



Australian Government
**Australian Customs and
Border Protection Service**

INVESTIGATION INTO THE ALLEGED DUMPING OF HOT ROLLED COIL

**EXPORTED TO AUSTRALIA FROM JAPAN, THE
REPUBLIC OF KOREA, MALAYSIA AND TAIWAN**

REVIEW OF PRELIMINARY DUMPING MARGINS

28 September 2012

PUBLIC RECORD

CONTENTS

- 1. Introduction..... 3
- 2. China steel corporation (CSC) – Taiwan 3
 - 2.1 Model classification 3
 - 2.2 Date of sale 4
 - 2.3 Normal values 4
 - 2.4 Revised dumping margin 4
- 3. Hyundai Steel Company (Hyundai) – KOREA..... 5
 - 3.1 Model classification 5
 - 3.2 Revised dumping margin 5

1. INTRODUCTION

On 10 May 2012, BlueScope Pty Limited (BlueScope) lodged an application under section 269TB of the *Customs Act 1901* (the Act)¹ for the publication of a dumping duty notice in respect of hot-rolled coil (HRC) exported to Australia from Japan, Korea, Malaysia and Taiwan. Following an examination of the application the delegate of the Chief Executive Officer of Customs and Border Protection (CEO) decided not to reject the application and an investigation was initiated on 15 June 2012.

The investigation period, used to determine whether dumping has occurred, is from 1 April 2011 to 31 March 2012. Customs and Border Protection is examining the Australian market and the economic condition of the industry from 1 April 2008 for the purposes of injury analysis.

Customs and Border Protection selected to all known exporters for further investigation and sent questionnaires requesting necessary information. A number of completed questionnaire responses were received from exporters within the nominated countries.

Following receipt of completed questionnaire responses, Customs and Border Protection undertook a verification of the submitted information. Non-confidential visit reports have been placed on the public record outlining the verification procedures followed and findings made by each of the verification teams.

The visit reports reflect the views and recommendations of the verification teams. Each exporter was informed that the findings contained in the reports were preliminary and subject to review by case management and may be revised by the case management team.

This report sets out findings of the case management in reviewing each of the exporter visit reports.

2. CHINA STEEL CORPORATION (CSC) – TAIWAN

Following a review of the verification team's preliminary recommendations and taking into account the views of CSC, the case management team considers

2.1 Model classification

In its questionnaire response, CSC provided a detailed list of its export and domestic transactions during the investigation period. Each line of these sales databases identified the good by an internal product code. The product code contained sufficient information to identify the grade of steel and was also used to assign individual model codes taking into account additional physical characteristics.

¹ References to any section or subsection shall be references to sections or subsections of the *Customs Act 1901* unless otherwise specified.

The verification team considered that each type of HRC assigned an individual model code was a 'model' for the purpose of comparing and weighting normal values with corresponding export prices. However, a review of relevant information relating to domestic and export sales reveals that some of the characteristics used to identify model codes did not affect prices.

It is Customs and Border Protection's view that the grouping of products into 'models' for comparison purposes should take into account such factors as physical characteristics, level of trade and time of sale. The critical issue to be assessed is whether these factors have significantly affected price.

In the case of CSC's exports and domestic sales, there is sufficient information to identify the physical characteristics that have a significant impact on the final price, and these don't accord with the company's model classification system. Therefore, Customs and Border Protection has amended the dumping calculations to reflect revised model classifications.

2.2 Date of sale

As noted in the verification team's visit report, CSC claimed that the date on which an export order is placed and not the invoice date, best represents the material terms of sale. Customs and Border Protection has examined this claim further and is satisfied that the material terms of the sale are set at the order date and these terms are subsequently reflected in the invoice. Therefore, Customs and Border Protection considers it reasonable to use the order date for exports as the date of sale.

However, Customs and Border Protection continues to view the invoice date as the date of sale for domestic sales, due to the application of rebates on the domestic market.

2.3 Normal values

After reclassifying domestic and export sales into revised model groupings, Customs and Border Protection has calculated revised normal values and export prices. For periods in which an export sale of a particular model existed with no suitable corresponding normal value, the normal value of an alternative model was used with appropriate adjustments for characteristics that affected price using the extras pricing sheets provided by CSC.

2.4 Revised dumping margin

After applying the changes outlined above, Customs and Border Protection has calculated a revised dumping of 3.4% for CSC's exports to Australia during the investigation period.

3. HYUNDAI STEEL COMPANY (HYUNDAI) – KOREA**3.1 Model classification**

In its questionnaire response, Hyundai provided a detailed list of its export and domestic transactions during the investigation period. Each line of these sales databases identified included a model description which contained sufficient information to identify the grade of steel, thickness and width. Using this information and additional physical characteristics, Hyundai created product codes for each different type of HRC sold.

The verification team considered that each of these product codes was a 'model' for the purpose of comparing and weighting normal values with corresponding export prices. However, a review of Hyundai's domestic and export sales reveals that some of the characteristics used to identify an individual product code had no bearing on price.

As explained earlier in this report, Customs and Border Protection considers that 'model' classifications should be based on factors that can be demonstrated to affect price. In the case of Hyundai's exports and domestic sales, Customs and Border Protection has identified the key characteristics that can be seen to affect price. No information was provided by Hyundai to demonstrate whether other factors have impacted prices.

Therefore, Customs and Border Protection has amended the dumping calculations to reflect the revised model classifications.

3.2 Revised dumping margin

After applying the changes outlined above, Customs and Border Protection has calculated a revised dumping of 4.5% for Hyundai's exports to Australia during the investigation period.

John Bracic
Director Operations 1
International Trade Remedies Branch