



BlueScope Steel Limited
ABN 16 000 011 058
BANZ
Port Kembla
Post Office Box 1854
Wollongong NSW 2500
Telephone 02 4275 3859
Facsimile +02 4275 7810
www.bluescopesteel.com

30 August 2013

Ms Joanne Reid
Director, Operations 3
The Anti-Dumping Commission
C/o Australian Customs and Border Protection Service
Customs House
5 Constitution Avenue
CANBERRA ACT 2601

Dear Ms Reid

Public File

Re: Steel plate exported from China, Indonesia, Japan, Korea and Taiwan – Submissions from interested parties in response to Statement of Essential Facts No. 198

A number of submissions have been received by the Anti-Dumping Commission ("the Commission") in response to Statement of Essential Facts ("SEF") No. 198 concerning steel plate exported from China, Indonesia, Japan, Korea and Taiwan.

BlueScope Steel Limited ("BlueScope") would like to comment on a few of the recent submissions placed on the electronic public file.

Australian Steel Association Inc Submission of 21 August 2013-08-28

The ASA contends that the injury experienced by the Australian industry manufacturing hot rolled plate steel in 2012 was due to factors other than the dumped and subsidised exports and was nothing more than the normal ebb and flow of business.

BlueScope rejects the suggestions opined by the ASA as not supported by the facts. The Commission has evidenced that the dumped and subsidised exports account for a substantial share of the market, that the selling prices of the dumped and subsidised exports undercut the Australian industry's selling prices and that as a consequence of responding to the reduced prices for imports, the Australian industry experienced price depression, price suppression and reduced profits and profitability. The Commission was satisfied that the dumped and subsidised prices were the catalyst for the Australian industry reducing its selling prices.

The suggestion that hot rolled plate steel imports from New Zealand have been the cause of material injury is also not supported. Figure 14 at P. 59 of SEF no. 198 demonstrates that the imports of hot rolled plate steel from "other" countries was relatively small when contrasted with the market shares held by BlueScope, dumped and subsidised imports, and undumped imports (the latter from Taiwan, Hyundai and POSCO). The share held by "other" imports includes imports from New Zealand (which is again smaller in market share) and cannot be considered to be large enough to influence market selling prices as the dumped and subsidised imports that "consistently undercut" BlueScope's selling prices.

The ASA's assertions are not supported by the Commission's findings as detailed in SEF No. 198.

Submission on behalf of Bisalloy of 21 August 2013

Bisalloy is challenging the finding of subsidisation against its Chinese supplier JIGANG. It is further argued on behalf of Bisalloy that exports of Quench and Tempered ("Q&T") green feed have not caused injury to the Australian industry. Finally, Bisalloy has represented that the imposition of countervailing duties on its Chinese supplier is not in the national interest.

Bisalloy has raised a similar issue as identified by BlueScope in respect of the benchmark price used for establishing coking coal was sold at less than adequate remuneration in China. Bisalloy indicates that JIGANG uses nine different types (and presumably, quality) of coking coal. BlueScope has submitted that an upward adjustment to the benchmark is required to account for the higher quality coking coals used by Chinese producers of slab steel. The available domestic coking coal in China is of low quality and thus any exports of coking coal are also of low quality. For fair comparison purposes – as confirmed by Bisalloy – an upward adjustment to the benchmark is required to reflect the higher quality grades of coking coal consumed by Chinese slab steel manufacturers.

Q&T green feed plate steel is included within the like goods description of BlueScope's application. BlueScope is a supplier to Bisalloy of Q&T green feed plate steel. BlueScope has experienced injury due to Bisalloy sourcing dumped (and subsidised) imports of Q&T green feed from suppliers in the nominated countries. Bisalloy's assertion that the Australian industry has not suffered injury from the dumped and subsidised Q&T green feed imports is not correct, as the imports have displaced sales of locally produced Q&T green feed, often at reduced prices.

BlueScope rejects Bisalloy's submission that the imposition of countervailing duties on JIGANG (and other Chinese exporters of plate steel, including Q&T green feed) is not in the national interest. Whilst it is recognised the Minister has discretion to impose measures, BlueScope would highlight that it has incurred expenditure and committed resources to the local production of plate steel, including Q&T green feed product. The imposition of countervailing duties on Chinese exports of hot rolled plate steel (including Q&T green feed) is required to ensure the Australian industry manufacturing these goods is not materially injured and the investment in local production is not diminished.

PT Gunawan Dianjaya Steel ("GDS") Submission dated 21 August 2013

The submission on behalf of GDS is requesting adjustments to be made to take account of alleged differences in the level of trade between domestic sales and export sales for the goods under consideration. BlueScope does not agree with the asserted "*the real world universally acknowledges that there are demonstrable levels of trade in terms of industry practice..*" as suggested on behalf of GDS. This statement is merely an assertion not supported by evidence as to GDS's domestic sales of like goods and must be rejected.

GDS has further submitted that BlueScope "uses the NZS operation to determine import parity pricing". This is not the case, as confirmed by the Commission's comments on P.57 of SEF No. 198. The claims made on behalf of GDS must therefore be dismissed.

JFE Steel Corporation, Nippon Steel & Sumitomo Corporation and Nisshin Steel Co., Ltd submission of 21 August 2013

The submission on behalf of the Japanese co-defendants has challenged the Commission's findings on material injury findings as contained in SEF No. 198. It is suggested the Commission has "*attempted to convey the impression*" that the dumped (and subsidised) imports were "*the driver of the*

price competition". It was further suggested that an "objective" assessment would confirm this not to be the case.

However, as the Co-Defendants correctly point out, the level of price undercutting by all the dumped and subsidised exports was significant. The Commission confirmed that the dumped and subsidised exports undercut exports from the non-dumped source countries by up to 15 per cent. The dumped and subsidised exports accounted for a greater market share than exports from non-dumped sources and as the dumped and subsidised prices undercut the non-dumped export latter prices, it was therefore reasonable for the Commission to conclude that the dumped and subsidised exports possessed a greater influencing factor on price determination in the Australian market.

Submission on behalf of Shandong Iron and Steel Company, Jinan Company ("JIGANG") of 20 August 2013

This submission does not consider that the benchmark for coking coal in China should be based upon Chinese export prices for coking coal. It is suggested on behalf of JIGANG that the appropriate benchmark are the Chinese import prices for coking coal.

It is recalled that import prices for coking coal into China during the investigation period were influenced by Australian export prices that were affected by floods in Queensland. The Chinese import prices for coking coal are therefore influenced by extraneous events during the investigation period and were not considered a suitable benchmark. BlueScope supports the Commission's stance in this regard and disagrees that Chinese coking coal import prices are an appropriate benchmark for Chinese domestic coking coal prices.

POSCO submission of 20 August 2013

It is suggested on behalf of POSCO that BlueScope's comments concerning normal values in Korea and the purchase price for slab steel by Dongkuk Steel Mill ("DSM") should equate to an internal transfer price for slab steel for POSCO and Hyundai are comments that are "*illogical and have no merit*".

The POSCO submission further refers to similar margin outcomes for similar exporters.

BlueScope was merely highlighting that in a market of oversupply (i.e. Korea) where there exists fierce competition, it is likely that normal values will be aligned between the companies supplying the market. Further, to assist the Commission's assessment as to whether the transfer price for the prime raw material in hot rolled steel plate (i.e. steel slab) is at full cost recovery, BlueScope suggested that DSM's purchase price for slab steel could be a suitable reference point.

BlueScope does not consider the highlighting of these important factors to be illogical.

Submission on behalf of the Ministry of Commerce of the People's Republic of China dated 23 August 2013

The submission repeats representations made in the recent galvanised steel and aluminium zinc coated steel dumping cases (coated steel cases) involving exports from China (Trade Measures Reports No. 190 and 193 refers). Specifically it is argued that a "particular market situation" for hot rolled plate steel in China is not evident, and that State-Invested Enterprises ("SIEs") that supply and

produce hot rolled coil ("HRC"), coke and coking coal to Chinese manufacturers of hot rolled plate steel are not "public bodies".

BlueScope fully endorses the Commission's findings concerning a particular market situation in China for sales of hot rolled steel plate, and the conclusion that the Chinese SIE raw material suppliers of HRC, coke and coking coal are public bodies. The Government of China's ("GOC") representations assert that the Commission's reliance on earlier findings in relation to hollow structural sections ("HSS") (Trade Measures Report No. 177) and galvanised steel and aluminium zinc coated steel (involving exports from China) (Trade Measures Reports No. 190 and 193) have different investigation periods and it cannot be concluded that the same factors exist in the 2012 investigation period for hot rolled plate steel manufactured in China.

It is incorrect for the GOC to infer that the Commission has relied upon information from the coated steel inquiries that covers only half of the investigation period in the hot rolled plate steel inquiry. The Commission afforded the GOC the opportunity to provide information on changes to the hot rolled steel plate industry in the last five years in the GOC questionnaire. The GOC did not identify any "major changes". Those that were identified are listed at P.88 of SEF No. 198. It was therefore reasonable for the Commission to conclude that in the absence of any identified changes to the Chinese hot rolled steel plate industry (including any changes to the provision of raw materials supplied to the industry) that the findings contained in Reports No. 177, 190 and 193 have continued to exist throughout the 2012 investigation period for the hot rolled steel plate inquiry.

BlueScope therefore concurs with the Commission's findings in respect of a particular market situation for hot rolled steel plate sold in China and that the SIEs that supply raw materials including HRC, coke and coking coal to Chinese hot rolled steel plate manufacturers are public bodies.

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

Yours sincerely



Alan Gibbs
Development Manager – International Trade