

12 July 2013

Ms J Reid  
Director, Operations 2  
Anti-Dumping Commission  
Customs House  
5 Constitution Avenue  
Canberra  
Australian Capital Territory 2601



commercial+international

By email

Dear Joanne

## **POSCO - alleged dumping of hot rolled plate steel from Korea BlueScope comments on exporter visit report and record of meeting**

We refer to the letter from BlueScope Steel Limited ("BlueScope") dated 4 July 2013 in relation to our client POSCO's exporter visit report, which is on the public record of this investigation.

BlueScope makes a number of claims in an attempt to discredit the finding that POSCO has not exported the goods under consideration to Australia at dumped prices.

POSCO will address each of these claims in turn.

### **A Extent of the verification visit**

BlueScope's concerns regarding the length of the verification visit are without merit. The decision to hold the verification over one day was based on a judgement made by Customs as to the accuracy and the probity of evidence provided by POSCO in previous investigations, and the relatively small volume of the subject goods exported by POSCO to Australia during the period of investigation.

POSCO would emphasise that the verification was neither "truncated" nor lacking in rigour. The meeting went for 10 hours, during which time POSCO provided and explained 42 document bundles amounting to approximately 1,000 pages of information.

Transparently, BlueScope's concern is that a negative dumping margin was found in this investigation, when positive margins were found in the coated steel and hot rolled coil investigations. *Ipsa facto*, so far as BlueScope is concerned, this must mean that something is wrong with the assessment made by Customs. BlueScope submits that *"the remarkable turnaround in margin assessment... should have alerted Customs and Border Protection to be concerned about the adequacy of a limited verification with POSCO"*. Through this statement, BlueScope appears to be claiming that POSCO misled or deceived the verification team, and that this would have come to light if the verification took place over a longer period. This is an outrageous accusation which has been made without a scintilla of supporting evidence. POSCO has always been forthcoming and honest in its dealings with the Australian Government in all respects. In fact it is that very honesty, and the accuracy of all previously submitted data, which led

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Customs to the view that a one day meeting to discuss and verify specific information would be all that was needed.

POSCO would not have thought it to be necessary to explain that plate steel is a distinct product category from coated steel and hot rolled coil; that it is sold to different customers for different purposes under different market conditions; and that different circumstances apply to different types of plate steel.

BlueScope maintains that the periods of investigation in those other investigations “*overlap with the investigation period of the hot rolled plate inquiry*”. May we point out for the record that the 12 month periods that BlueScope seeks to compare are fully six months different.

The outcomes of previous investigations which relate to different products, imported over a different period of time, are irrelevant to this investigation. POSCO’s records have been forensically and professionally verified, and have not been found lacking.

## **B POSCO’s normal value assessment**

POSCO is pleased to be able to allay the reservations that BlueScope has regarding the verification of the fully-absorbed cost to make and sell (“CTMS”) of the subject goods.

As should be clear from the above information, POSCO’s CTMS was comprehensively examined by the verification team. Furthermore the CTMS data which was reported was from the same accounting system which has been scrutinised - and found to be unimpeachable - in the previous two steel investigations.

POSCO’s mills are integrated steel mills, which manufacture the subject goods directly [CONFIDENTIAL TEXT DELETED]. POSCO does not purchase slab from any third party. The [CONFIDENTIAL TEXT DELETED] were included in the “*Cost Sample Calculation*” package which was verified during the meeting with the verification team.

This itself should have been sufficient to satisfy the verification team of the veracity of the cost information provided by POSCO – but even more than that was provided. The verified “*Cost Sample Calculation*” package also included [CONFIDENTIAL TEXT DELETED]. For example, in [CONFIDENTIAL TEXT DELETED] the semi-finished [CONFIDENTIAL TEXT DELETED] represents [CONFIDENTIAL TEXT DELETED]. The cost sample package was verified, therefore BlueScope’s criticism is baseless.

POSCO also rejects BlueScope’s observation regarding the allocation of selling, general and administrative expenses (“SG&A”). BlueScope’s comment is of a general nature only; there is no indication that its opinion is factually applicable to POSCO, and it is not clear why BlueScope would consider that a “less-value added” product should have a greater portion of SG&A allocated to it.

POSCO’s SG&A was calculated in accordance with the instructions provided in the Exporter Questionnaire. The methodology used is the same as that which has been used and verified in the previous two investigations in which POSCO has taken part.

## **C Adjustment for domestic warranty costs**

BlueScope’s criticism of the warranty adjustment is not factually based. POSCO [CONFIDENTIAL TEXT DELETED]. What BlueScope maintains is the practice of the steel industry is of no relevance when the facts presented by POSCO demonstrate the opposite.

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POSCO understands and accepts that a process of exposure and comment applies to the consideration of verification reports. However the margin outcome for POSCO's plate steel exports to Australia POSCO's is correct, and nothing has been presented by BlueScope in its letter to suggest that is not the case.

Accordingly, POSCO requests termination of this investigation as against its exports under Section 269TDA(1) of the *Customs Act 1901*, as soon as the Commissioner is satisfied of the matters set out in that Section.

Yours sincerely

A handwritten signature in black ink, appearing to read "Alistair Bridges", is written over a light grey rectangular background.

Alistair Bridges  
Solicitor