

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 zinc coated (galvanized) steel exported to Australia from the Republic of China ("China"), the Republic of Korea ("Korea") and Taiwan 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
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Five Islands Road
Port Kembla NSW 2505
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Email: Chad.Uphill@bluescopesteel.com

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

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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) Shandong Guanzhou Dingxin Plate Technology Co., Ltd
389 Zhenxing East Road
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Liaocheng 252500, China
Tel: +86 635 5289 099
Fax: +86 635 5289 339
Email url: www.sdqzgf.com
 - (vii) Union Steel China Co., Ltd
3F, No. 5 Sugang Road
Xiangong District
Jiangyin, Jiangsu Province China

Tel: +86 510 8603 7190
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- Korea

- (i) Dongbu Steel Co., Ltd
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98 Huam-ro
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Tel: +82 2 3450 8040
Fax: +82 2 3450 8177
Email: sword@dongbu.com

- (ii) POSCO
POSCO Centre
892 Daechi4-dong
Gangam-gu, Seoul
135-777, Korea

- (iii) 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

- Taiwan

- (i) Chung Hung Steel Corporation
317, Yu Liao Road
Chiao Tou District
Kaohsiung City, Taiwan
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Fax: +886 7 613 0471
Email: ch25290@chsteel.com.tw

- (ii) Synn Industrial Co., Ltd
1F., No. 301,
Yulin Road, Qiaotou District
Kaohsiung City 825, Taiwan (R.O.C.)
Tel: +886 7 611 6641
Fax: +886 7 611 8710
Email: jaylin@synn.tw

- (iii) Yieh Phui Enterprise Co., Ltd
369 Yu Liao Road, Chiao Tou Hsiang
Kaohsiung, Taiwan 82544
Tel: +886 7 611 7181
Fax: +886 7 611 7042
Email: A029@yiehphui.com.tw

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 zinc coated (galvanized) steel (“the goods”) exported from the People’s Republic of China (“China”), the Republic of Korea (“Korea”) and Taiwan, and the continuation of countervailing measures on the goods exported from China.

BlueScope contends that exports of zinc coated (galvanized) steel from China, Korea and Taiwan 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, Korea and Taiwan (i.e. most notably, Review Investigations 272, 365, 366, 368, 371, 372, 374, 376 and 386). 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 zinc coated (galvanized 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 zinc coated (galvanized) steel exported from China, Korea and Taiwan 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 zinc coated (galvanized) steel exported from China, Korea and Taiwan, 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.

(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 (including galvanized 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</i>

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

² Reviews of Measures Investigations 365, 366, 368, 371, 374, 376, and 386.

				<i>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	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 galvanized 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 exporters variously in China, Korea and Taiwan (as applicable) have exported at dumped prices resulting in material injury to a domestic industry in the specified countries. 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 – Korea and Taiwan

BlueScope has obtained domestic selling prices for zinc coated (galvanized) steel sold domestically from [name] an industry recognized source for steel traded products. The price range provided is for high and low, with an average price identified by BlueScope.

Domestic selling prices for zinc coated (galvanized) steel, on a monthly basis, for Korea and Taiwan are included in Table 2 below.

Constructed selling prices - China

Domestic selling prices for zinc coated (galvanized) steel exported to Australia (grade specific) for China are distorted due to the Government of China's ("GOC") influence on raw material hot rolled coil ("HRC") prices within China. 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 zinc coated (galvanized) steel sold in China, BlueScope has relied upon the following available cost data:

- Domestic hot rolled coil prices in Korea and Taiwan sourced from [*commercially sensitive source*];
- Conversion costs based upon [*commercially sensitive source of cost data*] to pickle, cold roll and metal 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.

Table 2 details the constructed domestic selling prices, on a monthly basis, for zinc coated (galvanized) steel in China.

Table 2 – Domestic selling prices for zinc coated (galvanized) steel in China, Korea and Taiwan; monthly

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

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

Please refer to Confidential Attachment 2 for supporting information for Korea and Taiwan 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 [*entity*], and Wuhan Steel selling & general administration, and profit), are included at Confidential Attachment 3.

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

Exporters of zinc coated (galvanized) steel in China, Korea and Taiwan have continued to export the goods to Australia following the imposition of measures on 5 August 2013.

Table 3 details export volumes from 2014 to 2017 (years ending June).

Table 3 – exports of galvanized steel to Australia from China, Korea, Taiwan and other major sources (metric tonnes)

Country	2014	2015	2016	2017
China	8,724	5725	859	24004
Korea	16,064	11823	19762	27757

Taiwan	72397	55005	30638	55493
Sub-total	97185	72554	51258	107254
Japan	37830	27399	31169	28461
India	52573	19934	9404	11133
Malaysia	2481	8553	15375	10276
Vietnam	10780	2923	18560	-
Other	23296	75128	46718	17703
Total	224145	206490	172484	174827

Source: [Name] at Confidential Appendix A2.

BlueScope has included monthly [Name] export prices for zinc coated (galvanized) steel exports to Australia for China, Korea and Taiwan in Confidential Attachment 2. In respect of exports from Korea during the period October 2016 to July 2017, dumping margins of approximately 2 per cent are evident. Over the same period, the average dumping margin for the goods exported from Taiwan to Australia is 10 per cent. For Chinese exports of zinc coated (galvanized) steel to Australia, the average dumping margin identified is 28.56 per cent (Please refer to Confidential Attachment 3).

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

Exporters in China, Korea and Taiwan 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. 273, 365, 366, 368, 371, 374, 376 and 386; and
- Market intelligence collated by BlueScope identifying certain Chinese, Korean, and Taiwanese exporters of zinc coated (galvanized) steel offered into the Australian market in 2016/17 (refer Confidential Attachment 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, Korea and Taiwan at Confidential Attachment 5.

China

According to [name], China has an installed capacity of almost [XX] tonnes of zinc coated (galvanized) steel (i.e. Hot Dipped Galvanised 'HDG' coated steel) in 2017. Chinese exporters supplying the Australian market, including Anshan New Steel & TKS ("ANSC-TKS) and the Angang Group, have installed capacity in the goods of [XX] tonnes and [XX] tonnes respectively. Yieh Phui Technomaterial and Union Steel have [XX] tonnes and [XX] tonnes respectively.

With the over-capacity in steel evident in China, and the continued export volumes to Australia, it is anticipated that Chinese exporters would increase exports of the goods to Australia should the measures be allowed to expire.

Korea

South Korean producers of zinc coated (galvanized) steel have a production capacity totaling [XX] tonnes per annum. Dongbu's annual production capacity is [XX] tonnes, Union Steel's at [XX] tonnes, and POSCO has [XX] tonnes of capacity. Dongbu has been active in seeking reviews of measures applicable to coated steel (Review Investigations 272 and 386) and has maintained an ongoing position in the Australian market.

Taiwan

Taiwan producers of the goods possess a combined installed capacity of [XX] tonnes, with Chung Hung at [XX] tonnes, CSC a combined [XX] tonnes, and Yieh Phui [XX] tonnes per annum.

Steel industry Overcapacity

The Commission's 2016 Report "Steel and Aluminium Market Analysis" identified the significant over capacity in steel products. In particular, it noted³:

"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 zinc coated (galvanized) steel to expire in 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. The application should provide:

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

The Australian market for zinc coated (galvanised) steel has remained fairly stable following the imposition of measures in August 2013. Exports of the goods from China contracted once measures were imposed, with smaller declines apparent in volumes from Korea and Taiwan. In 2016/17, there has been a sharp upsurge in exports of the goods from China (from less than 1,000 tonnes in 2015/16) to approximately 24,000 tonnes in 2016/17. Exports from Korea have also increased sharply – from approximately 20,000 tonnes in 2015/16 to 27,753 tonnes in 2016/17. Taiwan's exports of the goods have almost doubled in 2016/17 from approximately 30,000 tonnes to 55,000 tonnes in 2016/17.

The growth in exports of the goods to Australia from China, Korea and Taiwan can be attributed to the favourable outcomes in recent review investigations (No.'s 365, 366, 368, 371, 374, 376 and 386) that have resulted in applicable variable factors that are well below prevailing global prices for zinc coated (galvanized) steel. BlueScope has experienced, and continues to experience, price undercutting from dumped (and subsidized) exports from exporters the subject of measures in China, Korea and Taiwan that have, post the announced review outcomes, priced in accordance with the revised variable factors. The revised variable factors are substantially below the current non-dumped prices for the goods (i.e. representing lower HRC input costs of the decade-long lows of 2015/16 period) and have had a material impact on BlueScope's profit and profitability.

³ Steel and Aluminium Market Analysis, Section 2.4.3 at P.31.

The impact of the increased export volumes from China, Korea and Taiwan at price levels that have undercut BlueScope and other market participants (i.e. suppliers of imports from other source countries) has contributed to a reduction in exports from other countries (a decline of almost 50 per cent in 2016/17), and an erosion of BlueScope's margin on domestic sales of like goods. In 2014/15 and 2015/16, BlueScope's return on domestic sales was close to breakeven (a loss of \$xxx and \$xxx per tonne, respectively), however, when contrasted with 2016/17 the loss has escalated to \$xxx per tonne, or a total profit impact of (negative \$xxx million). The deterioration in BlueScope's profit can be attributed to BlueScope not being able to raise prices (due to competition from dumped exports) to recover rapidly increasing raw material steel input costs (i.e. in 2016/17 HRC costs increased significantly, when contrasted with 2015/16).

BlueScope attributes this profit deterioration in 2016/17 to the outcomes of the previously identified review outcomes (that commenced early in the 2016/17 year) as announced in May 2017. The anticipated outcomes of the review investigations permitted agents for the exporters to re-enter the market at low prices that undercut BlueScope's prices. The following graph highlights the impact on BlueScope's selling prices following the completion of review investigations:

Figure 1 – BlueScope's average [product] galvanised steel sell prices – July 13 to Sep 2017

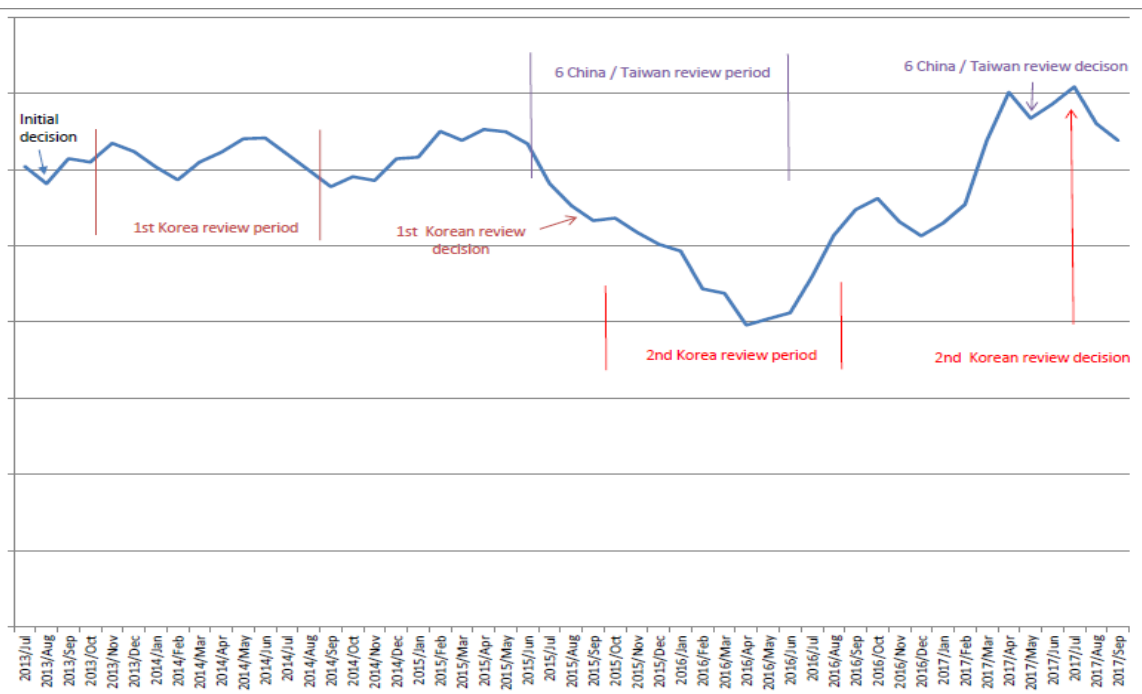


Figure 1 highlights that following the outcome of review investigation No. 272, the Australian industry's selling prices declined in response (as Dongbu's variable factors declined). A similar trend is evident post the May 2017 announced outcomes for review investigations 365, 366, 368, 371, 374, 376 and 386. 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 review investigations (e.g. Angang, Yieh Phui Technomaterial), 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 applied⁴:

⁴ Explanatory Memorandum Customs Amendment (AD Measures) Bill 2017, P.13.

“....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 from China, Korea and Taiwan in 2016/17 (at increased levels) 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 of 23.3 per cent as established by the Commission in the Explanatory Memorandum accompanying the Customs Amendment (AD Measures) Bill 2017) is consistent with the behavior of exporters the subject of measures in the zinc coated (galvanized) steel market in 2016/17, and into 2017/18. Those exporters also the subject of measures that continued exporting during the review investigation period are also contributing to the injury experienced by the Australian industry as the revised variable factors are substantially below contemporary prices.

The recent pricing levels of exporters the subject of the revised measures support the well-founded view that should the anti-dumping measures be allowed to expire, it is likely that exporters will again dump into the Australian market and cause further material injury to the Australian industry manufacturing like goods.

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 zinc coated (galvanized) steel 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 zinc coated (galvanized) 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 zinc coated (galvanized) 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 zinc coated (galvanized) 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, Korea and Taiwan (Report 190). In June 2013, countervailing measures were applied to exports from China (Report 193). Following the application of the measures, importers sought-out new sources of supply for the goods, including India, Malaysia and Vietnam (Reports 249 and 370).

Coinciding with the emergence of new sources of supply, certain exporters the subject of measures in China and Taiwan circumvented the measures (Report 290), resulting in the extension of the measures to additional tariff classifications not originally the subject of the Attorney General's goods description (i.e. alloyed goods). The prevalence and inclination of exporters to engage in this type of circumvention activity indicates that they will, absent effective trade measures, seek to trade at dumped prices and cause material injury.

The Australian industry has, therefore, continued to experience injury from dumping over the intervening period since the original application was made in August 2012.

With dumped exports from the new source countries the subject of anti-dumping measures from 31 May 2015, BlueScope has experienced continued injury from exports the subject of measures in China, Korea and Taiwan in the form of price suppression impacting profit and profitability. BlueScope attributes this continued injury to reductions in the applicable variable factors to exporters in China, Korea and Malaysia the subject of Review investigations 365, 366, 368, 371, 374, 376 and 386 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 the exporters in China, Korea and Taiwan has led to:

- the re-emergence of Chinese exporters previously the subject of measures (e.g. [*confidential exporter*]);
- an upsurge in export volumes from China, Korea and Taiwan;
- a decline in exports from other countries, including those countries the subject of Investigation No. 370);
- price undercutting from exports from China, Korea and Taiwan 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 input costs; and
- a sharp deterioration in profit and profitability in the period October 2016 to September 2017, which is forecast to continue.

It is BlueScope's contention that further material injury will continue should the anti-dumping measures applicable to exporters in China, Korea and Taiwan be allowed to expire on 5 August 2018, as exporters exploit distribution channels into the Australian market in the absence of the anti-dumping measures.

Conclusions – zinc coated (galvanized) steel measures

By this application for the continuation of anti-dumping measures applicable to zinc coated (galvanized) steel exported from China, Korea and Taiwan, and countervailing measures applicable to exports of the goods from China, BlueScope formally requests that the measures not be allowed to expire on 5 August 2018. BlueScope further requests the Commission to commence an investigation into the continuation of the measures at the earliest opportunity, based upon an investigation period 1 October 2016 to 30 September 2017, and to simultaneously conduct a review of measures for all exporters of the goods in China, Korea and Taiwan.

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:

- anti-dumping and countervailing measures apply to coated steel (including galvanized steel) in other jurisdictions including the EU, USA, Taiwan, Thailand and Pakistan;
- producers in China, Korea and Taiwan possess significant capacity that is underutilized and may be directed toward increased exports to Australia in the absence of measures;
- exporters of the goods in China, Korea and Taiwan have maintained distribution links into the Australian market;
- exporters in China, Korea and Taiwan 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;
- market intelligence available to BlueScope confirms that exporters in China, Korea and Taiwan 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 4);
- the prices offered by exporters in China, Korea and Taiwan are achievable due to the reductions in variable factors achieved in Reviews 365, 366, 368, 371, 374, 376 and 386, 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, Korea and Taiwan 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, Korea and Taiwan boost exports uninhibited by anti-dumping measures (this has been demonstrated by the increase in exports from the nominated countries with applicable measures at ineffective levels below contemporary prices).

BlueScope has demonstrated that the expiration of the measures on zinc coated (galvanized) steel exported from China, Korea and Taiwan 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 galvanised 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*

Zinc coated (galvanized) steel is classified to tariff subheadings 7210.49.00 (statistical codes 55, 56, 57 and 58) and 7212.30.00 (statistical code 61) in *Schedule 3 of the Customs Tariff Act 1995*. The goods may also be classified to 7225.92.00 (statistical code 38) and 7226.99.00 (statistical code 71).

(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, Korea (except for exports by Union Steel Co., Ltd) and Taiwan (with the exception of exports by Ta Fong Steel Co., Ltd and Sheng Yu Co., Ltd); and
- A countervailing duty notice applies to exports from China (with the exception of exports by Angang and ANSC TKS Galvanizing Co., Ltd).

(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 – Korea & Taiwan	Confidential
3	Normal Values & Dumping Margins – China	Confidential
4	Import competition offers & Graphic representation	Confidential
5	Production capacity Tables – China, Korea and Taiwan	Confidential
6	Galvanised Steel Product Control Numbers	Non-Confidential
Appendix A2	Australian Market	Confidential
Appendices A3, A4, A5 and A6.2	Australian sales and production	Confidential
Appendix A6.1	BlueScope – CTM&S Domestic Gal Steel	Confidential