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14 August 2013

Anti-Dumping Review Panel
c/o Legal Services Branch
Australian Customs and Border Protection Service
5 Constitution Avenue
CANBERRA ACT 2601

Attention: Mr Luke Sutor
Supervisor – ADRP Support

Email: ADRP_support@customs.gov.au

Dear Mr Sutor

Re: Anti-Dumping Review Galvanised and Aluminium Zinc Coated Steel – Response to Letter dated 7 August 2013

Thankyou for your letter dated 7 August 2013 concerning BlueScope Steel Limited's ("BlueScope") request for review of the termination decision(s) included in Termination Report No. 193(i).

The member of the Panel conducting the review has requested certain information concerning BlueScope's request for review. These matters are addressed hereunder.

(i) Appropriate benchmark and price

The Member has requested that BlueScope identify what benchmark is considered should have been used by the delegate of the CEO, what was the price at the relevant time of the benchmark which should have been used, and the reasons why this benchmark should have been used.

In its application for review, BlueScope indicated that it had concerns as to the reliability of the Chinese coking coal export prices as provided by the Government of China ("GOC"). Customs and Border Protection commented the following:

"the use of Chinese export prices is not without problems.....coking coal is of varying qualities. The GOC was not able to identify in the export data what type of coking coal was represented in the prices. Customs and Border Protection cannot be certain that the coking coal purchased by Chinese manufacturers of galvanised steel and aluminium zinc coated steel is comparable, in terms of quality, to the exported coking coal¹."

BlueScope acknowledges that it also shares concerns as to the quality of the coking coal as represented by the export price information supplied by the GOC. It is well recognised that the available coking coal in China is of inferior quality to the premium hard coking coal ("HCC") exported from Australia to China. The coking coal available in China is predominantly semi-soft, low-grade quality product and it is considered that the export price information supplied by the GOC reflects the available low-grade coking coal.

BlueScope understands that the Chinese coking coal domestic prices examined by Customs and Border Protection during its verification visits was for coking coal that is a blend of both low-grade and

¹ Statement of Essential Facts No. 193(i), P.159.

premium hard coking coal. The benchmark therefore should reflect, as a minimum, a blend of premium hard coking coal and low-grade coking coal. Customs and Border Protection's benchmark understates the full extent to which coking coal in China is sold at less than adequate remuneration.

BlueScope's request for review is seeking to ensure that the benchmark selected by Customs and Border Protection is reliable to the extent that the grade and types of coking coal included are the same as the coking coal grades and types sold domestically in China.

BlueScope submits that an upward adjustment to the benchmark export price for coking coal is required to take full account of the inclusion of premium hard coking coal that is consumed by integrated producers in the manufacture of liquid steel for the production of hot rolled coil (and subsequently galvanised steel and aluminium zinc coated steel).

BlueScope does not have access to the GOC's coking coal export price information and therefore cannot nominate the relevant prices during the investigation period.

(ii) Appropriate discount rate

The Member has requested advice as to what discount rate should have been used by the delegate of the CEO, and what was the relevant rate at the time.

BlueScope understands that the Chinese Central Bank (i.e. People's Bank of China) – the institution responsible for setting monetary policy – reduced the base interest rate from 6.56 per cent (applicable from July 2011) to 6.0 per cent in June 2012. The effective interest rate throughout the investigation period for the galvanised steel and aluminium zinc coated steel investigations as set by the China Central Bank was 6.56 per cent.

BlueScope rejects Customs and Border Protection's references to long-term rates contained in the exporter's annual reports for 2010 and 2011, as these are outside the investigation period. The applicable interest rate for the investigation period is that of the China Central Bank which was 6.56 per cent.

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

Yours faithfully



Alan Gibbs
Development Manager – International Trade