

17 July 2015

Mr Geoffrey Gleeson
Director, Operations 1
Anti-Dumping Commission
Level 35, 55 Collins Street
MELBOURNE VICTORIA 3000

Dear Mr Gleeson

Public File

Supplementary Comments to BlueScope's submission of 6 July 2015

Introduction

I refer to BlueScope Steel Limited's ("BlueScope") submission of 6 July 2015 addressing the recent publication of Statement of Essential Facts ("SEF") No. 249. BlueScope considers it important to provide additional clarification concerning the categorisation of dumped exports of zinc coated ("galvanised") steel by Essar Steel India Ltd ("Essar") that have caused material injury to the Australian industry.

Essar pricing into the Galvanised steel market

In its earlier submission, BlueScope contended that Essar was the major exporter to Australia of dumped galvanised steel in the 0.5mm to 1.5mm thickness range. This thickness range accounts for approximately XX per cent¹ of BlueScope's total annual sales of like goods (across the investigation period). It should also be noted that this category (i.e. the 0.5mm to 1.5mm thickness) experienced the largest month-on-month price declines in the investigation period. Of particular interest are the price declines in the following two thickness ranges²:

- Thickness $\geq 0.5\text{mm}$ & $< 1.0\text{mm}$ – XX per cent annual price movement; and
- Thickness $\geq 1.0\text{mm}$ & $< 1.5\text{mm}$ – XX per cent annual price movements.

The price movements in both categories are the highest reductions across all of the grade thicknesses included in Confidential Appendix A4, for all sales of like goods throughout the investigation period.

BlueScope has indicated that its market intelligence confirms that Essar is the single largest exporter of galvanised steel into the market with a thickness range of 0.5mm to 1.5mm. BlueScope's Import Parity Pricing ("IPP") model identifies an import competition price of \$XX per tonne, however, the net revenue price over the period was \$XX per metric tonne, which was below the average offers of Essar of \$XX per metric tonne.

¹ Refer BlueScope's Confidential Appendix A4 sales.

² Refer BlueScope Appendix A4 summary at Confidential Attachment 1.

IPP Model

BlueScope would highlight with the Anti-Dumping Commission (“the Commission”) that the IPP model prices reflect market offers and do not reflect the lowest offer at the time or the lowest agreed price upon which sales are made (unlike the net revenue price in BlueScope’s Appendix A4 data). In most negotiations, further price reductions for the dumped imported product follow.

BlueScope also draws to the Commission’s attention that BlueScope was not [*commercial-in-confidence details re pricing policy*]. Rather, BlueScope would compete on [*commercial-in-confidence details re pricing policy*] of the relevant sale. As Essar is the largest volume Indian exporter into Australia over the investigation period, it is reasonable to conclude that BlueScope price-matched with the Essar offers where it was made aware of the volumes for the quoted offers. It should also be noted that as the Investigation period progressed, the final IPP that BlueScope was matching [IPP price trends].

A further reason why BlueScope did [*commercial-in-confidence details re pricing policy*] Indian offers for galvanised steel included concerns that the aggressively priced Indian goods were priced low due to quality issues. In some instances, BlueScope would have lost volumes to the aggressively priced low quality imports or, on volumes where it was genuinely undercut by subsequent offers from Indian exporters. As Essar was the largest volume supplier into the thinner gauge galvanised steel market in Australia, it is reasonable to conclude that BlueScope was influenced by Essar’s price offers in that segment of the market and not the price offers for the higher priced exports from Taiwan or the xxxx volume non-dumped suppliers.

Closing Comments

BlueScope reaffirms comments made in its submission dated 6 July 2015 that Essar’s selling prices on the Australian market were a significant influencing factor in BlueScope’s pricing decisions in the 2013/14 investigation period. Essar was the largest exporter of the thinner gauge galvanised steel (i.e. in the 0.5mm to 1.5mm category) which accounts for approximately XX percent of BlueScope’s total sales of like goods. Additionally, the largest price reductions for the like goods during the investigation period were in the gauge range 0.5mm to 1.5mm where Essar was the largest Indian exporter, and certainly in volumes larger than from either Vietnam or Taiwan.

BlueScope further reinforces its viewpoint that it was the dumped exports by Essar in the investigation period that were the cause of price depression, price suppression and reduced profit and profitability in the galvanised steel market, and not the non-dumped export prices from other Indian exporters or the non-dumped Taiwanese exports.

If you have any questions in relation to this submission or would like to discuss further, please do not hesitate to contact me on (02) 4275 4638 or BlueScope’s consultant, John O’Connor on (07) 3342 1921.

Yours sincerely



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International Trade Affairs