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

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 on behalf of GM Holden and Jiangyin Zing Cheng Steel in response to Statement of Essential Facts No. 190

I refer to responses to Statement of Essential Facts No. 190 concerning the investigations into the dumping of aluminium zinc coated steel and galvanized steel exported from China, Korea and Taiwan.

BlueScope Steel Limited "BlueScope" considers it appropriate to comment on certain matters raised in the above-mentioned submissions.

1. GM Holden Submission dated 8 April 2013

The submission by GM Holden Limited ("Holden") has repeated earlier criticisms of Customs and Border Protection's approach to the aluminium zinc coated steel and galvanized steel investigations. Holden has again argued that the investigation into 'like goods' to galvanized steel exported from China, Korea and Taiwan should have been the subject of three investigations – that is, separate investigations into the market segments identified for sales of galvanized steel.

BlueScope rejects this suggestion. Imported galvanized steel is not classified according to its end-use, rather, it is the physical characteristics of the good that defines its tariff classification. It cannot be assumed that goods used in one end-use application cannot be used in an alternate application. BlueScope highlights that locally produced goods do not have to be identical to the imported goods. Rather, the locally produced goods are required to have characteristics closely resembling the imported goods. On the basis that the imported and locally produced goods are substitutable and interchangeable across end-use applications in the different market segments, Customs and Border Protection has correctly characterized the goods as 'alike' and a single investigation is warranted.

Holden has requested that Customs and Border Protection consider recommending exemptions for certain galvanized steel:

- that are the subject of current TCOs;
- that are the subject of current TCO applications;
- that are the subject of future TCOs by Holden;
- that includes tailor-welded steel; and
- that covers zero spangle steel.

BlueScope does not have any issue with the TCOs that have been granted nor those to which BlueScope has not submitted an objection (as at date of this submission). BlueScope does not support any further TCOs being granted for which has not reviewed an appropriate application, hence it cannot agree to “future TCO” applications made by Holden.

Holden has requested that Customs and Border Protection accept actual export prices for goods sourced from all selected non-cooperating exporters. BlueScope agrees with Customs and Border Protection that it cannot accept unverified information pertaining to actual export prices for selected non-cooperating exporters, as to do so what compromise the verified information received from cooperative exporters.

Holden has stated that BlueScope’s import parity methodology exposes it to injurious pricing. BlueScope highlights that it must match import prices to maximize sales volumes. In the absence of dumped imports, BlueScope can compete with non-dumped import parity prices.

BlueScope rejects Holden’s suggestion that Customs and Border Protection has not adequately considered whether injury to the Australian industry has been caused by factors other than dumping. Customs and Border Protection has adequately addressed the impact of other factors on the Australian industry’s performance and was satisfied that the dumping had caused material injury to BlueScope.

BlueScope cannot agree with Holden’s suggestion that Customs and Border Protection has not adequately considered whether the dumping and material injury will continue. BlueScope submits that the exporter’s past performance is indicative of likely future behaviour as to whether the dumping is likely to continue. It is further noted that at this stage of the investigation it is unclear as to whether any exporter(s) has/have offered to enter into price undertaking(s) to not export at dumped prices.

2. Jiangyin Zing Cheng Steel Co., Ltd submission of 8 April 2013

The Jiangyin Zhong Cheng Steel Co., Ltd (“JZC”) submission suggests that Customs and Border Protection has incorrectly determined normal values for JZC. In particular, JZC does not agree with the determination of normal values under s.269TAC(2)(c) that includes an adjustment to JZC’s HRC purchase price of 12.35 per cent, the 4 per cent VAT uplift, and the inclusion of a level of profit.

On the basis of the volume of JZC’s exports to Australia relative to other exporters during the investigation period, JZC was not visited by Customs and Border Protection for the purpose of verifying information included in its exporter questionnaire response. Customs and Border Protection assessed JZC’s exporter questionnaire response and prepared a “Dumping Margin Calculation” report.

BlueScope is not privy to JZC’s HRC purchase price, however, Customs and Border Protection has established that the HRC price is 12.35 per cent below the benchmark HRC price determined for the investigation period. Domestic selling prices for aluminium zinc coated steel were considered unsuitable for normal value purposes due to a particular market situation in China for aluminium zinc coated steel. Normal values were therefore determined using the Chinese exporter’s cost-to-make-and-sell information.

JZC claims that the HRC uplift by Customs and Border Protection “is a violation of the Anti-Dumping Agreement”. Customs and Border Protection has assessed that domestic sales in China for aluminium zinc coated steel are unsuitable for normal value purposes. The determination of normal values for JZC is in accordance with the requirements of the legislative provisions of s.269TAC (i.e. to use the exporter's costs under s.269TAC(2)(c) where domestic selling prices are unsuitable.

JZC's claim to dispute the 4 per cent VAT uplift is also unfounded. On the basis that JZC sold the goods domestically, a 17 per cent VAT would be applied. As the goods are sold on the export market and a 13 per cent VAT refund applies, it is appropriate to adjust the normal value for the 4 per cent VAT differential not available for refund to JZC.

JZC has further objected to the inclusion of a level of profit in the normal value assessment. The key issue is not whether JZC is uncompetitive on the Chinese domestic market. It is Customs and Border Protection's objective to calculate a normal value for JZC based upon a constructed cost methodology that includes an appropriate level of profit (as was determined for domestic selling prices pre the substitution of the HRC cost).

BlueScope rejects the "General Observations" asserted by JZC in its submission as baseless and without foundation.

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