

13 December 2012

Ms Michelle Gibson  
Manager - Operations 3  
Australian Customs and Border Protection Service  
5 Constitution Avenue  
Canberra ACT 2600

Our ref: ATH  
Matter no: 9557713

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By email: [michelle.gibson@customs.gov.au](mailto:michelle.gibson@customs.gov.au)  
cc: [rod.jones@customs.gov.au](mailto:rod.jones@customs.gov.au)  
cc: [eileen.liu@customs.gov.au](mailto:eileen.liu@customs.gov.au)  
cc: [itrops2@customs.gov.au](mailto:itrops2@customs.gov.au)

Dear Michelle

**Investigation into the alleged dumping of Galvanised Steel and Aluminium Zinc Coated Steel from the People's Republic of China, the Republic of Korea and Taiwan  
Response to Visit Report on BlueScope Steel Limited  
Non-Confidential**

We refer to the Public File version of the Visit Report ("**Report**") – Australian industry on BlueScope Steel Limited ("**BSL**") dated October 2012.

We now confirm the following comments by our client in response to the Report.

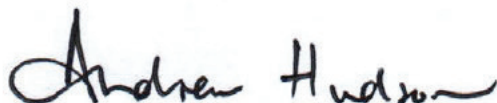
1. We note that BlueScope has confirmed it does not produce electro galvanised steel.
2. BSL has indicated (at paragraph 4.1.1 of the Report) that both the TCO's for galvanised steel are currently being reviewed by BSL for "validity". With respect, our client would observe that the relevant TCO's have already been reviewed by Customs for validity at the time they were granted and have been used without question for some time. As a result, Holden observes that the TCO's remain valid and serve as a basis for application for exemption from any proposed measures.
3. Holden would refer to the concession by BSL that due to the restricted capability at the Westernport pickling line it has a maximum width to produce galvanised steel at 1550 mm. As a result, Holden believes that there would be grounds for imported galvanised steel beyond 1550mm to be excluded from any measures.
4. Holden refers to the third last paragraph of paragraph 6.1 of the Report in which BSL concedes that "the Australian market for these products has been depressed for the last 24 months" and that "the automotive industry is struggling". Again this is consistent to other findings by Customs in the HRCS investigation that injury to the BSL market is caused by economic conditions rather than alleged dumping. Holden believes that similar findings on causes for injury to BSL should apply to the investigation so far as it relates to galvanised steel.
5. Holden also refers to the second last paragraph of paragraph 6.2 of the Report in which BSL concedes that once manufacturers in the automotive industry have established a supply chain for a particular model, those arrangements did not change during the life of the model. Holden is of the view that this supports its claim that it is not influenced by

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- allegedly dumped product and any decision to buy imported product is not driven by allegedly dumped price.
6. Holden is of the view that the comments in paragraphs 6.1 and 6.3 of the Report (addressing different products for different markets and different sales to different markets) support the conclusion that Customs assessment should be undertaken separately between types of products and markets. As a result, Customs should separate the automotive sector from other sectors in its analysis of all of the elements of alleged injury, especially in determining the causes of alleged dumping
  7. Holden wishes to correct the comment in the first paragraph of paragraph 7.1 of the Report by stating that no aluminium zinc coated steel is used in the automotive market.
  8. Holden believes that the comments regarding BSL's pricing practices in paragraphs 7.2 and 7.3 of the Report reflects that BSL is a price "taker" and that by adopting parity pricing plus discounts and rebates, it is effectively undercutting, suppressing and depressing its own prices. These are business decisions on pricings rather than being driven by dumping.
  9. Holden also refers to paragraph 7.4 of the Report which refers to some product being sold auction style at a considerably lower price. Holden believes that such action is not consistent to BSL being affected by dumping in deciding to reduce prices.
  10. Paragraph 8 of the Report refers to "Cost to Make and Sell" analysis by Customs. Holden is of the view that CTMS is irrelevant to determining NIFOB and USP given that BSL adopts import parity pricing plus discounts and rebates so that prices are to be by factors other than its own costs to make and sell.

Yours faithfully  
**Hunt & Hunt**



**Andrew Hudson**  
Partner

D +61 3 8602 9231  
E ahudson@hunthunt.com.au