlueScope does not consider the proposed methodology is appropriate as it would understate USC's normal value.

2. POSCO Exporter Desk Audit Report

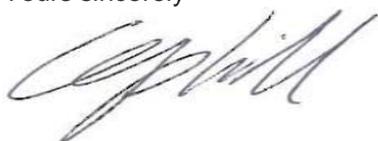
Customs and Border Protection did not conduct a verification visit with POSCO due to “*volume of galvanized steel exported by POSCO relative to other exporters*”. This suggests that POSCO’s export volume to Australia during the verification visit was relatively low.

Customs and Border Protection indicated that POSCO was an interested party in the recent HRC investigation¹ and that the POSCO exporter questionnaire was complete and accurate. As an alternative to a verification visit, POSCO met with officials from Customs and Border Protection for a “one-day” discussion.

BlueScope notes that Customs and Border Protection has determined normal values for POSCO using domestic sales under s.269TAC(1) and POSCO’s costs of production under s.269TAC(2)(c). It is further noted that Customs and Border Protection has agreed to an adjustment for POSCO for warranty expenses incurred domestically. BlueScope does not consider that a claim for warranty expenses by POSCO can be accepted. The goods exported to Australia by POSCO would be equally covered by the manufacturer’s warranty and therefore cannot be considered to apply only to sales on the domestic market. Customs and Border Protection is requested to re-assess this adjustment to POSCO’s normal values.

If you have any questions concerning this letter, please do not hesitate to contact me on (02) 4275 4638.

Yours sincerely



Chad Uphill
International Trade

¹ Refer Trade Measures Report No. 188.