



BLUESCOPE EXPORTER BRIEFING

Yieh Phui – Taiwan

Zinc Coated (Galvanised) Steel – Continuation Inquiry #611

Public File

International Trade Affairs

October 2022

YIEH PHUI – EXPORTER BRIEFING

Corporate Profile

Yieh Phui Enterprise Co., Ltd.

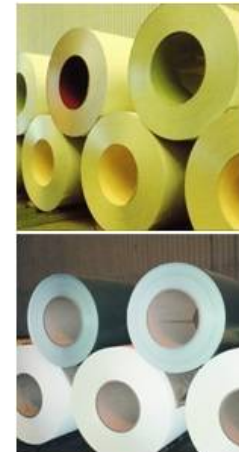
Date of Establishment:	April, 1978
Number of Employees:	Approximate 1380 employees
Head Office:	No. 369, Yuliao Road, Qiaotou District, Kaohsiung City 825004, Taiwan
Chairman:	I. S. Lin
President:	Jeff Chang
Paid-in capital:	NT\$19.851 billion
Ranking:	Yieh Phui's sales revenue with its subsidiaries achieved US\$3.216 billion (NT\$90.047 billion) in 2021. Commonwealth Magazine conducted a survey of the top 2,000 Taiwan manufacturing companies for 2021. Yieh Phui, together with its subsidiaries, ranked the 57 th , and ranked the 3 rd in Metallic Raw Materials Category in Steel Industry. (Reference: Commonwealth No.748)
Main Products:	Pickled Steel Coils, As-Cold-Rolled Steel Coils, Hot-Dip Zn Coated Steel Coils, Hot-Dip 5 % Al-Zn Coated Steel Coils, Hot-Dip 55 % Al-Zn Coated Steel Coils, Pre-painted Steel Coils, Steel Structures, and Crane Equipment.



Coated Business

Yieh Phui was started construction in 1988. Upon completion of Phase IV expansion in August 2000, Yieh Phui owned 2 push-pull pickled lines, 4 cold rolling mills, 4 continuous hot-dip galvanizing lines and 3 continuous coil coating lines. Yieh Phui specializes in galvanized and prepainted steel coil production, and is able to provide a wide range of finished products to meet the needs of our customer's one-step shopping need. Yieh Phui is now the largest independent coated steel producer in Taiwan, China and Southeast Asia.

Main Products : Pickled Steel Coils, As-Cold-Rolled Steel Coils, Hot-Dip Zn Coated Steel Coils, Hot-Dip 5 % Al-Zn Coated Steel Coils, Hot-Dip 55% Al-Zn Coated Steel Coils, Pre-painted Steel Coils, Steel Structures, and Crane Equipment.



Pingtung Works

Location: No. 6, Gongye 6th Road, Pingtung City 90049, Taiwan

TEL : +886-8-755-0976

Kaohsiung Works

Location: No. 369, Yuliao Road, Qiaotou District, Kaohsiung City 825004, Taiwan

TEL : +886-7-6117181

[Applications & Application References](#)

YIEH PHUI – EXPORTER BRIEFING

Subsidiaries

Subsidiaries

Taiwan

Due to the consideration of development strategies in global steel pipe market, Yieh Phui established Shin Yang Steel Co., Ltd. and holds 100% of its shares. Shin Yang specializes in the manufacturing and sales of welded steel pipes.

Shin Yang Steel Co., Ltd.

Date of Establishment: Mar., 2011

Location: No. 297, Yuliao Road, Qiaotou District, Kaohsiung City 825004, Taiwan

Number of Employees: Approximate 330 employees

Main Products : API Casing and line pipes, Black Steel Pipes, Pre-Galvanized Steel pipes, EMT Steel Pipes, Square/Rectangular Steel Pipes, Structural Steel Pipes, Rigid Steel Conduit, Steel Sprinkler Pipes, Oval Steel Pipes and Steel Pipes for Ordinary Piping.

Website: <http://www.shinyangsteel.com.tw/>

Shin Yang owns 9 pipe-forming equipment. Its annual capacity reaches 370,000 metric tons, and thus it is the largest steel pipe and tube producer for both structural and ordinary piping in Taiwan.



China

Coated steel products have been Yieh Phui's very successful core business. Due to new prospective business opportunities and construction demands in Mainland China, in Jan., 2002, Yieh Phui established "Sino Leading Technomaterial Co., Ltd." in Changshu, Jiangsu Province as the steel production center in China. (Sino Leading has already been renamed "Yieh Phui(China) Technomaterial Co., Ltd." since Oct., 2006)

Yieh Phui(China) Technomaterial Co., Ltd.

Date of Establishment: Jan., 2002

Location: 1, Yiehphui Road, Riverside Industrial Park, Changshu Economic Development Zone, Jiangsu Province, People's Republic of China

Lot Area: 330,000m²

Number of Employees: Approximate 1415 employees

Main Products : Pickled Steel Coils, As-Cold- Rolled Steel Coils, Cold-Rolled Annealed Steel Coils, Hot-Dip Zn Coated Steel Coils, Hot-Dip 5% Al-Zn Steel Coils, Hot-Dip 55% Al-Zn Coated Steel Coils, Pre-Painted Steel Coils, Printed Pre-Painted Steel Coils, Cold-Rolled Steel Coils for Automobiles, Hot-Dip Zn Coated Steel Coils for Automobiles, Hot-Dip Zn-Fe Coated Steel Coils for Automobiles, Hot-Dip Al-Si Coated Steel Coils.

Website: <http://www.yiehphuichina.com/>

In Jan., 2002, Yieh Phui(China) was founded by Yieh Phui which holds 100 % of the shares. Yieh Phui(China) serves as a coated steel coil manufacturing center in Mainland China. Yieh Phui(China) owns 1 pickling line, 2 reversing cold rolling mills, 1 pickling and tandem cold mill, 1 annealing line, 4 continuous hot-dip galvanizing lines, and 3 continuous coil coating lines. The annual capacity of as-cold –rolled steel coils is 1.6 million tones, cold-rolled annealed steel coils is 0.50 million tones, galvanized steel coils is 1.3 million tones and that of pre-painted steel coil is 0.57 million tones.



YIEH PHUI – EXPORTER BRIEFING

Exporter Questionnaire Response (EQR) Assessment

- MCC's exported to Australia (p. 22-23); CON 611 v REV 570:

CON 611 MCC's – FY22

NA-P-C-Z-1-C-1-A-C	NA-P-C-Z-5-D-5-B-C
NA-P-C-Z-1-C-1-B-C	NA-P-C-Z-5-F-3-B-C
NA-P-C-Z-3-C-3-B-C	NA-P-C-Z-5-F-4-B-C
NA-P-C-Z-3-C-4-B-C	NA-P-C-Z-5-F-5-B-C
NA-P-C-Z-3-C-5-B-C	NA-P-H-Z-3-C-6-B-C
NA-P-C-Z-3-C-6-B-C	NA-P-H-Z-3-C-7-B-C
NA-P-C-Z-3-D-3-B-C	NA-P-H-Z-3-C-7-B-S
NA-P-C-Z-3-D-4-A-C	NA-P-H-Z-3-C-8-B-C
NA-P-C-Z-3-D-4-B-C	NA-P-H-Z-3-C-8-C-C
NA-P-C-Z-3-D-4-C-C	NA-P-H-Z-3-E-6-B-C
NA-P-C-Z-3-D-5-B-C	NA-P-H-Z-3-E-7-B-C
NA-P-C-Z-3-D-6-B-C	NA-P-H-Z-3-E-8-B-C
NA-P-C-Z-3-E-5-B-C	NA-P-H-Z-4-D-6-B-C
NA-P-C-Z-3-E-6-B-C	NA-P-H-Z-4-E-6-A-C
NA-P-C-Z-3-E-7-B-C	NA-P-H-Z-4-E-6-B-C
NA-P-C-Z-3-E-7-B-S	NA-P-H-Z-4-E-6-C-C
NA-P-C-Z-3-F-3-B-C	NA-P-H-Z-4-E-7-A-C
NA-P-C-Z-3-F-4-B-C	NA-P-H-Z-4-E-7-B-C
NA-P-C-Z-3-F-5-B-C	NA-P-H-Z-4-E-7-B-S
NA-P-C-Z-4-D-5-B-C	NA-P-H-Z-4-E-7-C-C
NA-P-C-Z-4-D-6-B-C	NA-P-H-Z-4-E-8-B-C
NA-P-C-Z-4-E-5-B-C	NA-P-H-Z-4-E-8-B-S
NA-P-C-Z-4-E-6-A-C	NA-P-H-Z-4-E-8-C-C
NA-P-C-Z-4-E-6-B-C	NA-P-H-Z-5-C-7-B-C
NA-P-C-Z-4-E-6-C-C	NA-P-H-Z-5-C-8-B-C
NA-P-C-Z-4-E-7-B-C	NA-P-H-Z-5-E-7-B-S

NA-P-C-Z-4-G-6-B-C	NA-P-H-Z-5-E-8-B-S
NA-P-C-Z-5-C-4-B-C	

A total of **55** different MCC's were exported to Australia during FY2022.

Compared to only **25** in REV 570.

Yieh Phui has exported significantly more products to Australia in FY2022, and more of which have a cold-rolled steel base, than it did in REV 570.

This substantial increase is likely the result of the variation to variable factors from REV 570 (to a floor price measure only).

In REV 570, the Commission found that only **5** MCC's had sufficient volumes of domestic sales sold in OCOT, and made specification adjustments for the remaining MCC's.

Subject goods manufactured from a cold-rolled steel base attract a higher cost to make (as relevant for the specification adjustment).

REV 570 MCC's – CY20

NA-P-H-Z-5-C-8-B-C
NA-P-H-Z-3-C-7-B-C
NA-P-H-Z-3-C-8-B-C
NA-P-H-Z-4-E-6-B-C
NA-P-H-Z-4-E-7-B-C
NA-P-H-Z-4-E-8-B-C
NA-P-C-Z-4-E-6-B-C
NA-P-H-Z-5-C-7-B-C
NA-P-C-Z-3-D-5-B-C
NA-P-H-Z-3-E-8-B-C
NA-P-C-Z-3-C-6-B-C
NA-P-H-Z-3-C-6-B-C
NA-P-H-Z-3-E-7-B-C
NA-P-C-Z-3-D-4-B-C
NA-P-H-Z-5-E-8-B-C
NA-P-H-Z-5-E-7-B-C
NA-P-C-Z-5-C-6-B-C
NA-P-H-Z-3-C-8-C-C
NA-P-C-Z-3-D-6-B-C
NA-P-C-Z-3-C-5-B-C
NA-P-H-Z-4-E-8-C-C
NA-P-C-Z-5-C-6-A-C
NA-P-C-Z-3-C-4-B-C
NA-P-C-Z-5-C-3-C-C
NA-P-C-Z-3-E-7-B-C

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EQR Assessment (cont.)

- Related parties:
 - Page 11-12 of the EQR notes that Yieh Phui is a member of the “E-United Group” in Taiwan; a group of companies under common control of Yieh Phui’s chairman. In addition to steel, this group is involved in the health care, education, and real estate development industries.
 - Page 12 of the EQR notes that Yieh Phui has two business divisions; one for coated steel manufacture and sale, and the other for the production and sale of steel structures and cranes.
 - At page 14-15, related-party raw material supplier relationships, and customer relationships are noted.
 - [REDACTED]

- BlueScope requests that the Commission review the information regarding the above related-party arrangements to ensure that transactions related to Australian export and Korean domestic sales of the subject goods are at market prices.
- Such services provided by related parties should be profitable at a fully absorbed cost to make and sell level, and the prices charged and payment terms for the services provided should be equivalent to prices charged and payment terms to external customers.
- BlueScope also requests that in reviewing whether there are price differences between related and unrelated customers for freight services, that such a comparison is conducted on the prices of identical models on identical terms, accounting for factors such as level of trade, timing, payment terms, and volumes.

YIEH PHUI – EXPORTER BRIEFING

EQR Assessment (cont.)

- Yieh Phui have submitted in their current EQR response that they produce three types of metallic coated product (galvanised steel, 5% aluminium zinc coated steel, and 55% aluminium zinc coated steel – p. 38).
 - BlueScope submits that these goods are the subject goods to continuation inquiry #611 (i.e. plated or coated with zinc), and that the Commission should ensure full inclusion in normal value, export price, OCOT, etc assessments, and whether material injury is likely in the absence of measures (see further below regarding the Tariff Advice Determination)
- Due Allowance (p. 29-34):
 - Credit expense (p. 29) – Yieh Phui’s standard payment terms for Taiwanese domestic and Australian export sales require payment prior to shipment. BlueScope would therefore not expect a credit expense normal value adjustment to be made.
 - Packaging (p. 29) – Does not vary based on geographic market, but rather the customer's request. BlueScope would expect a cost difference between domestic and export packaging.
- Cost of goods sold adjustments (p. 42): —————→
 - BlueScope queries why rebates would not be included in the reported cost of manufacturing already, and what the other “...some cost adjustments...” relate to?

(7) Cost of goods sold adjustments

Yieh Phui has included cost of goods sold (“COGS”) adjustments in the reported CTM to reflect various cost items captured directly under the account of cost of goods sold in the normal course of business that have not been accounted for in the reported cost of manufacturing. **The COGS adjustments consist of the rebates Yieh Phui received from its raw material supplier for its purchases of hot-rolled steel coils and some cost adjustments made by Yieh Phui during the inquiry period.** To calculate the cost of COGS adjustments, Yieh Phui first divided the total adjustment amount incurred during the inquiry period by the company-wide COGS. The resulting ratio is then multiplied by the cost of manufacturing of each model to reach the reported COGS adjustments for each model. Exhibit 53: G-6.1 for the calculation worksheet of COGS adjustments ratio.

YIEH PHUI – EXPORTER BRIEFING

EQR Assessment (cont.)

- Production volumes / product mix (p. 46) – duty assessment comments:
 - Multiple references have been made to the EQR as relating to a duty assessment. Commission to confirm the response is current, and relates to the inquiry in question.
- K-3: Relationship between price and cost in Australia (p. 60):

- Yieh Phui note at K-3(2): →

As discussed during industry verification (and as confirmed by the Commission in multiple earlier metallic coated steel inquiries), BlueScope’s like-goods pricing model is on an Import Parity Price (IPP) basis. BlueScope is therefore not the price leader for the goods in the Australian market.

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

ANSWER: No, Yieh Phui is not the price leader for the goods in the Australian market. Yieh Phui considers the Australian manufacturer, **BlueScope**, the price leader for the goods in the Australian market because **BlueScope has the largest market share for the goods and has the dominant position in the Australian market.**

- Yieh Phui note at K-3(10) (p.62): →

This highlights the exporter’s willingness to lower its Australian export prices to maintain Australian market share. BlueScope’s Segment Guidance for the Australian market for 1HFY2023 was as follows (see over):

10. 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.

ANSWER: Yes, the volume of sales to a customer and the size of an order both influence the selling price. However, there is no uniform criterion applied by Yieh Phui in negotiating the selling price with its customers. **In general, Yieh Phui is more willing to provide price reductions to its offering prices when the market the demand is weak**, but Yieh Phui generally maintains its selling prices above the minimum selling price set in its internal price guidance.

YIEH PHUI – EXPORTER BRIEFING

EQR Assessment (cont.)

SEGMENT GUIDANCE FOR 1H FY2023

Australian Steel Products

- Expect a lower result compared to 2H FY2022
- Similar domestic volumes
- Softer realised spreads driven by weaker lagged benchmark spreads
- Unfavourable impact from higher priced raw materials in inventory
- Decreased coke earnings on lower margins and timing of shipments
- Non-repeat of 2H FY2022 \$53M non-cash contribution from the revaluation of the Finley Solar Farm PPA derivative

Source: [fy2022-bluescope-investor-presentation.pdf](https://www.bluescope.com/investor/presentation/fy2022-bluescope-investor-presentation.pdf)

- Yieh Phui is also heavily export-oriented.
- According to p. 7 its 2021 corporate profile
- (available at [Company_Profile.pdf \(yiehphui.com.tw\)](https://www.yiehphui.com.tw/Company_Profile.pdf))

- Lower Australian market prices are expected, alongside an overall weakening in economic conditions. The Australian industry therefore remains vulnerable to material injury in the event of expiration of the measures on galvanised steel. This will be driven by Yieh Phui (and others) who are willing to lower Australian export prices when demand is weak. Should trade relief be terminated, the BlueScope will experience a continuation/recurrence of material injury.

In order to ensure the quality being satisfactory to customers, Yieh Phui has implemented a comprehensive quality assurance program, and has been awarded the JIS (Japanese Industrial Standard) Mark and ISO 9001 certificates. Moreover, Yieh Phui has obtained Malaysian MS for coated steel, Indonesia Certificate SNI for coated steel, the factory production control certificate requirements of Singapore BC1, CNS 12681/ISO 9001 for hot-dip galvanized steel sheets and coils from Bureau of Standards, Metrology & Inspection (BSMI), MOEA, and ISO/IEC 17025 certificate of accreditation. Recognition from customers in many countries of the world has made Yieh Phui the leading brand in Taiwan. Yieh Phui has coined the quality slogan "Finest Steel at Yieh Phui" to show the company culture of "Quality Products is our Glory and Pride", establishing the attempt to manufacture the exquisite steel products at Yieh Phui. Besides, as the steel market in Taiwan has been saturated now, about 65% of Yieh Phui's products are exported to Mainland China, South East Asia, Europe, North America, Central & South America, Japan, Middle East, Africa and Australia. Both domestic and international customers highly praise Yieh Phui's exceptional products and service. Besides, regarding supply-chain security management, Yieh Phui was awarded "TWAEQ" (Taiwan Authorized Economic Operator) by Customs Administration, Ministry of Finance, Taiwan, in 2012. Owing to Yieh Phui's excellent sales and prominent brand reputation, it received "Award for International Trade" in 2010 from

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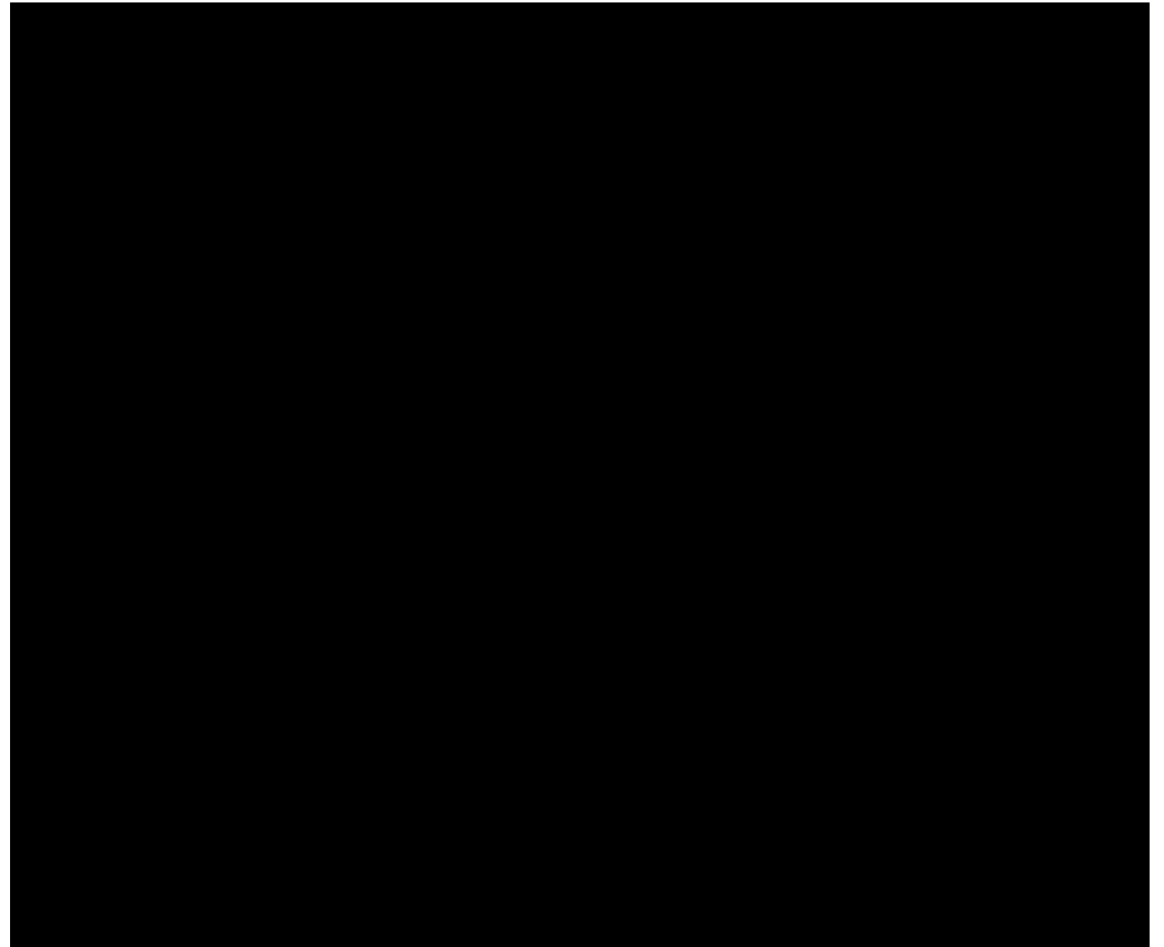
Subject Goods Assessment

- Product Exemption Request – PhuizerFan – Aluminium Zic Coated Steel Investigation #558 (INV 558):
 - Yieh Phui disclosed at p.21 of the INV 558 EQR that it exported two coating types of metallic coated goods to Australia during the investigation period; one having a coating composition of 55% aluminium, and the other a coating composition of 5% aluminium (and consequently 95% zinc).
 - Yieh Phui subsequently made a product exemption request for this 5% aluminium product (refer INV 558 EPR folio no. 10), referred to as ‘PhuizerFan’.
 - In this exemption request, Yieh Phui disclosed that the PhuizerFan goods had been classified under tariff subheading 7210.61.00 (which classifies imports plated or coated with aluminium zinc alloys). Imported goods classified under this subheading require that aluminium is the dominant coating type.
 - Erroneously, Yieh Phui had been classifying its zinc-dominant Australian exported goods under the incorrect tariff subheading.
 - In INV 558, the Commission granted Yieh Phui an exemption for these goods from measures.

• [REDACTED]
[REDACTED]:

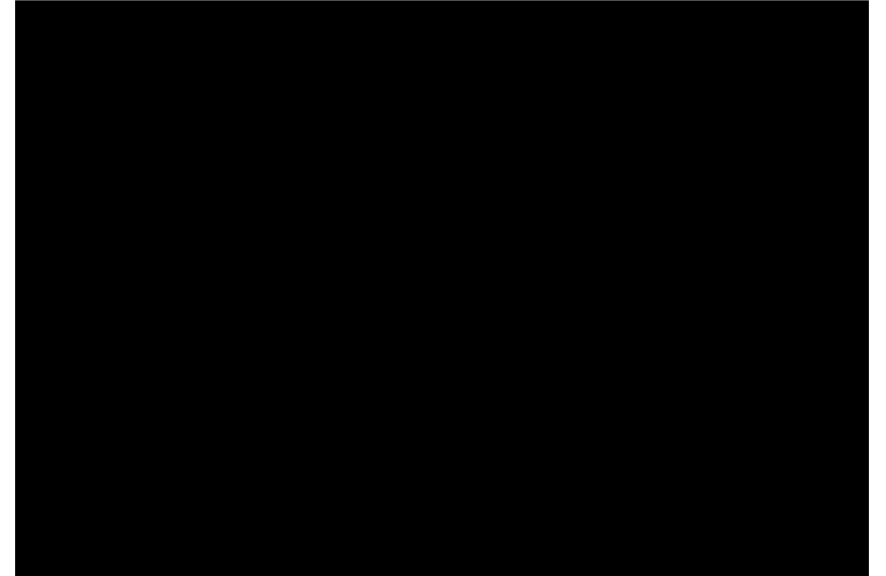
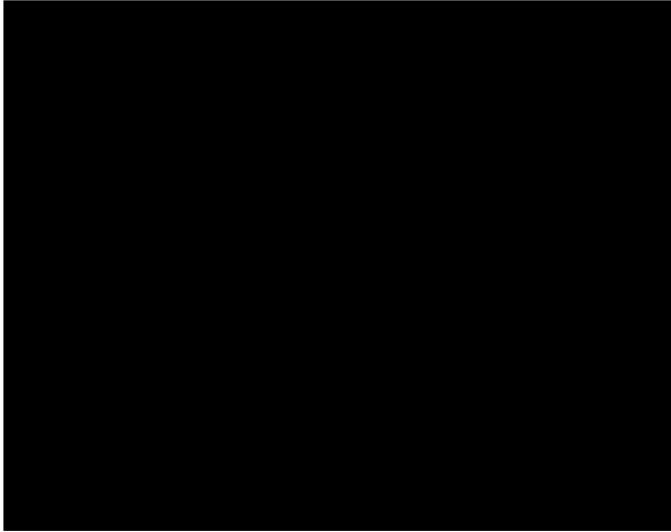
YIEH PHUI – EXPORTER BRIEFING

Subject Goods Assessment (cont.)



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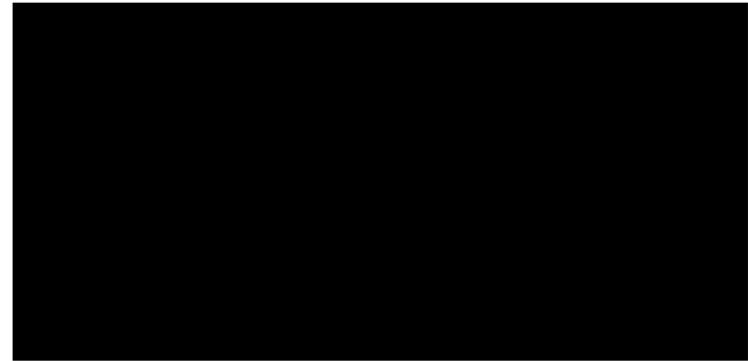
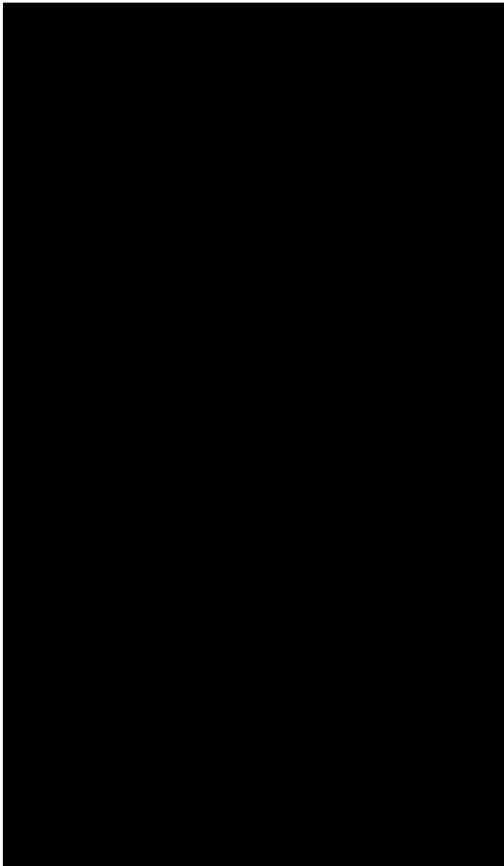
Import Parity Prices – FY2022



YIEH PHUI – EXPORTER BRIEFING

Other items

- Yieh Phui-specific research (Platts SBB – <https://www.steelbb.spglobal.com/>):





BlueScope

Questions?