

1. Provide details of the name, street and postal address, of the applicant seeking the continuation.

The applicant seeking the continuation (or extension) of anti-dumping measures applicable to aluminium zinc coated steel exported to Australia from the Republic of China ("China") and the Republic of Korea ("Korea"), and countervailing measures from China, is BlueScope Steel Limited ("BlueScope").

BlueScope's address and contact details are as follows:

BlueScope Steel Limited
Five Islands Road
Port Kembla NSW 2500

Tel: 1800 800 789
Fax: 1800 800 744
ABN: 16 000 011 058

2. Provide details of the name of the contact person, including their position, telephone number and facsimile number, and email address.

The contact details of personnel to contact at BlueScope are as follows:

Mr Chad Uphill
Senior Commercial Specialist – International Trade Affairs
BlueScope Steel Limited
Five Islands Road
Port Kembla NSW 2505
Tel: (02) 4240 1214
Email: Chad.Uphill@bluescopesteel.com

This application for the continuation of anti-dumping measures on aluminium zinc coated steel exported to Australia from China and Korea has been prepared with the assistance of:

Mr John O'Connor
Director
John O'Connor and Associates Pty Ltd
P.O. Box 329
Coorparoo QLD 4151
Tel: (07) 33421921
Fax: (07) 3342 1931
Email: jmoconnor@optusnet.com.au

Please refer to Confidential Attachment 1 for a copy of an Authority to Represent.

3. Provide the names, addresses, telephone numbers of other parties likely to have an interest in this matter.

Exporters:

- China
 - (i) Angang Steel Company Limited
No. 322 South Zhonghua Rd,
Anshan, Liaoning China
Tel: +86 412 6366 804
Fax: +86 412 6319 703
Email: fuyong@angangintl.com
 - (ii) Wuhan Iron & Steel Corporation
Wenshan District
Wuhan City
Hubei Province, China
Tel: +86 27 8689 8888
Url: www.wisco.com.cn
 - (iii) ANSC-TKS Galvanizing Co., Ltd
No. 68 GanTie Road
Dalian Development Zone, 116600 China
Tel: +86 411 8751 8888
Fax: +86 411 8751 6007
 - (iv) Jiangyin Zongcheng Steel Co., Ltd
No. 568 Wuxing Road
Jiangyin, Jiangsu, China
Tel: +86 510 6817 1171
Fax: +86 510 8160 1000
Email: chouyungyao@hotmail.com
 - (v) Yieh Phui Technomaterial Co., Ltd
No.1, Yieh Phui Road
Riverside Industrial Park
Changshu Economic Development Zone
Jiangsu Province, China
Tel: +86 512 5229 8536
Fax: +86 512 5229 8406
Email: chris@yiehphuichina.com
 - (vi) Union Steel China Co., Ltd
3F, No. 5 Sugang Road
Xiagong District
Jiangyin, Jiangsu Province China
Tel: +86 510 8603 7190
Fax: +86 510 8603 7147
 - (vii) Tianjin Liwei Iron & Steel Co., Ltd
2-2-1404, No. 2 Chuangxinliulu,
Huayuan Hi-Tech Industrial Park
Tianjin 300384 China
Tel: +1303 221 5702

Email: Andrew@liwiesteel.com.cn

- Korea

- (i) Dongbu Steel Co., Ltd
22F, STX Namsan Tower
98 Huam-ro
Jung-gu, Seoul Korea
Tel: +82 2 3450 8040
Fax: +82 2 3450 8177
Email: sword@dongbu.com
- (ii) Dongkuk Steel Mill Co Ltd
19 Eulji-ro 5-gil, Jung-gu
Seoul, South Korea
Tel: +82 2 317 1114
Fax: +82 2 317 1391

Importers:

- (i) CITIC Australia Steel Products Pty Ltd
CITIC House
99 King Street
Melbourne Victoria 3000
Tel: 61 3 9614 8000
Fax: 61 3 9614 7150
- (ii) Stemcor Australia Pty Ltd
Level 30
31 Market Street
Sydney NSW 2000
Tel: 61 2 9284 5600
Fax: 61 2 9284 5601
Email: Sydney@stemcor.com
- (iii) CMC (Australia) Pty Limited
Level 3, 430 Forest Road
Hurstville NSW 2220
Tel: 61 2 9585 6200
Fax: 61 2 9580 8680
- (iv) Toyota Tsusho (Australia) Pty Limited
231-233 Boundary Road
Laverton North Victoria 3026
Tel: 61 3 8368 7900
Fax: 61 3 9369 6600
- (v) GS Global Australia Pty Ltd
Level 38, Northpoint
100 Miller Street
North Sydney NSW 2060
Tel: 61 2 9954 0911
Fax: 61 2 9954 0919
Email: jameschoi@gsgcorp.com

- (vi) Marubeni-Itochi Steel Oceania Pty Ltd (MISO)
Level 28, 570 Bourke Street
Melbourne Victoria 3000
Tel: 61 3 9242 1508
Fax: 61 3 9242 1599

- 4. The application must include a detailed statement setting out reasons for seeking continuation of the anti-dumping measure. Applicants must provide evidence addressing whether, in the absence of measures, dumped or subsidised imports would cause material injury to the local industry producing like goods. Applicants should refer to the “Guidelines for Preparing an Application for Continuation of Measures” for assistance.**

Executive Summary

By this application, BlueScope Steel Limited (hereafter referred to as ‘BlueScope’) is seeking the continuation of anti-dumping measures on exports of aluminium zinc coated steel (“the goods”) from the People’s Republic of China (“China”) and the Republic of Korea (“Korea”) (with the exception of exports by Union Steel Co., Ltd), and the continuation of countervailing measures on the goods exported from China.

BlueScope contends that exports of aluminium zinc coated steel from China and Korea have continued following the imposition of anti-dumping and countervailing measures, and that the exports have caused injury that is material to the Australian industry. The material injury to the Australian industry has continued following the recent reviews of measures applicable to exporters of the goods in China and Korea (i.e. most notably, Review investigations 273, 367, 372, 375 and 385). BlueScope notes the commentary in the Explanatory Memorandum accompanying recent proposed changes to Part XVB Section 269TAB of the *Customs Act* that apply to Division 5 reviews of measures¹, which highlights the positive dumping margins that follow in the period after a review of measures investigation. The observed behavior (i.e. dumping) of injurious export prices following a Division 5 review of measures inquiry, has applied to certain exports of aluminium zinc coated steel in 2017. It is apparent from the activities of certain exporters post the review investigations that distribution links into the Australian market have been maintained and that certain exporters have supplied into the Australian market at dumped and subsidized prices.

BlueScope also notes that certain other administrations have applied anti-dumping measures to exports of coated steel variously from China, Korea and Taiwan.

Should the measures (i.e. dumping and countervailing measures) on aluminium zinc coated steel exported from China and Korea be allowed to expire, it is likely that the Australian industry manufacturing like goods would experience a recurrence of material injury that the measures were intended to prevent. This recurrence of injury is evident in the twelve months to September 2017 following reviews of measures outcomes² (from May 2017) that have culminated in selling prices in the Australian market that are being undercut by a resurgence in exports at dumped prices from some exporters the subject of the review investigations.

BlueScope requests that the Anti-Dumping Commission (“the Commission”) conduct an investigation into the continuation of the anti-dumping measures on aluminium zinc coated steel exported from China and Korea, and the countervailing measures on exports from China, and recommend to the Assistant Minister that the measures not be allowed to expire on 5 August 2018.

¹ Refer Customs Amendment (Anti-Dumping Measures) Bill 2017 Explanatory Memorandum, P.13.

² Reviews of Measures Investigations 367, 372, 375, and 385.

(i) Will the dumping or subsidization continue, or recur?

Reasons must be given as to why dumping, or subsidization, would be expected to continue were the anti-dumping measure to expire. When addressing continuation of dumping, relevant information may be:

- Anti-dumping actions by other countries;

Anti-dumping measures apply to exports of coated steel (which includes aluminium zinc coated steel) exported from China, Korea and Taiwan in other jurisdictions as per Table 1 below.

Table 1 – Anti-dumping and countervailing measures applicable to coated steel

Administering Country	AD/CVD	Product	Countries subject to measures	Level of Measure
US	AD	Corrosion-resistant sheet	China, India, Italy, South Korea, Taiwan	Final AD duties of 199.43% for China; India 3.05 – 4.44%; Italy 12.63 – 92.12%; Korea 8.75 – 47.8%; and Taiwan 3.77%.
US	CVD	Corrosion-resistant sheet	China, India, Italy, South Korea, Taiwan	Final CVD margins of 39.05 – 256.44% for China; 8 – 29.46% for India; <i>de minimis</i> to 38.51% for Italy; <i>de minimis</i> to 1.19% for Korea (subject to review) and zero for Taiwan.
Taiwan	AD	Hot-dipped galvanized coil/sheet	China, South Korea	Final duties in the range 4.22 – 77.3%, with producers from South Korea at 77.3%.
Thailand	AD	HDG coil/sheet (incl. AlZn)	China, South Korea and Taiwan	AD probe opened in September.
Vietnam	AD	HDG, coated sheet	China (incl Hong Kong), South Korea	Temporary duties of 4.02 – 38% for China; 12 – 19% for South Korea.
Pakistan	AD	Galvanised coils & sheets	China	Provisional anti-dumping duties of 6.09 – 404.47%.

Source: [Confidential data source]

BlueScope also understands that the European Union has recently conducted an investigation into coated steel exported from China. Provisional anti-dumping duty margins of 17.2 to 28.5 per cent currently apply (with effect from 9 August 2017).

The anti-dumping measures applied by other jurisdictions including the EU, USA, Taiwan, Thailand, Vietnam and Pakistan confirms that coated steel exporters (including variously exporters in China and Korea) have exported at dumped prices resulting in material injury to a domestic industry in the specified countries. Whilst BlueScope acknowledges that *some* of the measures in Table 1 are galvanized-specific, the broader “coated” steel measures includes aluminium zinc coated metals. BlueScope submits that should the measures be allowed to

expire in Australia, there would be an increased incentive for exporters the subject of measures to resume dumping into the Australian market.

- **Relevant evidence as to current normal values in the exporting country;**

Domestic selling prices in China for aluminium zinc coated steel continue to be the subject of Government of China (“GOC”) influence, due to the GOC’s policies and plans that impact the key raw material input – hot rolled coil (“HRC”). The Commission has previously established that domestic selling prices for HRC in China are artificially low and that, as a consequence, domestic selling prices for aluminium zinc coated steel are lower than they otherwise would be in the absence of GOC influence. The GOC has not altered its policies and plans over the period to 2017 as they apply to HRC. BlueScope therefore considers a ‘particular market situation’ for aluminium zinc coated steel continues to apply in China.

For the purposes of this continuation of measures application, BlueScope has determined normal values for aluminium zinc coated steel in China based upon a constructed selling price methodology.

In respect of prevailing normal values for aluminium zinc coated steel sold in Korea, market selling prices are not published in industry newsletters or bulletins (such as [company name]). In the absence of published selling price information, BlueScope has determined normal values based upon a constructed selling price methodology for Korea also.

Constructed selling prices - China

Domestic selling prices for aluminium zinc steel exported to Australia for China are distorted due to the GOC’s influence on raw material HRC prices within China. BlueScope does not consider that the market situation in China for aluminium zinc coated steel in 2016/17 has changed such that the GOC does not continue to influence raw material HRC prices. BlueScope has therefore followed a constructed selling price methodology to arrive at domestic selling prices in China on a monthly basis.

In constructing domestic selling prices for aluminium zinc coated steel sold in China, BlueScope has relied upon the following available cost data:

- Average domestic hot rolled coil prices in Korea and Taiwan sourced from [name];
- Conversion costs based upon [source entity] to pickle, cold roll and aluminium zinc alloy coat the steel substrate;
- Selling and general administration expenses sourced from Wuhan Steel (Baosteel) 2014 Annual Report; and
- Profit sourced from Wuhan Steel’s 2014 Annual Report (at [XX] per cent).

It should be noted that BlueScope does not consider that Wuhan Steel’s xx per cent profit is reasonable for a capital-intensive operation such as steel-making.

Constructed selling prices – Korea

In constructing normal values for aluminium zinc coated steel sold in Korea, BlueScope has based the constructed selling price upon the following cost data:

- Average domestic hot rolled coil prices in Korea sourced from [name];
- Conversion costs based upon [source entity] to pickle, cold roll and aluminium zinc alloy coat the steel substrate;
- Selling and general administration expenses sourced from Wuhan Steel (Baosteel) 2014 Annual Report; and
- Profit sourced from Wuhan Steel’s 2014 Annual Report (at [XX] per cent).

BlueScope does not have access to Korean selling and general administration expenses, or profit margins for a coated steel producer in Korea. BlueScope has therefore relied upon the selling and general administration, and profit, levels achieved by the Chinese manufacturer Wuhan Steel (Baosteel) of 2014.

Table 2 details the constructed domestic selling prices, on a monthly basis, for aluminium zinc coated steel in China and Korea.

Table 2 – Domestic selling prices for aluminium zinc coated steel in China and Korea October 2016 to August 2017

Month	China A\$/MT	Korea A\$/MT
Oct 16	[XXX]	[XXX]
Nov 16	[XXX]	[XXX]
Dec 16	[XXX]	[XXX]
Jan 17	[XXX]	[XXX]
Feb 17	[XXX]	[XXX]
Mar 17	[XXX]	[XXX]
Apr 17	[XXX]	[XXX]
May 17	[XXX]	[XXX]
Jun 17	[XXX]	[XXX]
Jul 17	[XXX]	[XXX]
Aug 17	[XXX]	[XXX]
Sep 17	[XXX]	[XXX]

Note: n/a denotes not available at time of application.

Please refer to Confidential Attachment 2 for supporting information for China and Korea normal values, and calculated dumping margins for the period October 2016 to July 2017 (August and September 2017 export prices not available to BlueScope at time of application).

Supporting information for constructed selling prices in China (including HRC prices ex [name], and Wuhan Steel selling & general administration, and profit, for are included at Confidential Attachment 2. Supporting information for constructed selling prices in Korea is included also at Confidential Attachment 2 (refer worksheet ('China Cons NV 2017 [name] Ave')).

- **Whether exports have continued following imposition of the measures and estimates of export price;**

Exporters of aluminium zinc coated steel in China and Korea have continued to export the goods to Australia following the imposition of measures on 5 August 2013. This is evidenced by the data in Table 3 below (for years ending June). Additionally, BlueScope notes that Dongbu of Korea has made applications for the review of measures applicable to aluminium zinc coated steel exported from Korea (Review Investigations 272 and 385) and Chinese exporters Jiangyin Zongcheng, Angang Steel Company Limited and Yieh Phui Technomaterial (Review Investigations 367, 372 and 375, respectively) highlight the exporter's desire to continue to supply into the Australian market at competitive prices.

Table 3 – exports of aluminium zinc coated steel to Australia from China and Korea and other major sources (metric tonnes).

Country	2014	2015	2016	2017
China	23,702	18,510	13,573	8,593
Korea	388	1,098	3,399	3,114
Sub-total	24,090	19,608	16,972	11,707

Taiwan	30,107	35,319	31,846	21,698
Japan	3,379	2,781	4,435	3,449
Other	2,564	3,184	2,648	1,813
Total	60,140	60,892	55,901	38,667

Source: [Source] at Confidential Appendix A2.

BlueScope has included monthly [source] export prices for aluminium zinc coated steel exports to Australia for China and Korea in Confidential Attachment 2. For Chinese exports of aluminium zinc coated steel to Australia during the period October 2016 to July 2017, the average dumping margin identified is 32 per cent (refer to Confidential Attachment 2). In respect of exports from Korea dumping margins of approximately 24 per cent are evident.

It is apparent that despite the existence of anti-dumping measures, aluminium zinc coated steel exported to Australia during the period October 2016 to August 2017 has been at dumped prices (of 32 per cent for China, and 24 per cent for Korea).

- **Whether the exporter has retained distribution links in Australia;**

Exporters in China and Korea have continued to export to Australia following the imposition of measures on 5 August 2013 as evidenced by:

- The applications by exporters the subject of measures for the review of measures as per review investigations No. 272, 367, 372, 375 and 385; and
- Market intelligence collated by BlueScope identifying Australian market offers by certain Chinese and Korean exporters of aluminium zinc coated steel in 2016/17 (refer Confidential Attachments 3 and 4).

- **Whether the exporter retains an excess capacity that may be directed to Australia.**

BlueScope has included details of production capacities of manufacturers of coated steel in China and Korea at Confidential Attachment 5.

China

[Company] does not separately publish coating materials capacity (for example, galvanized or aluminium zinc). All capacities are identified as 'Hot Dipped Galvanized' ("HDG") steel. China has an installed capacity of almost [XX] tonnes of coated galvanized steel in 2017. BlueScope notes that in review investigations involving Chinese aluminium zinc coated exports to Australia (Investigations No. 372 and 375), the applicant exporters Angang Steel Company Limited and Yieh Phui Technomaterial Co., Ltd both produce zinc coated (galvanized) steel and aluminium zinc coated steel.

[Company] identified Angang as a [capacity] tonnes per annum producer of galvanized steel, and Yieh Phui (which it is understood refers to Yieh Phui Technomaterial) of [capacity] tonnes per annum. On the basis that many producers in South-East Asia are operating at significantly reduced capacity levels (i.e. approximately [XX]% per cent average in 2014³), both exporters would have substantial excess capacity to increase exports of aluminium zinc coated steel to Australia should the measures be allowed to expire.

³ Analysis of Steel and Aluminium Markets – Report to the Commissioner of the Anti-Dumping Commission, August 2016, P.32.

Korea

The South Korean annual capacity for aluminium zinc coated steel production is approximately [capacity] million tonnes. Dongbu has annual production capacity of [capacity] across two plants at Incheon and Dangjin; Pohang Coated and Colour Steel has [capacity] tonnes of capacity with both plants located at Pohang; Union Steel at Busan has [capacity] tonnes of capacity.

Dongbu has actively sought the review of measures on aluminium zinc coated steel (Review Investigations 272 and 385) and has maintained an ongoing position in the Australian market.

It is noted that Dongkuk's production capacity for aluminium zinc coated steel is not listed in the [company name] capacity tables. Dongkuk has been actively offering aluminium zinc coated steel into the Australian market (via importer) in 2016/17.

Steel industry Overcapacity

The Commission's 2016 Report "Steel and Aluminium Market Analysis" identified the significant over capacity in steel products. In particular, it noted⁴:

"Although demand for steel grew at double digit rates over much of the last 15 years, the last few years have seen a significant easing in expansion rates and reducing utilization rates for steel production.. This reflects the slowing Chinese economic growth, especially in 2015, and the rebalancing of the Chinese economy towards more consumption-driven growth instead of investment-driven growth."

It was further observed:

"Excess capacity – a problem that afflicts the steel industry during every economic downturn in the business cycle – remains a significant issue for the sector. The growing gap between global steelmaking capacity and demand has led to a deterioration in the financial situation of steelmakers, and raised concerns about the longer-term economic viability and efficiency of the industry."

The substantial overcapacity in steel production in South East Asia combined with the low utilization rates and financial viability concerns of steelmakers, provide sufficient incentive for opportunistic exporters with ongoing distribution links into the Australian market to capitalize on any opportunity that would be created by allowing the anti-dumping measures on aluminium zinc coated steel to expire from 5 August 2018.

(ii) Will the material injury recur?

Applicants must provide evidence that in the absence of measures, the dumped or subsidized goods would cause, or be likely to cause, material injury to the Australian industry producing the goods in question. In considering this question applicants should provide information on key indicators such as profitability, price trends, and market share.

- *Information on market trends for the goods in question for the last three years*

The aluminium zinc coated steel market in Australia experienced low growth over the period 2013/14 to 2015/16, and has since contracted in 2016/17. Imports of aluminium zinc coated steel from all sources have fallen between 2013/14 and 2016/17, including imports from China and Korea - the countries the subject of the measures. The decline in the import volumes can be attributed to the relative effectiveness of the measures against exporters in China and Korea.

The most recent reviews of the measures applicable to aluminium zinc coated steel exported from China⁵ and Korea⁶ have resulted in the revised variable factors reflecting decade-long low HRC steel input prices (based

⁴ Steel and Aluminium Market Analysis, Section 2.4.3 at P.31.

upon 2015/16 year ending June) that are substantially below contemporary prices (by approximately 20 per cent). The review of measures outcomes impacted the whole of the 2016/17 financial year as exporters offered prices consistent with the slump in global HRC prices evident in the 2015/16 year. Market offers in 2016/17 did not reflect the rapid rise in HRC prices evident from the end of 2016 and throughout 2017, hence, BlueScope was required to meet “dumped” prices consistent with the dumped prices that reflect pricing evident in the 2015/16 year (and not the rapidly rising contemporary prices). Refer Confidential Attachment 3 for information supporting price undercutting from Korea.

Due to the retrospective nature of anti-dumping measures – and the likely absence of requests for duty assessments by exporters in a rising market, BlueScope has experienced injury from the re-commenced dumping that occurred during the 2016/17 year. BlueScope was unable to raise its selling prices for aluminium zinc coated steel in the Australian market and, as a consequence, experienced price suppression injury contributing to reduced profits and profitability throughout 2016/17. In particular, BlueScope experienced price undercutting in 2016/17 from offers of imported aluminium zinc coated steel from Dongkuk of Korea.

The price-effect injury experienced by BlueScope in 2016/17 can be attributed to the reduction in the variable factors from the previous period (i.e. 2015/16) that did not reflect the rapid increases in HRC pricing evident from the last quarter of 2016. BlueScope was unable to pass on the HRC cost increases that it experienced in 2016/17 as it met the import parity prices driven by the Dongkuk offers for aluminium zinc coated steel.

Due to its inability to recover cost increases, BlueScope’s profit in 2016/17 deteriorated significantly, resulting in an almost \$XXX M turnaround from 2015/16 to (\$XXX) in 2016/17.

BlueScope considers that the experiences of 2016/17 with applicable variable factors not representing contemporary prices is akin (in impact) to an absence of anti-dumping measures. BlueScope therefore submits that the expiry of the measures will lead to a recurrence of material injury – as has been the experience in the 2016/17 financial year where measures reflected decade long low prices (driven by low HRC prices).

The following graph highlights the impact on BlueScope’s selling prices following the completion of review investigations:

Figure 1 – BlueScope’s average aluminium zinc coated steel selling prices – July 13 to Sep 2017



⁵ Review inquiries 367, 372, 375.

⁶ Review inquiry 385 with investigation period from 1 October 2015 to 30 September 2016.

Figure 1 demonstrates that following the review of measures outcomes (and indeed, immediately following the announced review outcomes) BlueScope's selling prices declined to match the variable factors determined based upon the earlier review period.

Ongoing price suppression for the Australian industry is continuing through 2017/18 as BlueScope is unable to raise prices (to recover higher input costs) due to the low variable factor review outcomes of the recent review decisions.

In certain of the recent aluminium zinc coated steel review investigations (e.g. Angang (No. 372), Yieh Phui Technomaterial No. 375)), the exporter was afforded an ascertained export price equal to the normal value due to the absence of export volumes during the investigation period. This favourable outcome enabled the exporter to re-enter the market and secure sales due to a "zero" dumping duty margin applied on exports following the review. BlueScope notes the comments in Explanatory Memorandum to the Customs Amendment (AD Measures) Bill 2017 which confirms the Commission's analysis of exporters subsequent pricing behavior following a review investigation where a zero margin has been applied⁷:

".....following the period in which they (the exporter) were subject to a zero percent margin, all the exporters were found to have a positive margin in the subsequent process. This indicates that dumping from those exporters resumed. On average, the dumping was determined to be at a rate of 23.3%. In 2016, the Productivity Commission noted the average anti-dumping duty was 17%. The gap between the zero margin and the new margin being determined is also significant, averaging 30 months, or roughly 2.5 years."

Interestingly, the Commission further observed that:

"There were no circumstances found in which a low volume exporter who received a zero percent margin was later found to have still had a zero percent margin when they resumed exporting."

BlueScope contends that injurious exports of aluminium zinc coated steel from China and Korea in 2016/17 have benefited from revised variable factors (with some exporters having also benefited from the circumstances of zero export volumes during the review investigation period) that have contributed to BlueScope's reduced profit and profitability in the period. The circumstances of certain exporters from these countries has led the Federal Government to seek to amend the Division 5 Review provisions to ensure exporters – in the future – cannot secure favourable variable factor outcomes following a twelve-month cessation of exports (or low-volume exports) during the review investigation period.

The alarming trends evident following the reviews of measures where exporters secure 'zero' duty outcomes then resume exports to Australia with margins of dumping (at an average margin of 23.3 per cent as established by the Commission in the Explanatory Memorandum accompanying the Customs Amendment (AD Measures) Bill 2017) is an ongoing concern to BlueScope and undermines the integrity of the Anti-Dumping System and its effectiveness. The apparent 'loophole' permits to recommence exports – despite having exported at dumped prices in the original investigation period – following a twelve-month cessation which has then been used as the basis for securing a 'zero' margin of dumping following a review of the measures investigation.

The foregoing highlights that where variable factors are reviewed and exporters are able to achieve 'zero' margins of dumping based upon a period with no exports to Australia and, where the variable factors reflect levels substantially below contemporary levels, then in the event the anti-dumping measures are allowed to expire, it is unquestionable that exporters will again dump into the Australian market and cause further material injury to the Australian industry manufacturing like goods.

⁷ Explanatory Memorandum Customs Amendment (AD Measures) Bill 2017, P.13.

Countervailing ex China

BlueScope has noted the recent findings in Continuation Inquiry No. 379 involving hollow structural sections (“HSS”) exported from China. The Commission examined 45 subsidy programs as part of the inquiry (of which 28 programs were examined in the original Investigation No. 177).

In the original aluminium zinc coated investigation (No. 193) the Commission investigated 29 programs (of which 27 programs were investigated in Investigation No. 177), and identified a further seven programs that emerged in the initial stages of the inquiry.

The Commission determined in HSS continuation investigation No. 379 that all 45 programs investigated were countervailable. Investigation No. 193 identified 27 countervailable programs that were similarly determined in Investigation No. 177. BlueScope considers that the subsidy programs identified in Investigation No. 379 (i.e. 45 programs) will similarly continue to exist as affording benefits to aluminium zinc coated steel producers in China, as was similarly determined to be the case in Investigation No. 193 (where 27 of 29 programs applied to the HSS Investigation No. 177).

BlueScope submits that the Government of China (“GOC”) has not altered its support for steel producers in China and continues to offer a broad range of subsidies to producers in the industry. There has been no evidence available to the Commission (as concluded recently in Investigation No. 379) that Chinese steel manufacturers no longer receive countervailable benefits. BlueScope therefore contends that Chinese producers of aluminium zinc coated steel continue to receive countervailable benefits and that the countervailing measures applicable to Chinese exports should not be allowed to expire as the Australian industry would again be subjected to a recurrence of material injury that the measures were intended to prevent.

- *Information addressing the likelihood of material injury in the absence of the anti-dumping measures. Alternative sources of export supply that may have arisen following imposition of the measure, or production capacity in the country concerned, may be relevant.*

Recurrence of material injury

In 2012 BlueScope made application for anti-dumping measures to be applied to dumped exports of aluminium zinc coated steel from China, Korea and Taiwan, and countervailing measures on exports of the goods from China. In April 2013 the then Attorney-General applied dumping measures to exports of the goods from China and Korea (Report 190). In June 2013, countervailing measures were applied to exports from China (Report 193).

It is BlueScope’s assessment that prior to the 2016/17 year, the anti-dumping measures on aluminium zinc coated steel exported from China and Korea were effective. BlueScope was able to compete with the fairly priced exports, and operate profitably in the absence of dumped exports. However, in 2016/17 BlueScope was unable to raise prices to reflect cost increases caused by higher HRC input costs as it competed with offers for imported aluminium zinc coated steel from Korea at levels that reflected the low HRC costs of the 2015/16 year.

The re-emergence of dumping of aluminium zinc coated steel in the Australian market in 2016/17 has led to price suppression impacting profit and profitability. BlueScope attributes this continued injury to reductions in the applicable variable factors to exporters in China and Korea which were the subject of Review investigations 367, 372, 375, and 385 applicable from May 2017. BlueScope likens the ongoing price suppression injury following the reviews of measures to the likely events that would follow from a decision to allow the measures to expire.

The impact of the revised variable factors for exporters in China and Korea has led to:

- price undercutting from exports from Korea the subject of the revised measures (prior to, and following, the Assistant Minister’s decision);
- price suppression for BlueScope as it has been unable to increase selling prices to recover higher HRC input costs; and

- a sharp deterioration in profit and profitability in the period October 2016 to September 2017 (which is forecast to continue in 2017/18).

It is BlueScope's contention that it will experience further material injury should the anti-dumping measures on aluminium zinc coated steel applicable to exporters in China and Korea be allowed to expire on 5 August 2018. Exporters will seek to exploit distribution channels into the Australian market in the absence of these anti-dumping measures.

Conclusions – aluminium zinc coated steel measures

BlueScope is formally seeking the continuation of anti-dumping measures on exports of aluminium zinc coated steel from China and Korea. BlueScope requests the Commissioner to commence an investigation into BlueScope's assertions that should the measures on aluminium zinc coated steel from China and Korea be allowed to expire it is likely that the Australian industry would experience a recurrence of material injury that the measures were intended to prevent.

BlueScope is also seeking the Commissioner to base the investigation period for the continuation inquiry and the parallel review of measures inquiry on the 1 October 2016 to 30 September 2017 period to ensure that revised variable factors reflect contemporary prices.

BlueScope submits that the measures should not be allowed to expire as it is likely that the Australian industry would again suffer a recurrence of the material injury that the measures were intended to prevent. This view is supported based upon the following:

- exporters in China and Korea have maintained distribution links into the Australian market for the supply of aluminium zinc coated steel;
- exporters in China and Korea have actively pursued reviews of applicable measures during the period following the imposition of the original measures, demonstrating a desire to continue to supply the Australian market;
- exports of aluminium zinc coated steel from China and Korea have been at dumped prices during the period October 2016 to August 2017, with margins of dumping of 32 per cent and 24 per cent, respectively;
- market intelligence available to BlueScope confirms that exporters in China and Korea are exporting goods in the proposed investigation period 1 October 2016 to 30 September 2017 at levels that undercut the Australian industry (refer Confidential Attachment 6);
- the prices offered by exporters in China and Korea are achievable due to the reductions in variable factors achieved in Reviews 367, 372, 375, and 385, announced from May 2017 and are injurious to the Australian industry;
- the Commission has acknowledged in Explanatory Memorandum accompanying the Customs Amendment (AD Measures) Bill 2017 that exporters benefiting from 'zero' interim duties following a review of measures inquiry demonstrate a propensity to re-commence dumping;
- the current export prices from China and Korea for the goods are injurious to the Australian industry as evidenced by BlueScope's significant deterioration in profit in 2016/17; and
- the expiration of the measures will lead to a recurrence of material injury as exporters in China and Korea seek to undercut BlueScope's selling prices and secure sales at levels below contemporary price levels.

BlueScope has demonstrated that the expiration of the measures on aluminium zinc coated steel exported from China and Korea will likely lead to a recurrence of the material injury that the measures were intended to prevent. As such, BlueScope is seeking the Commissioner to commence an investigation into the continuation of the anti-dumping measures and recommend to the Assistant Minister that the measures not be allowed to expire on 5 August 2018.

BlueScope has included in this application the aluminium zinc coated steel Product Control Number (“PCN”) definitions to assist the Commission in its preparation of Exporter Questionnaires (refer Non-confidential attachment 6).

BlueScope looks forward to assisting the Commission with its inquiries into this matter.

5. Provide details of the current anti-dumping measures the subject of this continuation application, including:

(i) *Tariff classification*

Aluminium zinc coated steel is classified to tariff subheadings 7210.61.00 (statistical codes 60, 61 and 62) and 7212.30.00 (statistical code 61) in *Schedule 3 of the Customs Tariff Act 1995*.

(ii) *The countries or companies specified*

The countries covered by the measures are as follows:

- A dumping duty notice applies to the goods exported to Australia from China and Korea (except for exports by Union Steel Co., Ltd); and
- A countervailing duty notice applies to exports from China (with the exception of exports by Angang Steel Company Limited (“Angang”).

(iii) *Date of publication of the measure*

The then Attorney-General published the notice applying anti-dumping and countervailing measures on 5 August 2013 (refer ADN No. 2013/66).

List of Attachments

Attachment No.	Description	Confidential/Non-Confidential
1	Authority to Represent	Confidential
2	Normal Values & Dumping Margins – China & Korea	Confidential
3	Import offers for Korean aluminium zinc coated steel	Confidential
4	Graphic representation of offers	Confidential
5	Production capacity Tables – China and Korea	Confidential
6	Aluminium zinc coated steel Product Control Numbers	Non-Confidential
Appendix A2	Australian Market	Confidential
Appendices A3, A4, A5, A6.2	Australian sales and production	Confidential
Appendix A6.1	BlueScope – CTM&S Domestic Gal Steel	Confidential