

Canberra  
6/2 Brindabella Circuit  
Brindabella Business Park  
Canberra International Airport  
ACT 2609 Australia

Telephone +61 2 6163 1000  
Facsimile +61 2 6162 0606  
Email: [info@moulislegal.com](mailto:info@moulislegal.com)  
[www.moulislegal.com](http://www.moulislegal.com)

20 August 2013

Ms J Reid  
Director, Operations 2  
Anti-Dumping Commission  
Customs House  
5 Constitution Avenue  
Canberra  
Australian Capital Territory 2601



commercial+international

By email

Dear Joanne

## **POSCO – alleged dumping of hot rolled plate steel from Korea BlueScope’s further comments regarding normal values and dumping margins**

We refer to the letter from BlueScope Steel Limited (“BlueScope”) dated 2 August 2013.

The degree to which POSCO’s margin position is being contested by BlueScope in the letter is not entirely clear to us, given that there are constant references to the margin for Hyundai Steel but not to POSCO’s margin position.

Furthermore, the allegations are unclear, due to the lengthy redactions in the submission. The Anti-Dumping Commission (“ADC”) should request BlueScope to review those redactions, or to provide a non-confidential summary of them, if POSCO is to be required to address the allegations any further.

Nevertheless, POSCO understands that BlueScope now alleges that the normal values determined for Hyundai and POSCO *“must reflect a comparable normal value to that assessed”* for Dongkuk Steel Mill (“DSM”). This – it is suggested – is because *“DSM’s domestic purchase price for slab steel should corroborate with the internal transfer price for Hyundai and POSCO’s steel slab into steel plate manufacture”*. As a result, BlueScope alleges that the dumping margins for Hyundai and presumably for POSCO should be the same as or similar to that of DSM.

Merely stating the allegations demonstrates to any anti-dumping practitioner that they are illogical and have no merit. POSCO makes the following observations:

- BlueScope’s submission appears to proceed on the basis that there is only one variable between the position of Hyundai Steel (or of POSCO) and DSM. That variable, it seems, is an *“internal transfer price”* for slab in the case of Hyundai Steel (and of POSCO) as compared to a buy-in price in the case of DSM.
- BlueScope’s assumption that other companies set up their accounts in the same way as BlueScope evidently does – so as to “make up” its own “internal transfer prices” - is incorrect. POSCO simply costs its production processes based on its costs of production. In referring to an *“internal transfer price”*, BlueScope seems to be suggesting that actual costing is a novel accounting concept.

**NON-CONFIDENTIAL**

- Following on from this, it is also not clear to POSCO why POSCO's *costs* of steel slab production should be the same as DSM's *buy-in price* of slab steel.
- The assumption that there is only one variable in comparing the factors that went into the calculation of the dumping margins for POSCO as compared to those for DSM is a nonsense. Export prices, product mix, and adjustments are equally relevant, and obviously will cause there to be marked differences in outcomes depending on the circumstances of each exporter concerned. For example we note, from the public record of this investigation, that DSM alleges that its export price was assessed at a level of trade which is below that of its domestic sales, and that adjustments were not made as they should have been.

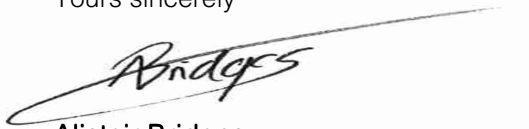
POSCO rejects BlueScope's suggestion that the ADC reconsider the normal value findings pertaining to POSCO "*by taking full account of the normal value findings of DSM that reflect market selling price for hot rolled plate steel competitively in Korea*". POSCO's normal values were calculated in accordance with the *Customs Act 1901* and the *Customs Regulations 1926* made under that Act. POSCO's prices and costs were honestly and fully disclosed to ADC; were explained to ADC; and were checked by ADC back to source documents.

There is no logical basis for there to be similar margin outcomes for different exporters.

With respect, there is no factual ground nor is there any legal basis for a purported cost substitution - "*taking full account of the normal value findings of DSM*" - in the case of POSCO's normal value calculation.

As contemplated in the Statement of Essential Facts published by ADC in this matter, we respectfully request that this investigation be terminated in so far as it relates to POSCO at the soonest possible opportunity.

Yours sincerely



**Alistair Bridges**  
Solicitor