



Australian Industry Questionnaire

Case number: 521

Product: Zinc coated (galvanised) steel

From: The People's Republic of China, the Republic of India, the Republic of Korea, Malaysia, Taiwan and the Socialist Republic of Vietnam

Review period: 1 July 2018 to 30 June 2019

Response due by: 26 May 2020 (extended to 2 June 2020)

Return completed questionnaire to: investigations4@adcommission.gov.au

Anti-Dumping Commission website: www.adcommission.gov.au

DECLARATION

I believe that the information contained in this response is complete and correct.

Signature:

Name:	[REDACTED]
Position:	Manager – Trade Affairs
Company:	BlueScope Steel Limited
ABN:	16 000 011 058
Date:	2 June 2020

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SECTION A MARKET SITUATION

Section 269TAC(1) of the *Customs Act 1901* (Cth) (the Act) provides that, subject to this section, the normal value of any goods exported to Australia is the price paid or payable for like goods sold in the ordinary course of trade for home consumption in the country of export in sales that are arms length transactions by the exporter or, if like goods are not so sold by the exporter, by other sellers of like goods.

In addition, section 269TAC(2)(a)(ii) of the Act provides that, subject to this section, where the Minister is satisfied that because of the situation in the market of the country of export is such that sales in that market are not suitable for use in determining a price under subsection (1), the normal value of the goods exported to Australia cannot be ascertained under subsection (1).

In the application from BlueScope Steel Limited (BlueScope) received by the Commission on 2 August 2019 in respect of zinc coated (galvanised) steel (“the goods” and/or “galvanised steel”), it was claimed that a particular market situation exists with respect to the goods within the People’s Republic of China (China).

BlueScope has based its claim that a particular market situation exists within China primarily on previous findings by the Commission. The application refers to the Commission’s findings relating to Government of China (GOC) influence in steel markets and the impact on HRC prices, which is the key raw material used in the manufacture of galvanised steel.¹

As part of its review, the Commission will consider if a market situation exists in the galvanised steel market in China during the review period. The Commission will also investigate whether any market situation, if found to exist, influences a comparison between export prices and normal values. To undertake this assessment, the Commission requires further information about the respective markets.

¹ See, for example, findings set out in *Anti-Dumping Commission Report Nos. 190, 456 and 457* (aluminium zinc and zinc coated steels).

A-1 Whether sales are suitable

If the Minister is satisfied a market situation exists during the review period, the Minister must consider whether, because of that market situation, exporters' domestic sales of the goods are suitable for determining a price under section 269TAC(1) of the Act.

1. In the event that the Minister is satisfied a market situation is found to exist during the review period, please comment and provide any relevant evidence on:
 - (a) the effect of the market situation on exporters' domestic prices in China;
 - (b) the effect of the market situation on exporters' export prices;
 - (c) whether the effect of the market situation is such that exporters' domestic prices and export prices cannot be properly compared.
2. Please provide any further information and evidence you may wish to submit.

In addition to its furnished Variable Factors Review application, BlueScope details below further supporting evidence in addressing the above.

China – Particular Market Situation

State Owned Enterprises

BlueScope considers that the level of government involvement in the Chinese steel industry is more prevalent than ever, with the slowing pace of domestic economic reform and the resurgence of the state in placing more investment in poorly performing and deteriorating State Owned Enterprises ("SOE's").²

The existence and prevalence of these SOE's, and the steel-specific countervailable subsidies provided, has been the basis for previous findings by the Commission of a particular market situation in China (e.g. Hollow Structural Sections, Plate steel, Aluminium Zinc Coated steel etc).

The GOC has allegedly taken recent steps to improve the performance of state-owned companies, and has historically sought to halt their faltering financial performance:

"China initiated reform of state companies in the 1980's. The priority the party and government have given to this effort has waxed and waned over the ensuing decades and the results have varied widely – from the relatively successful reforms of the Zhu Rongji era to the near complete failure of the past decade."³

Specific to the Chinese steel industry, BlueScope notes that the following Chinese reform initiatives, whilst touted as market-oriented, are relevant factors in conversely concluding that a market situation exists.

1. Corporatisation

China has sought to accelerate and complete the conversion of traditional state firms (including steel producers) to limited liability or joint stock companies. This corporatisation has been an ongoing process following the National People's Congress passing the Company Law in 1994; the new push, mandated by the China State Council in July 2017, sought to complete the corporatisation of all central state firms (with the exception of those in the financial and cultural sectors) by the end of 2017.⁴

² Non-Confidential Attachment 1: Nicholas R. Lardy "The State Strikes Back; The End of Economic Reform in China?" (January 2019, p.4).

³ Ibid, p.81.

⁴ Ibid, p.81, 83.

2. Mergers

China's State-Owned Assets Supervision and Administration Commission ("SASAC") facilitates mergers amongst the largest Chinese SOE's. Its remit following establishment in March 2003 was to improve the performance of 196 of China's largest non-financial state firms, including the three largest state-owned oil companies, the three largest state-owned telecommunications companies, and most of the large state-owned electricity and steel companies.⁵

The SASAC's economic footprint is vast, and far exceeds the impression given by the relatively small number of firms it oversees.⁶ It should be underscored that:

*"...these firms are invariably group companies or holding companies that control subsidiaries. Counting subsidiary firms three levels down from the parent, these group and holding companies in 2010 controlled 23,738 firms, about one-fifth of all state nonfinancial companies. Including 52,371 subsidiaries of companies controlled by SASAC at the provincial level, SASAC controls three-fifths of all state nonfinancial companies."*⁷

3. Mixed Ownership

The GOC has also sought to introduce private capital into state-owned firms in an attempt to rehabilitate. This campaign has had limited success, with the spread of mixed ownership coinciding with a continuous and marked decline in the financial performance of state firms since 2007.⁸

4. Governance Reforms

This reform seeks to divide state firms into two categories; commercial and public service. Presumably then, commercially classified SOE's would become accountable per profitability and other financial metrics...

Yet very little information has been released to-date on the number of firms in each category or who they are, the most plausible explanation being that "...powerful vested interests at large state companies that were tentatively classified as commercial were able to fend off the attempt to make their firms responsible for their own profits and losses."⁹

5. SOE Reform Initiative Conclusions

The above-noted GOC initiatives have thus far failed to substantively transform SOE's to what would be considered comparable to market-based economies elsewhere, and appear more form than substance. Further:

*"Most of the state firms that are corporatised and adopt mixed ownership remain state-controlled, meaning that the state continues to be the majority or at least the dominant, controlling shareholder. And the group companies that have been merged to date under SASAC guidance remain 100 per cent state-owned. [This] merger program has not improved corporate governance but has reduced competition and created new monopolies, impeding innovation, productivity, and financial performance..."*¹⁰

And also, that:

*"The Organisation Department of the Chinese Communist Party in many cases continues to appoint the top management; the Party Committee within each firm retains a central role in major corporate decisions; and there is little or no increase in transparency."*¹¹

⁵ Ibid, p.86.

⁶ Ibid.

⁷ Ibid.

⁸ Ibid, p.91.

⁹ Ibid, p.95.

¹⁰ Ibid, p.96-97.

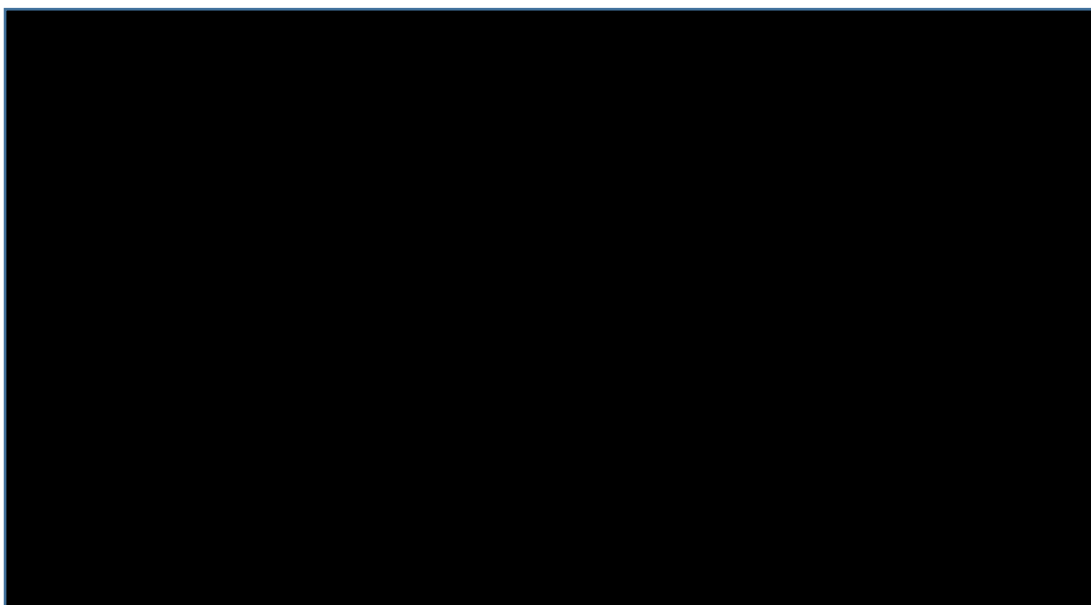
¹¹ Ibid, p.97.

BlueScope contends that as the GOC materially influenced conditions in the Chinese steel market during the review period, the prices for the subject goods are substantially different to those that would prevail in normal competitive market conditions (see further below). It is evident, therefore, that a particular market situation for galvanised steel exists in the Chinese domestic market.

Chinese Domestic Prices

A recent home-market price comparison of Hot Rolled Coil (“HRC”), Cold-Rolled Coil (“CRC”) (as key and substantially cost-proportional inputs into the manufacture of the subject goods), and Zinc Coated (galvanised) steel (“HDG”), has yielded material differences between Chinese prices, and other comparable domestic markets.

On an \$AU/tonne basis, Chinese domestic prices are consistently (and materially, in the case of HRC by up to [REDACTED]%) lower than the comparable markets of South Korea, Taiwan, and Japan:



Source: [REDACTED]

Chinese Export Prices

The GOC has traditionally compensated some steel exporters for VAT paid during the production process of steel goods, via VAT rebates. The operation of a variable VAT rebate system for select exports creates advantages for exporters of certain steel products. As recently as 17 March 2020, the GOV has increased rebates to 13% to stimulate steel exports:

“China will raise the export rebate to 13% from 10% for a large number of steel products from March 20, according to a notice released by the Ministry of Finance late on Tuesday March 17. The rate increase concerns major steel products such as hot-rolled coil, wire-rod, cold-rolled strip, hot dipped galvanized strip and stainless steel strip.”¹²

It is understood that this VAT rebate change also extends to aluminum zinc coated steel. By altering the VAT rebate and export tax applied to steel exports (at the above-noted 10 per cent versus the 17 per cent applied to domestic sales) the GOC continues to encourage low-priced, dumped and injurious export sales of the subject goods. This distorts Chinese export prices vis-à-vis what would be considered normal commercial prices in the absence of government intervention.

¹² Confidential Attachment 2: [REDACTED]

SECTION B AUSTRALIAN MARKET

In responding to the questions in section B please respond to these questions in relation to the review period (1 July 2018 to 30 June 2019).

B-1 Prevailing conditions of competition in the Australian market

1. Describe the Australian market for the goods and the prevailing conditions of competition within the market, including:

(a) Provide an overall description of the market in Australia for the goods which explains its main characteristics and trends over the past five years;

BlueScope submits, in addition to the volume and price trends of both the locally produced and imported subject goods per Confidential Appendix A2, that the main characteristics and trends of the galvanised steel market over the past five years can be summarized as follows:

[Commercial-in-confidence market characteristics and trends assessment].

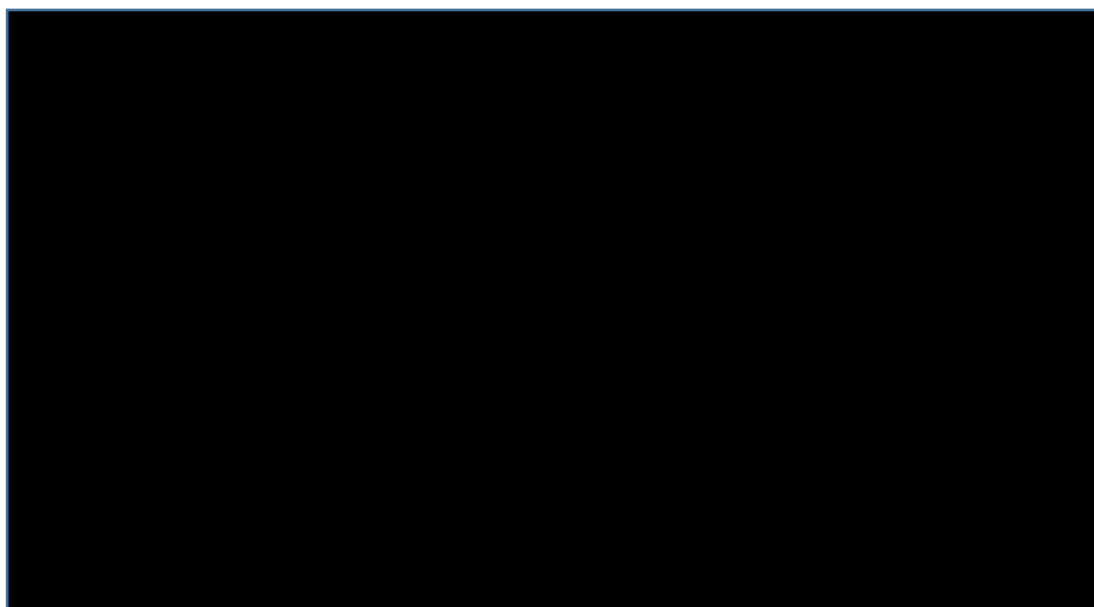
(b) Provide the sources of demand for the goods in Australia, including the categories of customers, users or consumers of the product;

Key sources of demand in the Australian market for the subject goods includes:

- Residential construction. Specifically, residential new dwelling construction, and investment in residential alterations and additions construction;
- Commercial and industrial construction; and
- Substitution into markets previously dominated by other materials including replacing timber for residential framing and replacing galvanised steel products for structural framing in the commercial / industrial internal partitioning and walling market.

(c) Provide an estimated proportion (%) of sales revenue from each of those sources of demand listed in (b);

Per the 'Segment' classification of Appendix A-4, these sources are represented as follows:



- (d) Describe the factors that influence consumption/demand variability in Australia, such as seasonal fluctuations, factors contributing to overall market growth or decline, government regulation, and developments in technology affecting either demand or production;

A variety of factors influence demand variability for galvanised steel products within the Australian market, including:

Seasonal fluctuations

- Agriculture – for example, silos (seasonally dependent);
- Building industry Christmas shutdown directly impacts construction; and
- Wet versus dry season in tropical climates impact construction.

Factors contributing to overall market growth or decline

- Availability of capital for infrastructure spending – government and private;
- General macro-economic factors such as bank interest rates directly impact on investment decisions by home buyers, investors and developers;
- Global and domestic economic conditions (GDP, unemployment, inflation, interest rates); and
- Global and domestic business and consumer confidence.

Government regulation

- Standards – international manufacturers do not always manufacture to the same standards as Australian manufacturers; an issue not commonly understood until installation;
- Policy – major government spending on infrastructure such as the Urban Congestion Fund, Roads of Strategic Importance etc.; and
- New home rebates which can pull forward demand.

Developments in technology affecting either demand or production

- Not significant.

Short Term Pricing Volatility

- Pressure on Australian manufacturing to compete with imported finished products;
- Which can influence purchasing decisions on inventory levels;
- Is more evident in the indirect distribution channel;
- Is influenced via global steel capacity utilisation; and
- Has a seasonal element.

- (e) Describe any market segmentations in Australia; such as geographic or product segmentations;

Both BlueScope and importers of galvanised steel compete in all Australian States and Territories, and across each segment via similar distribution channels. Products are sold directly to larger manufacturing companies in Australia and to distributors/resellers that on-sell the product into the market.

Distributors and resellers may offer a range of services such as further processing (sheeting, slitting, etc), smaller parcels of products, and credit facilities.

- (f) Provide an estimated proportion of sales revenue from each of the market segments listed in (e);

As provided above at B-1(c).

- (g) Describe the way in which Australian manufactured, Chinese and other imported goods compete in the Australian market;

As described above at B-1(e). Further, all customers can either purchase locally, or can import the subject goods per the following channels:

- Direct from the overseas mill;
- Via an international trader; and/or
- Via an aligned/non-aligned Australian based stockiest/reseller.

- (h) Describe the ways that the goods are marketed and distributed in the Australian market; and

A major proportion of galvanised steel sales are made directly to the domestic building product manufacturing industry. It is this domestic building product manufacturing industry that roll-forms galvanised steel into products such as structural sections for commercial buildings and garages/sheds, as well as decking (flooring systems) etc. The building product manufacturers then distribute the manufactured products to builders etc.

The balance of sales is made via the distribution market (through distributor/resellers), or direct to the general manufacturing and auto industries including OEM auto and auto component manufacturers, pipe and tube manufacturers, and racking & shelving manufacturers.

- (i) Describe any other factors that are relevant to characteristics or influences on the market in Australia for the goods.

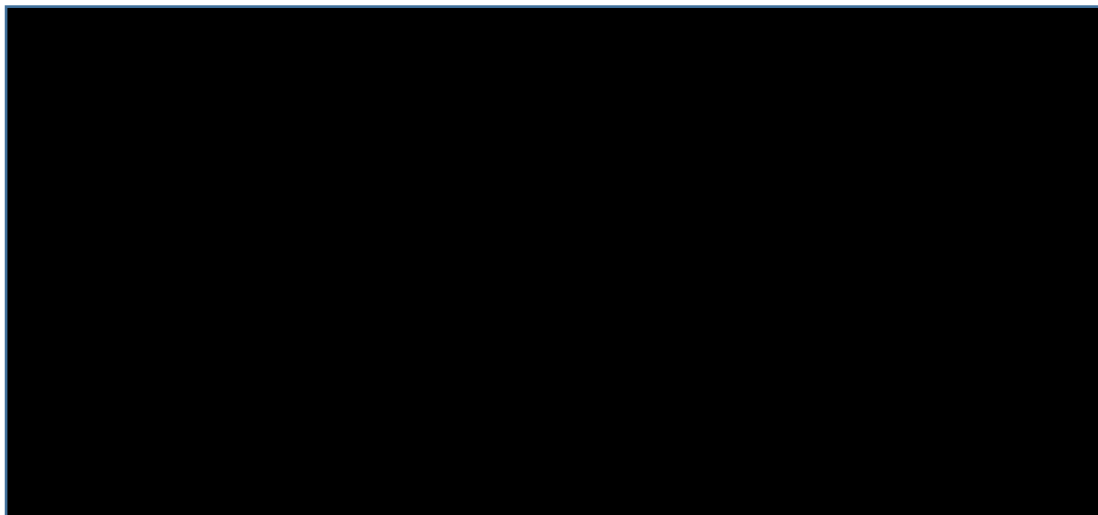
The Australian market for galvanised steel products is made up of two key market segments:

- the building and construction industry segment (largest consumer by volume); and
- the smaller manufacturing industry segment.

The building and construction industry segment can be further segmented into residential construction, and industrial/commercial.

Within the manufacturing industry, the major customers are commonly referred to as appliance manufacturers.

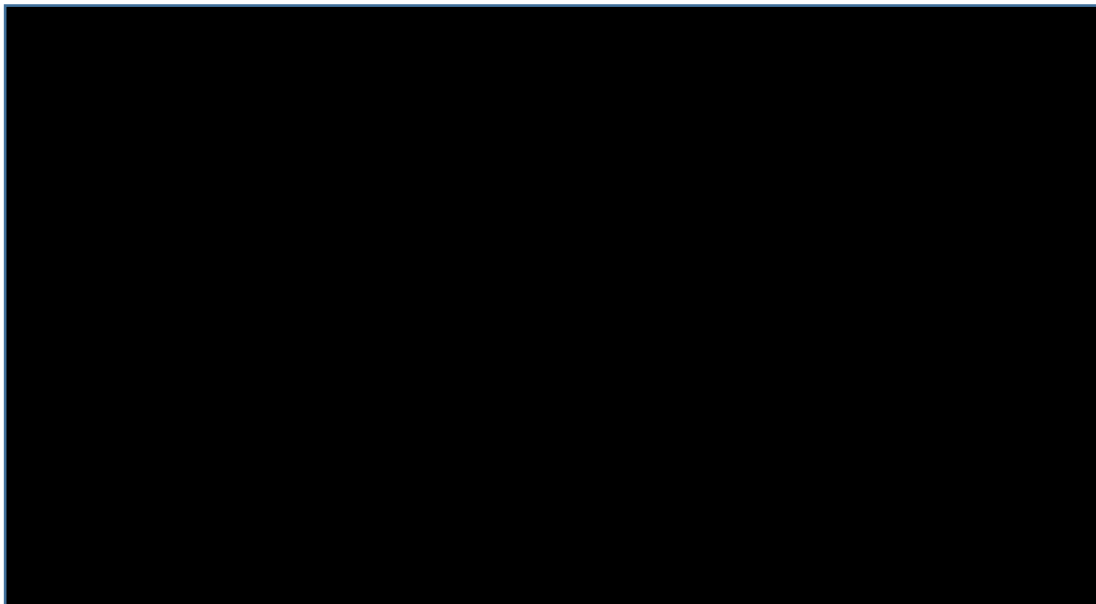
2. Provide a diagram which describes the Australian market structure for the goods, ensuring that all the categories of participants are included. In this diagram use linkages to illustrate the different levels of trade and distribution channels within the Australian market.



3. Describe the commercially significant market participants in the Australian market for the goods at each level of trade over the review period. Include in your description:
 - names of the participants;
 - the level of trade for each market participant (e.g., manufacturer, reseller, original equipment manufacturer (EOM), retailer, corporate stationer, importer, etc.);
 - a description of the degree of integration (either vertical or horizontal) for each market participant; and
 - an estimation of the market share of each participant.



4. Identify the names of commercially significant importers in the Australian market for the goods over the review period and estimate their market share. Specify the country each importer imports from and their level of trade in the Australian market, if known.



5. Describe the regulatory framework of the Australian market for the goods as it relates to competition policy, taxation, product standards and the range of the goods. Provide a copy of any regulation described, if available.

Australian standards apply to the manufacture of galvanised steel. There are several relevant International Standards for galvanised steel, covering the full range of products via specific grade designations, and including the recommended or guaranteed properties of each of those product grades.

These relevant standards are as follows:

International Standards	Product Grade Names
General and Commercial Grades	
AS/NZS 1397	G1, G2
ASTM A 653/A 653M	CS type A, B and C
EN10346	DX51D, DX52D
JIS 3302	SGCC, SGHC
Forming, Pressing & Drawing Grades	
AS/NZS 1397	G3
ASTM A 653/A 653M	FS, DS type A and B
EN10346	DX53D, DX54D
JIS 3302	SGCD, SGCDL,
Structural Grades	
AS/NZS 1397	G250, G300, G350, G450, G500, G550
ASTM A 653/A 653M	33 (230), 37 (255), 40 (275), 50 (340), 55 (380), 80 (550)
EN10346	S220GD, S250GD, S280GD, S320GD, S350GD, S550GD
JIS 3302	SGC340, SGC400, SGC440, SGC490, SGC570 SGH340, SGH400, SGH440, SGH490, SGH570

6. Describe any entry restrictions for new participants into the Australian market for the goods. Your response could include information on:
- resource ownership;
 - patents and copyrights;
 - licenses;
 - barriers to entry;
 - import restrictions; and
 - government regulations(including the effect of those government regulations).

With the exception of requisite export/import licensing requirements, it is generally considered that there are no entry restrictions for new participants in the Australian market.

B-2 Like goods in the Australian market

1. Generally describe the range of products/models of the goods offered for sale in the Australian market. The description should include all goods under consideration including those produced by your company. Your description could include information about:
- quality differences;
 - price differences;
 - supply/availability differences;
 - technical support differences;
 - the prevalence of private labels/customer brands;
 - the prevalence of generic or plain labels;
 - the prevalence of premium labels; and
 - product segmentation.

BlueScope manufactures flat rolled products of iron and non-alloy steel, of a width less than 600mm and equal to or greater than 600mm, plated or coated with zinc.

The locally produced goods are considered to be like product to the imported plated or coated flat rolled products of iron or steel, plated or coated with zinc.

The galvanised steel manufactured by BlueScope is coiled for supply to customers and may later be cut into sheets for sale to manufacturers, or slit into narrower widths.

The most common coating mass for zinc coated steel is Z275 (275 grams of zinc coating metal per square meter). Other coatings may include Z350, Z200/Z180 and Z100.

The most common coating mass for zinc/iron alloy coated steel is ZF100 (100 grams of zinc/iron alloy coating metal per square meter). Other coatings may include ZF80 and ZF30.

The steel chemistry, percent cold reduction, annealing oven temperature, and line speeds are used to produce the required mechanical property (structural) grades, as designated by Australian and International Standards.

Typically, each Australian and International Standard for the manufacture of the subject goods has a range of steel grades nominated as Commercial, Formable or Structural grades. The commercial/formable grades are those with mechanical properties suitable for general pressing and forming whereas the structural grades are those with guaranteed minimum properties that structural engineers utilize in the design of their final product.

Other alloy zinc coated products are wholly substitutable with iron and non-alloy zinc coated steel products.

The locally produced subject goods have widths greater than 600mm and less than 600mm, with product thicknesses in the range of 0.30mm Base Metal Thickness ("BMT") to 3.5mm BMT (BMT represents the steel thickness without the metallic coating).

Technical product details are included at Non-Confidential Attachments 3-5.

More information can be found at <http://www.steel.com.au/products/coated-steel>.

2. Describe the end uses of the goods in the Australian market from all sources.

Report No. 190 ("Report No. 190") noted that galvanised steel was sold into the "building and construction, manufacturing, automotive and transport primary market sectors".

Report No. 190 identified the following applications for galvanised steel:

"In the building and construction industry examples of end-use applications for galvanised steel include: commercial and industrial buildings light structural sections (purlins and girts); structural sections for carports, sheds and garages, plastering and ceiling accessories; garage door tracks; structural nail-plates, post stirrups, frame connectors and bracing for timber frames.

In the manufacturing industry examples of end use applications for galvanised steel include: feedstock as input for pipe and tube manufacture; air-conditioning ducting; cable trays; components in domestic appliances; hot water system components; electrical meter cabinets; tool-boxes; meter boxes; grain silo components and general manufactured articles.

Galvanised steel is supplied to automotive component (i.e. brake parts) and Original Equipment Manufacturer ("OEM") automotive markets."

Report No. 370 concluded similar, albeit with a lesser focus in the automotive sector.

BlueScope agrees with this assessment of the Anti-Dumping Commission concerning end-use applications for the subject goods. The locally produced and imported goods are used interchangeably across these applications in the Australian market.

3. Describe the key product attributes that influence purchasing decisions or purchaser preferences in the Australian market. Rank these preferences or purchasing influencers in order of importance.



4. Identify if there are any commercially significant market substitutes in the Australian market for the goods.

There exist certain market substitutes for both the Australian produced and imported like-goods that fall into one of two categories, being “other coated steel substitutes” and “inter-material substitutes”.

Other coated steel substitutes include:

- Aluminum zinc coated steel products (in some product applications); and
- Painted metallic coated steel substitutes. This could include either painted aluminium zinc coated steel (e.g. COLORBOND® steel) or painted galvanised steel.

Inter-material substitutes depend on end use, and include:

- In domestic roofing applications, clay and cement roof tile products;
- In industrial building walling, concrete panel and masonry brick products;
- In rain-water goods, such as plastic and aluminium gutters and downpipes; and
- In residential or industrial/commercial structural framing applications (e.g. roof or wall framing), the substitute product is timber.

Despite the identified substitutes, galvanised steel is considered by end-users as a fit-for-purpose product that is better suited in the identified key applications to alternate substitutes due to its superior value proposition.

5. Identify if there are any commercially significant market complements in the Australian market for the goods.

Not applicable.

6. Have there been any changes in market or consumer preferences in the Australian market for the goods in the last five years? If yes, provide details including any relevant research or commentary on the industry/sector that supports your response.

Not applicable.

B-3 Relationship between price and cost in Australia

1. Is your organisation/business entity the price leader of the goods in the Australian market? If no, please explain the reasons behind your response and specify the name(s) of the price leaders.

BlueScope does not consider itself a price leader for the subject goods.

[Confidential price and price setting details].

2. Describe the nature of your product pricing (e.g., market penetration, inventory clearance, product positioning, price taker, price maker, etc.) and your price strategies (e.g., competition-based pricing, cost-plus pricing, dynamic pricing, price skimming, value pricing, penetration pricing, bundle pricing, etc.) in Australia. If there are multiple strategies applied, please rank these by importance. If there are different strategies for different products, please specify these. Provide copies of internal documents which support the nature of your product pricing.

As above.

3. Explain the process for how the selling prices of the goods for the Australian market by your business are determined. Provide copies of internal documents which support how pricing is determined.

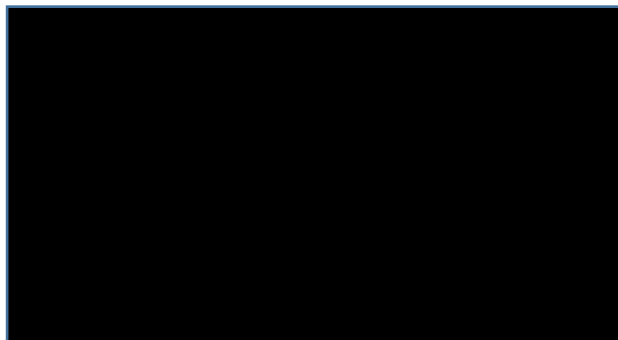
As above.

4. How frequently are your Australian selling prices reviewed? Describe the process of price review and the factors that initiate and contribute to a review. Provide the names and positions of all persons involved.

As above.

5. Rank the following factors in terms of their influence on your pricing decisions in the Australian market, with the most important factor ranked first and the least important factor ranked last:

- Competitors' prices
- Purchase price of raw materials
- Cost to make and sell the goods
- Level of inventory
- Value of the order
- Volume of the order
- Value of forward orders
- Volume of forward orders
- Customer relationship management
- Supplier relationship management
- Desired profit
- Brand attributes
- Other [please define what this factor is in your response]



6. Describe the relationship between selling price and costs to make and sell in the Australian market. Does your company maintain a desired profit margin for the goods? If not, does your company seek to maintain a desired profit margin for the goods? Provide copies of internal documents which support your response to this question.

[Confidential price and cost considerations].

7. Do you offer price reductions (e.g., commissions, discounts, rebates, allowances or credit notes) in the Australian market? If yes, provide a description and explain the terms and conditions that must be met by the customer to qualify. Explain how the cost to make and sell are considered in establishing these price reductions. Provide copies of internal documents which support your claims in response to this question.

[Confidential price and cost considerations].

8. Do you offer bundled pricing in the Australian market? If yes, explain how the pricing for bundled sales is determined. Explain how the costs to make and sell are considered in establishing these bundled prices. Provide copies of internal documents which support your claims in response to this question.

Not applicable.

9. Does the volume of sales to a customer or the size of an order influence the selling price? If yes, advise how volume is used to determine selling prices. Explain how the costs to make and sell are considered in establishing volume based prices for the goods. Provide copies of internal documents which support your claims in response to this question.

[Confidential price and cost considerations].

10. Does your organisation/business entity use sales contracts in the Australian market? If yes:
- (a) What proportion of your sales revenue would come from contracted sales versus uncontracted sales?
 - (b) Do you offer exclusivity contracts? If yes, what proportion of your sales revenue would come from exclusivity contracts?
 - (c) How frequently are sales contracts renegotiated?
 - (d) How frequently are price reviews conducted between contracts?
 - (e) Do you provide opportunities for price reviews for customers within contracts? If yes, provide a description of the process and an explanation of the circumstances that might lead to a price review.
 - (f) Do changes in your costs to make and sell enable you to review prices for customers within contracts?
 - (g) Provide a list of the customers under contract during the review period and copies of the two largest contracts in terms of sales revenue.

[Confidential sales and supply considerations].

11. Provide copies of any price lists for the goods used in the Australian market during the review period. If you do not use price lists, describe the transparency of your prices in the Australian market.

Refer Confidential Attachment 7 – BlueScope Sheet and Coil Distributor Price Schedule; June 2019.

12. How do you differentiate pricing for different products/models of the goods in the Australian market? Describe how your products are grouped for price differentiation and the methodology used. Describe any cost to make or selling cost differences between differentiated products. Describe how these cost differences (if any) influence pricing decisions. Provide copies of internal documents which support your claims in response to this question.

[Confidential price and cost considerations].

13. Do you tier or segment your customers for the goods in terms of pricing? If yes, provide:
- a general description of how this is done;
 - list the factors that influence pricing differentiation in different tiers or segments; and
 - explain how cost to make and selling costs are considered in making pricing decisions for different tiers or segments.

Not applicable.

14. Do you sell the goods to related entities in Australia? If yes, describe how prices are set for related party transactions and specify what proportion of your sales in terms of sales revenue are to related party entities. If available, provide copies of any internal documents relevant to establishing pricing to related parties.

BlueScope sells the subject merchandise to related parties. These sales (and their proportions) are readily identifiable in the previously provided Confidential Appendix A4. The approach to price setting for these owned or related companies is the same as that for the broader customer base; net prices are set to meet import competition.

B-4 Marketing and sales support in the Australian market

1. How does your company market the goods in the Australian market? Include in your response the value proposition used (e.g., competitive price, superior quality, reliability, availability, etc.).

BlueScope's approach to marketing the goods in the Australian market is best understood by critiquing the following URL:

<http://www.steel.com.au/products/coated-steel/>

2. Does your company conduct brand segmentation in the Australian market for the goods? If yes, describe the brand segmentation used and provide the proportion of sales revenue derived from each brand segment.

As per the above-noted URL.

3. Provide examples of your Australian advertising of the goods over the past five years. If you have not used advertising in Australia, provide examples of any other promotion campaigns for the goods you have conducted over the review period.

Refer the following URL for recent examples of promotional campaigns for the subject goods:

<http://www.steel.com.au/products/coated-steel/galvabond>

4. How many people are in your Australian sales team and where are they located? In general terms, how are they remunerated? If they are offered performance pay based on sales, describe the performance indicators used to establish the performance pay.

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Provide copies of internal documents which support your claims in response to this question.

Refer Confidential Attachment 8 for a listing of BlueScope locations. The earlier provided Confidential Appendix A7 detailed the number of people involved in the manufacture and sale of the subject goods.

5. Describe what parameters are provided to sales staff to assist in establishing pricing for the goods when negotiating sales with customers. Provide copies of internal documents which support your claims in response to this question.

[Confidential price setting parameters].

SECTION C

PRODUCTION AND PRODUCTION COSTS

In responding to the questions in section C, please respond to these questions only in relation to the review period.

C-1 Production of the goods

1. Describe how your company determines its volume of production for the goods, product mix of production and the factors that contribute to these decisions. How frequently are production volumes determined? How frequently is the product mix determined? Provide copies of internal documents which support your claims in response to this question.

[Confidential production volume determination details].

2. What lead times are typically needed to adjust volumes of production for the goods? Provide copies of internal documents which support your claims in response to this question.

[Confidential lead time details].

Refer Confidential Attachment 10 – Production Volume Lead Times.

3. Do you have warehousing facilities for the goods? If no, what do you do with excess inventory? If yes:
 - (a) What is the volume capacity of these facilities?
 - (b) What was the monthly amount of inventory maintained during the review period?
 - (c) What is the average period of time that inventory is retained (describe how this is calculated)?

[Confidential subject goods warehousing details].

4. Have there been any changes to the type of capital or technology utilised by your company in the manufacturing of the goods in the last five years? If yes, provide details.

Whilst there has been no fundamental change in the type of assets or technology used to manufacture the subject goods, BlueScope has sought to update and maintain its production facilities in seeking to ensure worker safety, and improve reliability, efficiency, and cost.

5. For each plant capable of producing inputs that could be utilised to make the goods, provide the date that production facility came into operation and the production capacity of the plant over the past five years. The production capacity should be based on an actual production capacity, not a budgeted production capacity. Provide copies of internal documents which support your claims in response to this question.

The subject goods are manufactured at the BlueScope Port Kembla (Wollongong, New South Wales) and Westernport facilities, supported by the above-noted warehousing and Service Centre facilities. Refer Non-Confidential Attachment 9 for a timeline of BlueScope's history, with these facilities referenced.

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6. Confirm whether management reports are prepared on production costs. If yes:
 - (a) specify how often these cost reports are prepared;
 - (b) describe the level of detail in those reports and whether they enable the establishment of costs of producing the goods; and
 - (c) specify to whom within the company these reports are provided; and
 - (d) provide copies of these reports for each month of the review period.

[Confidential production cost report details].