



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

**INVESTIGATIONS INTO THE ALLEGED DUMPING OF ZINC
COATED STEEL AND ALUMINIUM ZINC COATED STEEL**

EXPORTED FROM

**THE PEOPLE'S REPUBLIC OF CHINA,
THE REPUBLIC OF KOREA AND TAWAIN**

IMPORTER VISIT REPORT

OneSteel Coil Coaters Pty Ltd

**THIS REPORT AND THE VIEWS OR RECOMMENDATIONS CONTAINED
THEREIN WILL BE REVIEWED BY THE CASE MANAGEMENT TEAM AND
MAY NOT REFLECT THE FINAL POSITION OF CUSTOMS AND BORDER
PROTECTION**

October 2012

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2 BACKGROUND AND PURPOSE

2.1 The application

On 3 August 2012, applications¹ were lodged on behalf of BlueScope Steel Limited (BlueScope) requesting that the Minister for Home Affairs (the Minister) publish dumping duty notices in respect of:

- zinc coated (galvanised) steel exported to Australia from the People's Republic of China (China), the Republic of Korea (Korea) and Taiwan; and
- aluminium zinc coated steel exported to Australia from China, Korea and Taiwan.

BlueScope alleges that the Australian industry has suffered material injury caused by galvanised steel and aluminium zinc coated steel (the goods) being exported to Australia from China, Korea and Taiwan at dumped prices.

On 17 August 2012² and 27 August 2012 additional information and data were received in respect of the applications. As a result, the Australian Customs and Border Protection Service (Customs and Border Protection) restarted the 20 day period for considering the applications.

On 5 September 2012, following consideration of the applications, the Chief Executive officer of Customs and Border Protection decided not to reject the applications and initiated investigations in the alleged dumping of galvanised steel and aluminium zinc coated steel from China, Korea and Taiwan. Public notifications of initiation of the investigations were published in *The Australian* on 5 September 2012. Australian Customs Dumping Notice No. 2012/40 provides further details of the investigations and is available at www.customs.gov.au.

2.2 Anti-dumping investigations and measures for zinc coated steel and aluminium zinc coated steel

2.2.1 Investigations

There have been no recent dumping or countervailing investigations in respect of galvanised steel or aluminium zinc coated steel products.

¹ *Application for Dumping Duties for Galvanised Steel exported from China, Korea and Taiwan* (Galvanised Steel Application) received on 3 August 2012; and *Application for Dumping Duties for Aluminium Zinc Coated Steel exported from China, Korea and Taiwan* (Aluminium Zinc Coated Steel Application) received on 3 August 2012.

² Additional information relating to minor issues was also provided on 20 and 21 August 2012.

2.2.2 Anti-dumping measures for zinc coated steel and aluminium zinc coated steel

There are no current anti-dumping or countervailing measures on galvanised steel and /or aluminium zinc coated steel exported to Australia from China, Korea and Taiwan.

2.3 Background to meeting

2.3.1 Preliminary matter – identification of Arrium group entities

Following the initiation of the investigations, a search of Customs and Border Protection's import database indicated that OneSteel Australian Tube Mills Pty Ltd ATM (here after referred to as OneSteel ATM) and OneSteel Trading Pty Ltd (hereafter referred to as OneSteel Trading) imported the goods under investigation during 1 July 2011 to 30 June 2012 (the investigation period).

Prior to the visit Customs and Border Protection were aware that three affiliated entities trading under the 'OneSteel' brand - OneSteel ATM, OneSteel Trading and an entity trading as One Steel Coil Coaters Pty Ltd (hereafter referred to as OneSteel Coil Coaters) - are involved in commercial operations associated with the importation of the GUC.

After discussions with these entities, we ascertained

- OneSteel ATM is an importer of hot rolled galvanised coil
- OneSteel Trading Pty Limited (OneSteel Trading) is an importer of galvanised and aluminium zinc coated coil steel; and
- OneSteel Coil Coaters Pty Limited (OneSteel Coil Coaters) use aluminium zinc coated and galvanised coil steel in their manufacturing processes.

We understand that the above mentioned three commercial entities are part of a corporate group of companies wholly owned by a single corporate entity, Arrium Limited (Arrium), which formerly traded as OneSteel Limited. The corporate structure of Arrium Limited (and the relevant OneSteel entities for the purposes of the present investigations) is explained in greater detail below.

Customs and Border Protection confirmed from the Customs and Border Protection's database and that the entities identified, when viewed as a composite group by virtue of shared corporate ownership, was a major³ importer of galvanised steel coil and was a minor importer of aluminium zinc coated steel coil.

Prior to the meeting it was unclear whether OneSteel Coil Coaters was an importer of the GUC. Through discussions with the representatives present at the meeting

³ For the purpose of this report, a major importer is defined as an importer which imported more than 5% of the total volume of imports from the countries subject to the investigations.

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the relevance of OneSteel Coil Coater's commercial operations in relation to the importation of the GUC was clarified.

2.3.2 Treatment of identified related entities for the purposes of the meeting

Customs and Border Protection notified each separate entity individually of the initiation of the investigations and sought their cooperation with the investigations and provided an importer questionnaire in respect of aluminium zinc coated steel and/or galvanised steel to the company to complete, where applicable.

Whilst each entity provided separate responses to the questionnaire provided, as applicable to its particular commercial operations, Customs and Border Protection conducted a single verification visit at which representatives of all three entities were present.

The entities confirmed that, as a result of the shared corporate ownership structure under which they operated, there were no issues of confidentiality associated with the treatment of three entities as a composite group under the corporate umbrella of Arrium for the purposes of the meeting.

For the sake of efficiency, the meeting was conducted to cover both products under investigation, however the focus of verification differed in relation to each specific entity present at the meeting, as applicable in relation to the specific commercial operations of each entity.

2.3.3 Treatment of OneSteel entities for reporting purposes

Notwithstanding the above, we recognise that each of the relevant OneSteel entities present at the meeting are involved in separate commercial activities which relate to distinct downstream markets. In summary we clarified at the meeting that:

- OneSteel Trading is appropriately categorised as an importer and distributor of galvanised and aluminium zinc coated steel coil;
- OneSteel ATM is an importer of galvanised steel but is appropriately categorised wholly as an end user of galvanised coil ; and
- OneSteel Coil Coaters is an end user of imported aluminium zinc coated and galvanised steel [REDACTED]. [source of imported coil].

The representatives of the above entities emphasised that, notwithstanding their mutual commercial association by virtue of ownership by Arrium and identification within the portfolio of Arrium Limited entities trading with the 'OneSteel' brand, each entity had a different relationship with the goods and different perceptions in relation to the key issues associated with the anti-dumping investigations.

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On this basis separate reports have been prepared for each entity outlining the process of verification undertaken in relation to the particular commercial operations of the relevant entity.

2.3.3 Information specific to OneSteel Coil Coaters

As explained above, prior to the visit Customs and Border Protection were aware that the commercial operations of OneSteel Coil Coaters were directly associated with the importation of the GUC, although no imports were identified as being made [REDACTED] by OneSteel Coil Coaters during the investigation period.

OneSteel Coil Coaters provided a response to Part A of the importer questionnaire, providing details regarding the company and overseas supplier information. A copy of Part A (company and supplier details) of OneSteel Coil Coaters importer questionnaire response is at **Confidential Attachment GEN 1**.

2.4 Purpose of meeting

The purpose of this visit was to:

- confirm the commercial relationship between OneSteel Coil Coaters and the other OneSteel entities and how OneSteel Coil Coater's operations are related to the importation of the GUC

If found to be applicable, the purpose of the inclusion of representatives of OneSteel Coil Coaters in the visit was to:

- confirm information on imports of aluminium zinc coated steel to assist in the determination of export prices from [REDACTED]
- establish whether the export purchases were arms-length transactions;
- establish post exportation costs incurred in importing;
- recommend how export price may be determined under section 269TAB of the *Customs Act 1901*⁴; and
- provide OneSteel Coil Coaters with an opportunity to discuss any issues relevant to the investigations.

Prior to the meeting Customs and Border Protection forwarded an agenda to the key contact handling the administration of the meeting on behalf of all three entities, A copy of the visit agenda is at **Confidential Attachment GEN 2**.

2.5 Visit

Details of the visit were as follows:

⁴ Herein all references to legislation in this report refer to the *Customs Act 1901*, unless otherwise specified

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Company:	OneSteel Coil Coaters
Address:	Level 8 205 Pacific Highway, St Leonards, NSW
Telephone no:	02 9621 9133
Fax no:	02 9621 9117
Visit date:	Thursday 18 October 2012
Present at the visit	
OneSteel Coil Coaters	Paul King, National Manager
Customs and Border Protection	Mr Mick Kenna, A/G Director Operations 2 Ms Cathy Cole, Supervisor Operations 1 Mr Edward Macgregor, Supervisor Operations 1

We note that Mr Josh Harslett, Steel in Concrete Value Chain Manager for OneSteel Market Mills, was providing support for all three entities in relation to the provision of responses prior to the meeting and all relevant correspondence thereafter. Mr Harslett was present at all stages of the meeting.

At the meeting Customs and Border Protection provided a summary of the investigation process and timeframes as follows (highlighting that the following process and timeframes are for both galvanised and aluminium zinc coated steel):

- investigation period is 1 July 2011 to 30 June 2012;
- Customs and Border Protection will examine the Australian market from July 2007 for the purpose of analysing the condition of the Australian industry;
- initial submissions from interested parties are due by 15 October 2012 (in response to the applications and initiation notice);
- a preliminary affirmative determinations (PADs) may be made no earlier than 5 November 2012 (after day 60 from the date of initiations);
- provisional measures may be imposed at the time of the PADs or at any time after the PADs have been made, but Customs and Border Protection would not make such a determination until it was satisfied that there appears to be, or that it appears there will be, sufficient grounds for the publication of dumping duty notices;
- a statement of essential facts (SEF) for respective investigations will be placed on the public record by 24 December 2012 or such later date as the Minister allows;
- the SEF will set out the material findings of fact on which Customs and Border Protection intends to base its recommendations to the Minister and will invite interested parties to respond, within 20 days, to the issues raised (submissions received in response to the SEF will be considered when compiling the report and recommendations to the Minister);
- Customs and Border Protection's report to the Minister is due by 7 February 2013, unless an extension to the SEF is approved by the Minister;
- the Minister will have 30 days from the date of receipt of the final report to make a final decision; and

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- certain interested parties have the right to seek a review to the Trade Measures Review Officer in relation to the Minister's decision.

OneSteel Coil Coaters has not been visited by Customs and Border Protection previously. However, the other two OneSteel entities present at the visit have participated in importer verification visits in the past and were familiar with the anti-dumping investigation process.

OneSteel Coil Coaters was co-operative and had the required documentation available for the meeting. The representative overseeing the responses of all three OneSteel entities confirmed that he has access to Customs and Border Protection's Electronic Public Record and is able to access relevant information for the investigations.

2.6 Visit report

Customs and Border Protection advised OneSteel Coil Coaters that:

- a '*For Official Use Only*⁵' report on the visit will be prepared;
- OneSteel Coil Coaters would be given an opportunity to review the visit report for accuracy; and
- a public record version of this visit report would then be prepared in consultation with OneSteel Coil Coaters and placed on the Public Record for the investigation.

At the outset of the meeting, Customs and Border Protection advised OneSteel Coil Coaters that the applications in respect of galvanised steel and aluminium zinc coated steel are treated as two separate applications. Therefore two separate investigations are being conducted. Investigation No. 190A refers to galvanised and Investigation No. 190B refers to aluminium zinc coated steel.

Customs and Border Protection advised that this approach and treatment of the applications may vary during the course of the investigation process as further analysis is conducted of the goods and the markets in which they operate.

⁵ Which replaces the previously used security classification of "*Confidential*".

3 THE GOODS

3.1 The goods the subject of the applications

Description

(i) Galvanised steel

The imported goods the subject of the Galvanised Steel Application are:

“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”⁶.

The goods the subject of this application (the goods) are generically called galvanised steel (referring to zinc coated steel). The application covers galvanised steel of any width. The application stated that trade and other names often used to describe galvanised steel, include:

- “GALVABOND®” steel;
- “ZINCFORM®” steel;
- “GALVSPAN®” steel;
- “ZINCHITEN®” steel;
- “ZINCANNEAL” steel;
- “ZINCSEAL” steel;
- Galv;
- GI;
- Hot Dip Zinc coated steel;
- Hot Dip Zinc/iron alloy coated steel; and
- Galvanneal.

The application noted that the amount of zinc coating on the steel is described as its coating mass and is nominated in grams per meter squared (g/m²) with the prefix being Z (*Zinc*) or ZF (*Zinc converted to a Zinc/Iron alloy coating*). The applicant claims that the common coating masses used for zinc coating are: Z350, Z275, Z200, Z100, and for zinc/iron alloy coating are: ZF100, ZF80 and ZF30 or equivalents based on international standards and naming conventions.

(ii) Aluminium zinc coated steel

The imported goods the subject of the Aluminium Zinc Coated Steel Application are:

*“flat rolled products of iron and non-alloy steel of a width equal to or greater than 600mm, plated or coated with aluminium-zinc alloys, **not painted** whether or not including resin coating”⁷.*

⁶ Galvanised Steel Application, page 10.

⁷ Aluminium Zinc Coated Steel Application, page 10.

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The goods the subject of this application are generically called aluminium zinc coated steel. The application stated that trade and other names often used to describe aluminium zinc coated steel, include:

- ZINCALUME® steel;
- GALVALUME® steel;
- Aluzinc, Supalume, Superlume, ZAM, GALFAN;
- Zinc aluminium coated steel;
- Aluminium zinc coated steel;
- Alu-Zinc Steel sheet in Coils;
- Al/Zn; and
- Hot Dipped 55% Aluminium-Zinc Alloy coated steel sheet in coil.

The application noted that the amount of aluminium zinc coating on the steel is described as its coating mass and is nominated in g/m² with the prefix being AZ (*Aluminium Zinc*). The applicant claims that the common coating masses used are: AZ200, AZ150, AZ100, and AZ70.

Product standards

The applications stated that:

“Typically each Australian and International Standard 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 designs”⁸.

(i) Australia

The applications state that the Australian and New Zealand Standard Industrial Classification Code applicable to galvanised steel and aluminium zinc coated steel is category 2711.

(ii) International

The applications state that there are a number of relevant International Standards for galvanised steel and aluminium zinc coated steel products (figure 1 refers) that cover a range of products through specific grade designations, including the recommended or guaranteed properties of each of these product grades.

⁸ Galvanised Steel Application, page 12.

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International Standards	Product Grade Names
<i>General and Commercial Grades</i>	
AS/NZS 1397	G1, G2
ASTM A 653/A 653M	CS type A, B and C
EN10346	DX51D, DX52D
JIS 3302	SGCC, SGHC
<i>Forming, Pressing & Drawing Grades</i>	
AS/NZS 1397	G3
ASTM A 653/A 653M	FS, DS type A and B
EN10346	DX53D, DX54D
JIS 3302	SGCD, SGCDD,
<i>Structural Grades</i>	
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

Figure 1: International Standards for galvanised steel⁹

International Standards	Product Grades
<i>General and Commercial Grades</i>	
AS/NZS 1397	G1, G2
ASTM A792	CS, type A, B and C
EN10346	DX51D, DX52D
JIS 3321	SGLCC
<i>Forming, Pressing & Drawing Grades</i>	
AS/NZS 1397	G3
ASTM A792	FS, DS
EN10346	DX53D, DX54D
JIS 3321	SGLCD, SGLCDD
<i>Structural Grades</i>	
AS/NZS 1397	G250, G300, G350, G450, G500, G550
ASTM A792	33 (230), 37 (255), 40 (275), 50 (340), 55 (380), 80 (550)
EN10346	S220GD, S250GD, S280GD, S320GD, S350GD, S550GD
JIS 3321	SGLC400, SGLC440, SGLC490, SGLC570

Figure 2: International Standards for aluminium zinc steel¹⁰

Tariff classifications

(i) Galvanised steel

The application states that galvanised steel is classified to tariff subheadings 7210.49.00 (and statistical codes 55, 56, 57 and 58) and 7212.30.00 (and statistical

⁹ Galvanised Steel Application, page 11.

¹⁰ Aluminium Zinc Coated Steel Application, page 11.

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code 61) of Schedule 3 to the *Customs Tariff Act 1995* (Tariff Act). Based on the information provided in the application, Customs and Border Protection's Trade Policy Branch confirmed that galvanised steel is correctly classified to these tariff subheadings.

The general rate of duty is currently 5% for goods imported under these tariff subheadings. Imports from China are subject to the DCS duty rate which is free. Imports from Korea and Taiwan are subject to the DCT duty rate which is 5%.

There are several Tariff Concession Orders (TCOs) applicable to the relevant tariff classification subheading 7210.49.00, which covers galvanised steel (figure 2 refers).

TC No.	Description
TC 0939596	STEEL, COIL, hot dip zinc coated, complying with Japanese Industrial Standard JIS G 3302:2007, having ALL of the following: (a) yield strength NOT less than 275 N/mm ² and NOT greater than 380 N/mm ² ; (b) tensile strength NOT less than 440 N/mm ² ; (c) elongation NOT less than 29% and NOT greater than 41%; (d) coating mass NOT less than 45 g/m ² and NOT greater than 65 g/m ² ; (e) thickness NOT less than 1.14 mm and NOT greater than 1.26 mm; (f) width NOT less than 1590 mm and NOT greater than 1605 mm
TC 9612218	STEEL, flat rolled non alloy, hot dipped galvanized, having ANY of the following: (a) differential coating mass on each side; (b) additional iron base alloy electroplated outer coatings; (c) width exceeding 1525 mm; (d) a minimum ultimate tensile strength of 340 MPa

Figure 3: TCOs applicable to tariff subheading 7210.49.00

Customs and Border Protection notes that the applications did not specify that TCOs in respect of the goods were applicable. Customs and Border Protection considers the relevance of the TCOs to the goods the subject of the application for galvanised steel requires further investigation.

(ii) Aluminium zinc coated steel

The application states that aluminium zinc coated steel is classified to tariff subheading 7210.61.00 (and statistical codes 60, 61, and 62) of Schedule 3 to the Tariff Act. Based on the information provided in the application, Customs and Border Protection's Trade Policy Branch confirmed that the goods are correctly classified to this tariff subheading.

The general rate of duty is currently 5% for goods imported under this tariff subheading.

There are no TCOs applicable to the relevant tariff classification subheading for aluminium zinc coated steel.

3.2 'Like' goods

OneSteel Coil Coaters submitted that the view in relation to 'like goods' with respect to the current investigations differs between each of the relevant OneSteel entities due to the different commercial operations for which the GUC is procured by each entity.

In summary, OneSteel Coil Coaters submitted that it uses [REDACTED] [summary of product] as the primary raw material in its production processes (see below). OneSteel Coil Coaters further advised that, due to the specific requirements of its production processes, the coil it uses is imported un-chromated and without protective resin.

We understand that without chromate processing, and resin application, the coil used by OneSteel Coil Coaters is highly susceptible to corrosion when exposed to atmospheric elements. As such, OneSteel Coil Coaters advise, the coil it uses in its processes can only be used as a raw material input in manufacture and cannot be sold in the form in which it is imported to Australia without being chromated or otherwise coated or painted.

OneSteel Coil Coaters submitted that, for these reasons, it believes that the coil it uses in its production processes (all of which is imported)—is not appropriately characterised as 'like' the aluminium zinc coated and galvanised coil imported by [REDACTED] [reference to a related Arrium entity] which is imported with chromate and with resin finishing (and which is directly comparable to the product produced and sold by the applicant).

As a caveat to the above, OneSteel Coil Coaters conceded it is likely that the applicant does produce unchromated aluminium zinc and galvanised coil without resin coating which is consumed in its own business which is relevantly identical to OneSteel Coil Coaters business in terms of its operation, and products produced. OneSteel Coil Coaters submitted that the applicant has been approached as a source of supply, but has never supplied a competitive and commercially realistic supply offer which would be acceptable to OneSteel Coil Coaters.

4 COMPANY BACKGROUND

4.1 Company background

4.1.1 General background

As mentioned above, OneSteel Coil Coaters (along with OneSteel Trading Pty Ltd and OneSteel ATM) is a separately registered entity under the corporate umbrella of Arrium).

Arrium is a publicly listed company, registered in Australia, that was spun out from BHP Billiton in 2000. Arrium was formerly named OneSteel Limited. OneSteel Limited changed its name to Arrium with effect from 2 July 2012.

The OneSteel representatives present at the meeting provided a short presentation regarding the corporate structure of Arrium Limited and the relevant position of OneSteel branded business within this structure.

In summary, we note that Arrium comprises 3 major divisions:

- Arrium Mining;
- Arrium Mining Consumables; and
- OneSteel Steel and Recycling.

Onesteel Steel and Recycling is the relevant division under which the three abovementioned commercial entities operate. We note that, despite the change in name of the parent corporate entity, 'OneSteel' is still the commercially used, and recognised, brand name associated with the various operations that fall within the Steel and Recycling division and specifically in relation to those operations that relate to the GUC.

We understand that OneSteel Steel and Recycling division comprises three internal subdivisions, each of which in turn comprises a number of specific, separately registered and operated business entities. The subdivisions are:

- OneSteel Distribution;
- OneSteel Manufacturing; and
- OneSteel Recycling

We clarified that each division (and composite business entities within that fall under each limb) are delineated by the commercial services that the entities within each perform.

For completeness, we confirmed that:

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- OneSteel Distribution is responsible, inter alia, for the distribution of steel and related products. The portfolio of businesses under the division use separate selling, distribution and supply chains to deliver products and services to Australian customers. This division comprises a number of distinct businesses including OneSteel Sheet & Coil and OneSteel Coil Coaters;
- OneSteel Manufacturing comprises operational facilities and business entities associated with the manufacture of the array of steel products within OneSteel Steel's product catalogue (which are distributed via the network of entities within OneSteel Distribution). This division comprises, amongst others, OneSteel ATM.
- OneSteel Recycling is responsible for the supply of raw materials for steelmaking to domestic and overseas steelmaking facilities. We confirmed that this division is unrelated to the importation of the GUC.

We understand that the corporate structure within the divisions is complex, however, for the purposes of the investigation, it is enough to summarily understand that all sub-divisions (and the entities within each) are recognised as wholly owned entities of Arrium.

4.1.2 Functions of OneSteel Coil Coaters

At the visit OneSteel Coil Coaters gave a comprehensive presentation of, inter alia, the commercial operations of its business and its position within the corporate structure of OneSteel branded entities within the Arrium corporate group. A copy of the material presented is attached as confidential attachment **GEN 1**.

Corporate structure

We confirmed that OneSteel Coil Coaters, sits within the OneSteel Distribution management structure. Further, we understand that whilst OneSteel Coil Coaters remains a separate legal entity, it is still wholly owned by Arrium.

In short, OneSteel Coil Coaters is a separately registered commercial entity, that came under ownership by Arrium following the merger of Arrium (then registered as OneSteel Limited) with Smorgon Steel in August 2007, which brought a number of businesses under the ownership of Arrium, including a business trading as 'Colour Coaters Limited' which was renamed OneSteel Coil Coaters.

Commercial operations

OneSteel Coil Coaters operates a single paint-line facility which uses imported steel coil as the primary raw material which is painted and sold as specific painted wide and slit coil. .

We confirmed that the paint line operates [REDACTED] and consumes an average annual quantity of [REDACTED] tonnes of imported raw aluminium

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zinc coated coil and galvanised steel. Approximately █% of coil imports are galvanised steel.

OneSteel Coil Coaters advised that all coil it consumes is imported, the significant majority of which is produced and exported by █ steel mills. OneSteel Coil Coaters advised that it sources the majority of its raw coil through █ and █ any of the GUC itself directly [details of raw material procurement strategies]

OneSteel Coil Coaters advised that it sources upwards of █ different grades of imported aluminium zinc coated and galvanised coil but the significant majority of coil used in its processes are of grades █ (commonly used in metalworking applications) and █ (most commonly used in structural applications).

OneSteel Coil Coaters advised that painted galvanised steel comprises approximately █% of sales.

As mentioned above, we understand that due to its use in the paint line, aluminium zinc coated and galvanised coil imported by OneSteel Coil Coaters is imported without chromate treatment(s) or resin finishes, and is unable to be sold as a finished good in the Australian market until it is painted or otherwise coated.

Products

The painted product sold by OneSteel Coil Coaters is marketed commercially as *ColorGuard*. We confirmed that the *ColorGuard* product produced and sold by OneSteel Coil Coaters is produced from both coated steel and aluminium coil. *ColorGuard* is marketed by OneSteel Coil Coaters in wide coil, slit coil, sheet and blanks.

OneSteel Coil Coaters confirmed that *ColorGuard* is produced through processing the raw material steel coil through the paint line applying 3 different coats of paint to both sides of the substrate feed coil:

- conversion coating
- primer coating
- finish coat (underside will be painted in finish coat or backer depending on customer requirements).

OneSteel Coil Coaters submit that *ColorGuard* is a premium product which adheres to three Australian standards - AS2728, AS2935 & AS1580, and is also approved to international standard ISO9001-2000. OneSteel Coil Coaters also advised that every coil receiving *ColorGuard* protection is rigorously tested to ensure and maintain a high standard of colour, paint adhesion, scratch resistance and paint thickness.

Position in the Australian market

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OneSteel Coil Coaters advised that the ColorGuard product is used by end users in Australia for non-residential construction and steel fabricated products and is the direct competitor with a relevantly similar painted steel product produced and sold in Australia by BlueScope.

OneSteel Coil Coaters also submitted that the total consumption capacity of the Australian market for painted steel is roughly 500,000 tonnes, of which about ■■■% is provided by OneSteel Coil Coaters and around ■■■% is imported finished product. As such, OneSteel Coil Coaters estimate that BlueScope controls approximately 80% market share in the Australian painted steel market.

4.2 Accounting

OneSteel Coil Coaters operates on a 1 July to 30 June financial year. OneSteel Coil Coaters' financial statements are consolidated into the annual statements of Arrium, which are audited annually.

4.3 Relationship with suppliers

OneSteel Coil Coaters claimed that they are not related or affiliated in any way with their traders in Australia and have no direct commercial relationship with the overseas suppliers from which the goods are imported by the Australian traders.

4.4 Relationships with customers

OneSteel Coil Coaters advised (other than OneSteel Sheet & Coil) that it has no interest or affiliation with Australian customers to which it sells products (produced using the GUC) apart from the commercial relationship reflected in the terms of the supply agreement in force between the two entities and the commercial transactions executed pursuant to these terms.

5 IMPORTS

5.1 Conclusion regarding OneSteel Coil Coaters relevance with respect to the investigation

As explained in the preceding sections of this report, we confirmed at the visit that OneSteel Coil Coaters does not directly import the GUC which it consumes in its production processes.

In summation, we were satisfied that OneSteel Coil Coaters is appropriately regarded to be an end-user of the GUC for the purposes of the investigation and cannot be reasonably characterised as the importer of the goods for the purposes of the investigation.

The bases for our conclusions are set out below.

5.2 Who is the importer

We ascertained that OneSteel Coil Coaters source the GUC primarily from [REDACTED] which are selected subject to a specific request [REDACTED] which is disseminated by OneSteel Coil Coaters on an as-needed basis depending on customer requirements and inventory levels.

We understand that this supply relationship was a legacy from previous ownership of the OneSteel Coil Coaters business prior to acquisition of the business by Arrium Limited.

OneSteel Coil Coaters sources the GUC from [REDACTED] on a transaction by transaction basis, and does not have any direct [REDACTED] [explanation of raw material procurement process].

OneSteel Coil Coaters [REDACTED] [details of procurement strategy and supply negotiation processes].

On this basis, in the absence of any other positive information to the contrary, we consider that the relevant [REDACTED] entities from which OneSteel Coil Coaters procures the goods to be the beneficial owner of the goods at the time of importation.

On this basis we are satisfied that OneSteel Coil Coaters is not the importer of the goods.

6 DUMPING, MATERIAL INJURY AND CAUSATION

6.1 General

We asked OneSteel Coil Coaters to outline its views (if any) in relation to injury and causation with respect the investigation into aluminium zinc coated and galvanised steel.

OneSteel Coil Coaters reiterated that its operations relate to a specific type of aluminium zinc coated and galvanised steel coil, which is consumed as a raw material in the production of painted steel markets and that, as such, its comments and views in relation to these issues were limited to consideration of the painted steel manufacturing market.

In summary, OneSteel Coil Coaters believes that 'raw' aluminium zinc coated and galvanised steel is significantly different from chromated and resin coated product imported and sourced domestically by OneSteel Trading.

OneSteel Coil Coaters reiterated that it competes directly with the applicant in relation to the manufacture, and sale, of painted steel products in Australia – a relatively niche market in relation to which the applicant has a substantial market share.

As stated previously OneSteel Coil Coaters submitted that they have sought to source raw coil from the applicant, but the applicant has not entered bona fide supply negotiations. We requested, and were provided with, evidence of the frustrated negotiation for supply initiated by OneSteel Coil Coaters with the applicant. This is attached as **confidential attachment GEN 3**

In summation OneSteel Coil Coaters are of the view that, given the applicant's significant market share in relation to the painted steel market and the history of rejected procurement offers made by OneSteel Coil Coaters, the applicant is not currently suffering, and has not suffered, material injury in relation to the production and consumption of raw aluminium zinc coated and galvanised coil for the production of painted steel.

7 UNSUPPRESSED SELLING PRICE

Unsuppressed selling price (USP) and non-injurious price (NIP) issues are examined at an early stage of an investigation and, where possible and appropriate, preliminary examinations are made during the application consideration period for the purpose of assessing injury and causal link and therefore the appearance of reasonable grounds for the publication of a dumping duty notice.

On the basis of the above conclusions with respect to the relevance of the commercial operation of OneSteel Coil Coaters for the purposes of the present investigation, we are of the view that discussions regarding unsuppressed selling price was not warranted.

8 RECOMMENDATIONS

As a result of the importer questionnaire submitted by OneSteel Coil Coaters and the verification conducted on site, we are of the opinion that OneSteel Coil Coaters are wholly an end-user of the goods and are not appropriately characterised as the importer of the goods.

PUBLIC RECORD

9 ATTACHMENTS

Confidential Attachment No.	Title
Confidential Attachment GEN 1	OneSteel Coil Coaters presentation
Confidential Attachment GEN 2	Visit Agenda
Confidential Attachment GEN 3	Evidence of price offers