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22 March 2013

Ms Joanne Reid
Director, Operations 3
International Trade Remedies Branch
Australian Customs and Border Protection Service
Customs House
5 Constitution Avenue
CANBERRA ACT 2601

Dear Ms Reid

Public File

Aluminium Zinc coated steel and Galvanized Steel exported from China, Korea and Taiwan – BlueScope comments re Yieh Phui (China) Technomaterial Co., Ltd Exporter Visit Report

Introduction

The Yie Phui (China) Technomaterial Co., Ltd (“YPC”) Exporter Visit Report (the “Report”) was recently published. BlueScope Steel Limited (“BlueScope”) seeks to comment on the Report.

YPC is a wholly owned subsidiary of Yieh Phui Enterprise Co., Ltd through Yieh Phui (Hong Kong) Holding Limited. YPC buys hot rolled coil (“HRC”) for the manufacture of galvanized steel and aluminium zinc coated steel (and painted steel).

Physical characteristics

YPC claims that the key physical characteristics that affect price are thickness, coating mass, and to a lesser extent, width. YPC stated that there was no additional price achievable on the domestic market for HRC grade “*because the price extras for YPC’s HRC suppliers were small and inconsistent*”.

BlueScope considers that the different grades of HRC do reflect a price differential. The fact that no price differential is observable on the Chinese domestic market is of little relevance as the market is heavily influenced by the government (i.e. a market situation for HRC applies in China). BlueScope submits that price differentials for HRC sold by grade are observable in Korea and Taiwan and that the normal values for Chinese coated steel manufacturers should include a cost associated with HRC (above the base grade HRC).

It is further observed that YPC claims it offers a wide range of colours for which it “*charges a small premium for export customers*”¹. YPC does not charge this premium on domestic sales. AT Section 6.1.1 of the YPC Report it is stated²:

“*YPC offers a wide range of colours which it claims are not offered by BlueScope and charges a premium for tinted colours.*”

¹ Yieh Phui (China) Technomaterial Co., Ltd Exporter Visit Report P.14.

² Ibid, P.16.

At Section 10 – Adjustments, no due allowance has been made to take account of the “premium” for coloured and/or tinted coated steel products exported to Australia for which it is (incorrectly) asserted BlueScope does not supply.

It is BlueScope’s view that an upward adjustment to YPC’s normal value is required to account for the “premium” charged on export sales for colouring/tinting.

Packing costs

At Section 6.2 of the YPC Report, it is claimed by YPC that “*domestic packing can be more than export packing, especially when goods are shipped long distances by road*”. This assertion does not corroborate with the claims and evidence verified by Customs and Border Protection at other exporters of galvanized steel and aluminium zinc coated steel (in China, Korea and Taiwan). Customs and Border Protection has verified higher packing costs for coated steel products exported to Australia due to higher cost packing associated with sustaining the handling movements for export as opposed to local sales. Upward adjustments to normal values have been made to account for the higher packing costs for exported goods.

However, in the case of YPC it is asserted that domestic sales attract a higher packing cost. Customs and Border Protection is requested to re-visit YPC’s claims as they appear to be inconsistent with industry practice for exports of the goods under consideration.

YPC’s HRC price comparisons

It is noted by BlueScope that Customs and Border Protection has compared YPC’s HRC purchase price for HRC with monthly HRC export prices from the Metal Bulletin and monthly CFR East Asia import prices.

BlueScope contends that the benchmarks are inappropriate as the quoted HRC prices reflect an **export** price for HRC – that is, the HRC price reflects prices that are for excess supply in the region and are likely dumped prices. The appropriate HRC price for comparison is for example, the domestic HRC price in Japan FOT truck available from SBB.

Conclusions


BlueScope is concerned by certain matters in the YPC Exporter Visit report that appear to be inconsistent with the findings of Customs and Border protection following visits to other producers/exporters of galvanized steel and aluminium zinc coated steel exported to Australia. These apparent inconsistencies include:

- the absence of pricing differentials between grades of product manufactured by YPC;
- the claim by YPC that domestic packing expenses exceed packing expenses for goods exported to Australia; and
- the HRC price comparisons for YPC’s HRC were against external benchmark prices (ex Metal Bulletin and SBB) that reflect export prices for the excess supply of HRC sold in the region and are likely to represent dumped prices.

BlueScope requests Customs and Border Protection to review these matters as they impact normal values and dumping margins for YPC's galvanized steel and aluminium zinc coated steel exported to Australia during the investigation period.

If you have any questions concerning this letter, please do not hesitate to contact me on (02) 4275 3858.

Yours sincerely

A handwritten signature in blue ink, appearing to read "Alan Gibbs", with a small flourish at the end.

Alan Gibbs
Development Manager – International Trade