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Ms Lisa Hind
National Manager Operations
Anti-Dumping Commission
Ground Floor Customs House Docklands
1010 La Trobe Street
Docklands VIC 3008

**Application for an accelerated review in respect of zinc coated
galvanised steel exported by Jiangyin Zongcheng Steel Co., Ltd**

Dear Ms Hind

I act on behalf of Jiangyin Zongcheng Steel Co., Ltd (Zongcheng), a producer and exporter of zinc coated galvanised steel from the People's Republic of China.

Please find attached an application for an accelerated review of the variable factors applying to exports of zinc coated galvanised steel by Zongcheng.

If you have any questions concerning the application, please do not hesitate to contact me directly.

Yours sincerely

John Bracic

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APPLICATION FOR ACCELERATED REVIEW

JIANGYIN ZONGCHENG STEEL CO., LTD

1. Description of the goods to which the notice relates.

The Anti-Dumping Commission's (the Commission) Report No. 190 describes the goods as follows:

*"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".*

Galvanised steel of any width is included.

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). 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.

The application stated that trade and other names often used to describe galvanised steel include:

- *"GALVABOND®" steel;*
- *"ZINCFORM®" steel;*
- *"GALVASPAN®" steel;*
- *"ZINCHITEN®" steel;*
- *"ZINCANNEAL" steel;*
- *"ZINCSEAL" steel;*
- *Galv;*
- *GI;*
- *Hot Dip Zinc coated steel;*
- *Hot Dip Zinc/iron alloy coated steel; and*
- *Galvanneal.*

2. Grounds for review

Exports prior to the Statement of Essential Facts

A new exporter may request an accelerated review of a dumping duty notice, in so far as that notice affects that exporter.

New exporter is defined under s.269T of the *Customs Act 1901* as:

an exporter who did not export such goods to Australia at any time during the period:

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- (a) *Starting at the start of the investigation period in relation to the application; and*
- (b) *Ending immediately before the day the Commissioner places on the public record the statement of essential facts in relation to the investigation of the application.*

Jiangyin Zongcheng Co., Ltd (Zongcheng) has never exported galvanised steel to Australia.

Related to investigated exporters

The Commissioner may reject the application if satisfied in accordance with s.269ZE(2)(b) that:

the exporter is related to an exporter whose exports were examined in relation to the application for publication of that notice; [emphasis added]

Zongcheng can confirm that it is not related to any 'exporter whose exports were examined in relation to the application for publication of the notice'.

Grounds for review

As outlined in the Commission's Dumping and Subsidy Manual, it is not required for a new exporter to have already exported a minimum quantity of the subject goods to Australia. This is supported by the findings of the WTO Panel and upheld by the Appellate Body which examined whether Article 9.5 of the Anti-Dumping Agreement subjected the right to an expedited new shipper review to a showing of a "representative" volume of export sales. The Panel found that:

Article 9.5 of the AD Agreement provides that the authorities shall promptly carry out a review, provided that the exporters or producers who have not exported the product subject to a duty during the period of investigation can show that they are not related to any of the exporters or producers in the exporting country who are subject to the anti-dumping duties on the product. In sum, in case a producer or exporter which (i) has not exported the product to the country concerned during the period of investigation and (ii) is not related to an exporter or producer already subject to the duty requests a new shipper review, the authority is required to promptly carry out such a review.

As outlined above, Zongcheng complies with the two necessary requirements for an accelerated review.

Zongcheng seeks an accelerated review of the notice as it is currently subject to the country-wide rate of 62.9% as noted in ACDN 2014/12. This rate reflects the dumping margins determined for non-cooperating exporters during the original investigation which was based on the lowest weighted average export price for the entire investigation period from the selected co-operating exporters and the highest

weighted average normal value for the entire investigation period from the selected cooperating exporters.

As Zongcheng did not have the opportunity to participate in the original investigation as it had not exported the subject goods to Australia, the ascertained variable factors determined for non-cooperating exporters are clearly inappropriate and hindering its ability to access the Australian market. Therefore Zongcheng seeks the determination of an ascertained normal value based on its own domestic selling prices or constructed selling prices, where appropriate.

Replacement of hot-rolled coil (HRC) costs

In Report No. 190¹, the Commission found in respect of galvanised steel that:

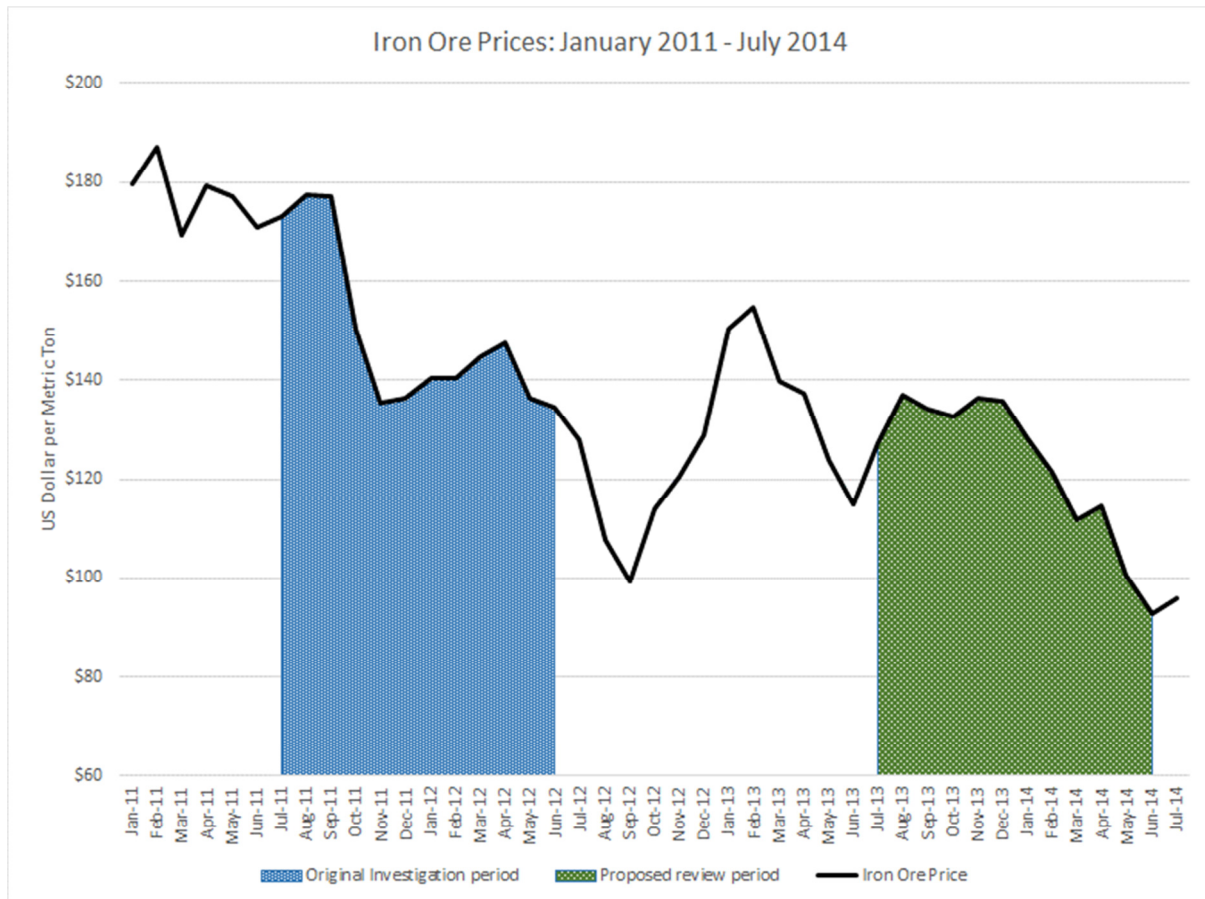
- *a market situation existed in the domestic market for galvanised steel in China during the investigation period such that selling prices in that market are not suitable for normal value purposes;*
- *the cost of hot rolled coil in the Chinese exporters' records does not reasonably reflect competitive market costs. A benchmark for hot rolled coil can be established by reference to costs of exporters from Korea and Taiwan;*

Coal and iron ore are the predominant raw material components used to produce HRC. Therefore, changes in these raw material costs will directly impact on the cost of manufacturing HRC.

The chart below shows the movement in iron prices from January 2011 through to July 2014 and confirms that iron ore prices have been experiencing a declining trend over that period. A comparison between the original investigation period (July 2011 – June 2012) and the proposed review period, being the 12 months ending the most recent completed quarter (July 2013 – June 2014), shows that iron ore prices have declined by approximately 17.9% between the periods.

¹ Report 190 – Galvanised Steel and Aluminium zinc coated steel – China, Korea and Taiwan; April 2013; page 10.

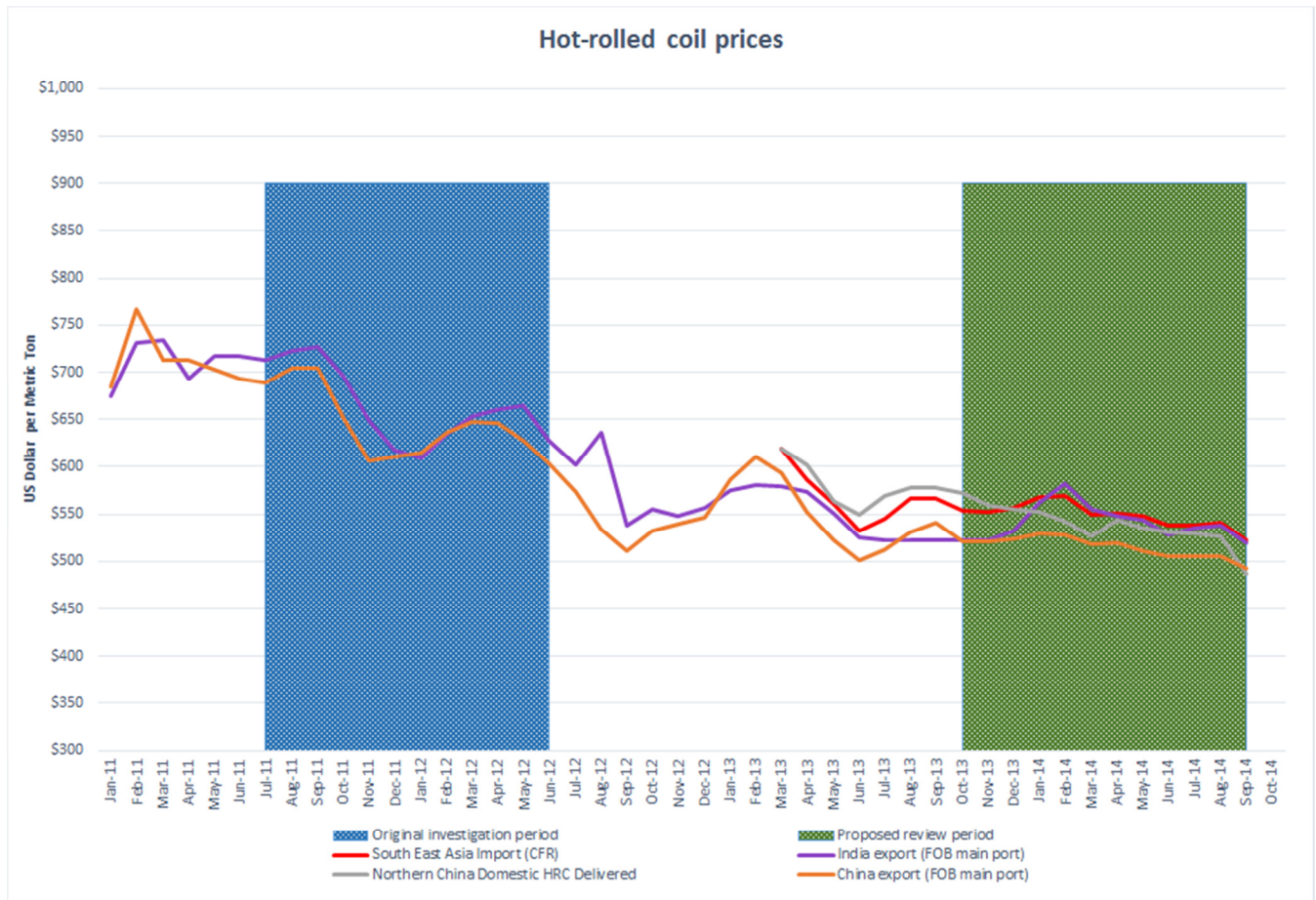
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Source: The Steel Index (TSI) via the IMF

As has been experienced in China, Zongcheng understands that the fall in iron ore prices has led to reduced costs of producing HRC steel and a corresponding reduction in contemporary domestic selling prices for HRC steel in Korea and Taiwan. Therefore, the cost of HRC purchased by exporters from Korea and Taiwan during the original investigation period do not provide a meaningful benchmark for the replacement of Zongcheng's HRC costs during the year to 30 September 2014.

This view is further supported by the chart below which shows the steady decline in regional HRC prices from July 2011 to August 2014, with current prices being below US\$550 per metric ton. A comparison of average HRC prices between the original investigation period and the proposed review period (July 2013 – June 2014), shows prices have declined by approximately 18% over that period.



Source: Metal Bulletin – Steel First

In Report 190², the Commission acknowledged that published steel market prices “is a reliable source of information pertaining to steel prices; however in the present case Customs and Border Protection considers that verified data pertaining to actual prices paid for HRC during the investigation period is preferable for use as a benchmark.” In the absence of contemporary verified HRC costs, Zongcheng considers that published steel prices provide reasonable and reliable benchmark information.

This is consistent with the view of Bluescope Steel Limited raised in its submission to a previous accelerated review³:

In the absence of cooperation from producers in Korea and Taiwan in this accelerated review investigation, BlueScope submits that domestic hot rolled coil (“HRC”) prices is not available from SBB, but may be sourced from MEPS monthly newsletters for the 2012/13 investigation period.

² Ibid, page 62.

³ Zinc coated (galvanised) steel and aluminium zinc coated steel exported from China by South Polar Lights Steel (Shanghai) Co., Ltd; Electronic Public Record No. 4; page 2.

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Notwithstanding the lack of contemporary verified information from Korea and Taiwan, Zongcheng submits that published steel prices should be the primary and preferred source of information in instances where the Commission decides to replace exporter's production costs following a market situation finding. Published prices provide a more transparent basis for exporters to regularly adjust prospective domestic and export prices as a means of ensuring that goods are not exported to Australia at dumped prices.

This is consistent with the practice of the US Department of Commerce – International Trade Administration⁴, in identifying suitable surrogate information:

In assessing data and data sources, it is the Department's practice to use period-wide price averages, prices specific to the input in question, prices that are net of taxes and import duties, prices that are contemporaneous with the period of investigation or review, and publicly available data. In addition, the source of the data must be insulated from conflicts of interest. [Emphasis added]

This practice was endorsed by the US Court of International Trade which sustained the Department's position, stating that publicly available information serves two purposes: it provides accurate information accepted by the market, and second, it represents a reliable source insulated from conflicts of interest.

In these circumstances, Zongcheng submits that "SteelFirst", a Metal Bulletin product, is a reliable source of HRC pricing information. For the purposes of establishing a constructed normal value, Zongcheng submits that an appropriate HRC benchmark would be South East Asia CFR import prices or India FOB export prices. Adjustments may be necessary to ensure a proper comparison and replacement of Zongcheng's actual purchased HRC costs.

Forms of duty

Zongcheng notes that the current interim dumping duties are in the form of a combination of fixed and variable duty. In circumstances where export price cannot be determined due to the lack of exports during the review period, and where the price of the goods are so heavily driven by the movement in international HRC prices, Zongcheng requests an ad valorem duty, to be expressed as a proportion and applied to the export prices of the particular goods.

⁴ Enforcement and Compliance Anti-Dumping Manual; Chapter 10; page 14.