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Australian Government
Anti-Dumping Commission

Application for an
Anti-Circumvention Inquiry
ZINC COATED (GALVANISED) STEEL

ANTI-DUMPING COMMISSION
Form B1234
April 2015

Required Information

1. Applicant

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

Name: BlueScope Steel Limited ("BlueScope")
Address: Five Islands Road, Port Kembla, NSW, 2500.
ABN: 16 000 011 058

2. Contact persons

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

BlueScope Contact details:

Contact Name: Alan Gibbs
Company and position: Development Manager – International Trade Affairs
Address: Five Islands Road, Port Kembla, NSW 2500
Telephone: (02) 4275 3859
Facsimile: (02) 4275 7810
E-mail address: Alan.Gibbs@bluescopesteel.com

BlueScope representative:

Name: Mr John O'Connor
Representative's business name: John O'Connor & Associates Pty Ltd
Address: P.O. Box 329, Coorparoo Qld 4151
Telephone: (07) 3342 1921
Facsimile: (07) 3342 1931
E-mail address: jmoconnor@optusnet.com.au

See Confidential Attachment A – 'Authority to Represent'.

3. Other interested parties

Provide known names, addresses, telephone and facsimile numbers of other parties likely to have an interest in this matter, e.g. Australian manufacturers, importers, exporters and end-users.

The following *exporters* of goods the subject of this anti-circumvention application would likely have an interest in this matter:

(i) Korean

POSCO Steel
POSCO Center
892 Daechi 4-dong
Gangnam-gu Seoul 135-777 Korea
Tel: +82 2 3457 0574
Fax: +82 2 3457 1943
Email: harrykim@posco.com
Contact name: Kim, Jin Han, Teal Leader, Trade Affairs

Dongbu Steel Co Ltd
Dongbu Financial centre
891-10 Daechi-dong
Gangnam-gu, Seoul 137-777 Korea
Tel: +882 2 3450 8283
Fax: +882 2 3450 8388
Email: sword@dongbu.com
Contact name: Keun Chae Na, Head of Legal Staff

(ii) Taiwan

Chung Hung Steel Co., Ltd
317, Yu Liao Road
Chiao Tu District
Kaohsiung City 825, Taiwan
Tel: +886 7 6117171 Ext 3015-3018
Fax: +886 7 6130471
Email: ch25290@chsteel.com.tw
Contact name: Mr Pan, Che Jen, Administrator, Commercial Administration Department

Yieh Phui Enterprise Co., Ltd
369 Yu Liao Road
Chiao Tou Hsiang, Kaoshiung Taiwan 82544
Tel: +886 7 6117181
Fax: +886 7 6117042
Email: A029@yiehphui.com.tw
Contact name: Gary Wen-Chung Tien

The following importers of goods the subject of this anti-circumvention application would likely have an interest in this matter:

Wright Steel Sales Pty Ltd
Suite 201, 254 Bay Road
Sandringham Victoria 3191
Tel: (03) 9598 0050
Fax: (02) 9597 0050

(i) CMC Australia Pty Ltd
Level 6, 697 Burke Road
Camberwell Victoria 3124
Tel: (03) 9805 0400
Fax: (03) 9805 0455

(ii) Stemcor Australia Pty Ltd
Level 13, 15 Blue Street
North Sydney, NSW 2060
Tel: (02) 9959 3088
Fax: (20) 9925 9844

(iii) Austube Mills Pty Ltd
c/o of OneSteel Manufacturing Pty Ltd
Level 8, 205 Pacific Highway
St Leonards, NSW
(02) 9621 9133
(02) 9621 9117

- (iv) Minmetals Australia Pty Ltd
8th Floor, 564 St Kilda Road
Melbourne Victoria
Tel: (03) 9520 6800
Fax: (03) 9521 1815

- (v) GM Holden Ltd
191 Salmon Street
Port Melbourne, Victoria 3207
Tel: (03) 9467 2675
Fax: (03) 9647 2082

- (vi) Ford Motor Company of Australia Limited
Locked Bag 6,
Campbellfield Victoria 3061
Tel: (03) 8301 2312
Email: cparki13@ford.com

4. Goods description

Provide a description of the kind of goods that are the subject of the original notice.

The goods the subject of the notices published by the then Minister were 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”.

The notice further indicated that 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, Z200/180, Z100 and for zinc/iron alloy coating are ZF100, ZF80 and ZF30 or equivalents based on international standards and naming conventions.

5. Description of original notice

Provide a description of the original notice, including:

- *whether the notice was a dumping and/or countervailing notice;*
- *the tariff classification/s of the goods;*
- *the countries and/or exporters covered by the notice; and*
- *the date of publication of the notice.*

The description of the goods the subject of this anti-circumvention application is included at 4 above. The original notice included goods the subject of dumping and countervailing from P R China, and dumping from Korea and Taiwan. This application for anti-circumvention relates only to dumped exports from Korea and Taiwan.

Galvanised steel is classified to tariff subheadings 7210.49.00 (statistical codes 55, 56, 57 and 58) and 7212.30.00 (statistical code 61) of Schedule 3 to the Customs Tariff Act 1995.

Notices advising of the Minister’s decision to apply anti-dumping and countervailing duties were published in the *Australian* and the *Commonwealth Gazette* on 5 August 2013.

6. Detailed Statement

Provide a detailed statement regarding the circumvention activities in relation to the original notice that you consider have occurred. Applicants must provide evidence to support your view that there are reasonable grounds for asserting that one or more circumvention activities in relation to the notice have occurred.

Background

On 3 August 2012 BlueScope made an application for anti-dumping measures in respect of exports of zinc coated (galvanised) steel (hereafter referred to as “galvanised steel”) exported from The People’s Republic of China (“China”), the Republic of Korea (“Korea”) and Taiwan. BlueScope also made application for countervailing measures in respect of galvanised steel exports to Australia from China.

Following investigation, the then Australian Customs and Border Protection Service (“ACBPS”) recommended to the Minister for Home Affairs (“the Minister”) that dumping duty notices be published in respect of galvanised steel exported to Australia¹:

- from China by all exporters;
- from Korea by all exporters, other than Union Steel Co., Ltd (Union Steel Korea”); and
- from Taiwan by all exporters, other than Sheng Yu Co., Ltd (“Sheng Yu”) and Ta Fong Steel Co., Ltd (“Ta Fong”).

The Minister also applied countervailing duty notices on exports of galvanised steel from all exporters in China other than Angang Steel Company Limited (“ANSTEEL”) and ANSC TKS Galvanising Co., Ltd (“TAGAL”)².

The Minister’s decision to apply anti-dumping measures on exports of galvanised steel from China, Korea and Taiwan was published on 5 August 2013.

The anti-dumping measures applied by the Minister from 5 August 2013 were in respect of galvanised steel made of “iron or non-alloy” steel. BlueScope sought measures on the goods as described as there had been no previous exports to Australia from China, Korea and Taiwan of galvanised steel made from “alloyed” products. Following the imposition of the measures, certain exporters in Korea and Taiwan commenced the export of galvanised steel that included > 0.0008 per cent (or 8 ppm) boron. The addition of the boron – understood by BlueScope to cost an additional approximate US\$5 per metric tonne – enabled the goods to be re-classified as “alloyed” goods.

Alloyed galvanised steel is classified to different sub-headings to the goods the subject of anti-dumping and countervailing measures as applied by the Minister on 5 August 2013. Alloyed galvanised steel is classified as follows:

- 7225.92.00 statistical code 38 (i.e. flat rolled products of other alloy steel, of a width of 600mm or more, plated or coated with zinc); or
- 7226.99.00 statistical code 71 (i.e. flat rolled products of other alloy steel, of a width of less than 600mm – Other).

The “alloyed” sub-headings of 7225.92.00 and 7226.99.00 were not included in the notices signed by the Minister. BlueScope is aware that it is not the Anti-Dumping Commission’s (“the Commission”) practice to apply dumping measures on the tariff classification of goods. The key determinant is whether the Australian industry manufactures like goods to the imported goods. In the current circumstances, BlueScope manufactures like goods to the imported “non-alloyed” and “alloyed” galvanised steel.

It is BlueScope’s position that the anti-dumping measures do apply to imported alloyed galvanised steel from Korea

¹ Refer Trade Measures Report No. 190 for final report recommendations accepted by the Minister.

² Refer Trade Measures Report No. 193 for final report and recommendations accepted by the Minister.

(except for exports by Union Steel) and Taiwan (except for exports by Shang Yu and Ta Fong).

Circumvention Regulation 183A

The addition of >0.0008 per cent boron to non-alloyed goods qualifies the goods as “alloyed” product. The boron is a simple additive that involves the minor modification of the physical make-up of the galvanised steel. This minor modification is considered a circumvention activity employed by foreign exporters to evade anti-dumping (or countervailing) measures in the importing country.

The addition of boron in steel products exported from China to the United States to evade or avoid anti-dumping measures has been the subject of numerous investigations by the U.S. Administration for almost two decades. The emergence of the avoidance technique on goods exported to Australia has only recently emerged – coinciding with the imposition of measures on steel products not previously the subject of anti-dumping or countervailing duties.

The ‘slight modification’ of exported goods achieved via the addition of a compound or product (i.e. boron or chromium) is not presently included in the anti-circumvention activities listed at Division 5A of the *Customs Act*. Division 5A circumvention activities include:

- the assembly of parts in Australia;
- the assembly of parts in a third country;
- the export of goods through one or more third countries;
- arrangements put in place between exporters in the exporting country; and
- the avoidance of the intended effect of the duties.

It had been identified that a new anti-circumvention provision was required to address the emergence of *slightly modified* goods the subject of anti-dumping and/or countervailing measures.

On 26 February 2015 a new Regulation 183A was promulgated as part of the *Customs Amendment (Anti-Dumping Improvements) Regulation 2015* Bill. The new Regulation 183A reads as follows:

“183A Circumvention activities

- (1) *For subsection 269ZDBB(6) of the Act, the circumstances set out in sub-regulation (2) of this regulation are prescribed.*

Slight modification of goods exported to Australia

- (2) *The following circumstances apply:*
- (a) *goods (the circumvention goods) are exported to Australia from a foreign country in respect of which the notice applies;*
 - (b) *before the export, the circumvention goods are slightly modified;*
 - (c) *the use or purpose of the circumvention goods is the same before, and after, they are so slightly modified;*
 - (d) *had the circumvention goods not been so slightly modified, they would have been the subject of the notice;*
 - (e) *section 8 or 10 of the Customs Tariff (Anti-Dumping) Act 1975, as the case requires, does not apply to the export of the circumvention goods to Australia.*
- (3) *For the purpose of determining whether a circumvention good is slightly modified, the Commissioner must compare the circumvention good and the good the subject of the notice, having regard to any factor that the Commissioner considers relevant, including any of the following factors:*
- (a) *each good’s general physical characteristics;*
 - (b) *each good’s end use;*

- (c) *the interchangeability of each good;*
- (d) *differences in the processes used to produce each good;*
- (e) *differences in the cost to produce each good;*
- (f) *the cost of modification;*
- (g) *customer preferences and expectations relating to each good;*
- (h) *the way in which each good is marketed;*
- (i) *channels of trade and distribution for each good;*
- (j) *patterns of trade for each good;*
- (k) *changes in the pricing of each good;*
- (l) *changes in the export volumes for each good;*
- (m) *tariff classifications and statistical codes for each good.”*

Regulation 183A is intended to address the emerging preparedness of exporters to slightly modify goods so that the modified goods (or “circumvention goods”) evade or avoid applicable anti-dumping and/or countervailing duties in the importing country.

BlueScope submits that exported alloyed galvanised steel from Korea and Taiwan is a slightly modified good that, except for the slight modification employed in manufacture, would otherwise be the subject of the anti-dumping measures applied by the Minister on 5 August 2013.

Like Goods

The imported “alloyed” galvanised steel is alike in all respects to the locally produced galvanised steel and imported non-alloyed galvanised steel. Goods qualify as “other alloy steel” if they contain by weight one or more of the elements listed at Chapter 72 Note (1)(f) which includes 0.0008 per cent or more of boron (refer Non-Confidential Attachment 1). The circumvention “alloyed” galvanised steel therefore is classified to the sub-headings referred (i.e. 7225.92.00 and 7226.90.00).

The galvanised (or zinc coated) steel manufactured by BlueScope is coiled for supply to customers and may later be cut into sheets for sale to manufacturers, or slit into narrower widths. The most common coating mass for BlueScope’s zinc coated steel is Z275 (275 grams of zinc coating metal per square meter). Other coatings may include Z350, Z200/Z180 and Z100.

The most common coating mass for imported zinc/iron alloy coated steel is ZF100 (100 grams of zinc/iron alloy coating metal per square meter). Other coatings may include ZF80 and ZF30.

The steel chemistry, percent cold reduction, annealing oven temperature, and line speeds are used to produce the required properties for the steel grades, as designated by Australian and International Standards. There are a number of relevant International Standards for galvanised steel that cover a range of products through specific grade designations, including the recommended or guaranteed properties of each grade. The following table reflects the applicable International Standards and major grades for galvanised steel:

International Standards	Product Grade Names
General and Commercial Grades	
AS/NZS 1397	G1, G2
ASTM A 653/A 653M	CS type A, B and C
EN 10346	DX51D, DX52D
JIS 3302	SGCC, SGHC
Forming, Pressing & Drawing Grades	
AS/NZS 1397	G3
ASTM A 653/A 653M	FS, DS type A and B
EN 10346	DX53D, DX54D
JIS 3302	SGCD, SGCDL,
Structural Grades	
AS/NZS 1397	G250, G300, G350, G450, G500, G550
ASTM A 653/A 653M	33 (230), 37 (255), 40 (275), 50 (340), 55 (380), 80 (550)
EN 10346	S220GD, S250GD, S280GD, S320GD, S350GD, S550GD
JIS 3302	SGC340, SGC400, SGC440, SGC490, SGC570 SGH340, SGH400, SGH440, SGH490, SGH570

Typically each Australian and International Standard has a range of steel grades nominated as Commercial, Formable or Structural grades. The commercial/formable grades are those with mechanical properties suitable for general pressing and forming whereas the structural grades are those with guaranteed minimum properties that structural engineers utilize in the calculation of their final product designs.

Other alloy galvanised steel (i.e. zinc coated) products are wholly substitutable with iron and non-alloy galvanised (or zinc) coated steel products.

The locally produced goods have widths greater than 600mm and less than 600mm, with product thicknesses in the range of 0.30 mm BMT to 3.5 mm BMT (BMT = Base Metal Thickness and represents the steel thickness without the metallic coating). Imported alloyed steel is also of similar widths (i.e. greater than 600mm and less than 600mm, with similar thicknesses).

BlueScope submits that the essential characteristics of imported circumvention goods are the same as imported galvanised steel made from iron or non-alloy steel and the same as locally produced galvanised steel. The circumvention goods have the same essential characteristics as locally produced galvanised steel (and imported iron or non-alloy galvanised steel) in the following areas:

(i) *Physical likeness*

- Products made locally by BlueScope have a physical likeness to the circumvention goods exported from Korea and Taiwan;
- BlueScope's locally produced galvanised steel and the circumvention goods are manufactured to Australian and International Standards;

(ii) *Commercial likeness*

- BlueScope's galvanised steel competes directly with the circumvention goods and non-alloyed galvanised steel in the Australian market;
- The locally produced goods and the circumvention goods are offered for sale to the market via similar channels and on similar commercial terms and conditions,

(iii) *Functional likeness*

- Both the locally produced and circumvention goods have comparable or identical end-uses;

(iv) *Production likeness*

- Locally produced and the circumvention goods are manufactured in a similar manner and via similar production processes.

It should also be noted that in the BlueScope Steel Limited “Zinc coated (galvanised) steel – Australian Industry Visit Report” the Commission has indicated that it is satisfied that the Australian industry manufactures “like goods” to the circumvention goods³ (which included non-alloy and alloyed galvanised steel).

BlueScope considers its locally-produced galvanised steel is “alike” to the imported non-alloyed goods and The circumvention goods possess the same essential characteristics as the goods the subject of the 5 August 2013 notices and the circumvention goods.

Anti-circumvention activity

BlueScope has demonstrated that the Australian industry manufactures like goods to both imported non-alloyed galvanised steel from Korea and Taiwan (as confirmed in Report No. 190) and the circumvention goods from Korea and Taiwan. The latter goods are presently not subject to anti-dumping measures due to:

- the imported goods being classified to sub-headings not covered by the subsection 269TG(1) and (2) notices; and
- the apparent absence of any decision of the Commission (including by its Monitoring and Compliance Section) to assess the imported alloyed galvanised steel from Korea and Taiwan as “alike” to the goods the subject of the measures applied by the Minister on 5 August 2013.

Following the imposition of measures on 5 August 2013, BlueScope observed a discernable increase in import volumes under the tariff sub-headings 7225.92.00 statistical code 38 and 7226.99.00 statistical code 71. Prior to the measures, import volumes under these classifications for “Flat rolled products of other alloy steel”, otherwise plated or coated with zinc, whether greater than or less than 600mm in width, were minimal.

Non-alloyed imports of galvanised steel from Korea and Taiwan

The imposition of measures on exports of non-alloyed galvanised steel from Korea and Taiwan did not result in a decline in total import volumes from the two source countries. Imports from Taiwan continued with approximately XXXX tonnes arriving in the seventeen months to February 2015. Import volumes of non-alloyed galvanised steel from Korea over the same period were XXXX tonnes.

Alloyed imports of galvanised steel

Imports of alloyed galvanised steel first emerged in [REDACTED] with the arrival of XXXX tonnes imported from Taiwan. Thereafter to the present time there has been a steady flow of Taiwanese imports of alloyed galvanised steel products. Imports of alloyed galvanised steel from Korea commenced in [REDACTED] and, whilst not in the same volumes as imports from Taiwan, have continued on a regular basis through to the date of this application.

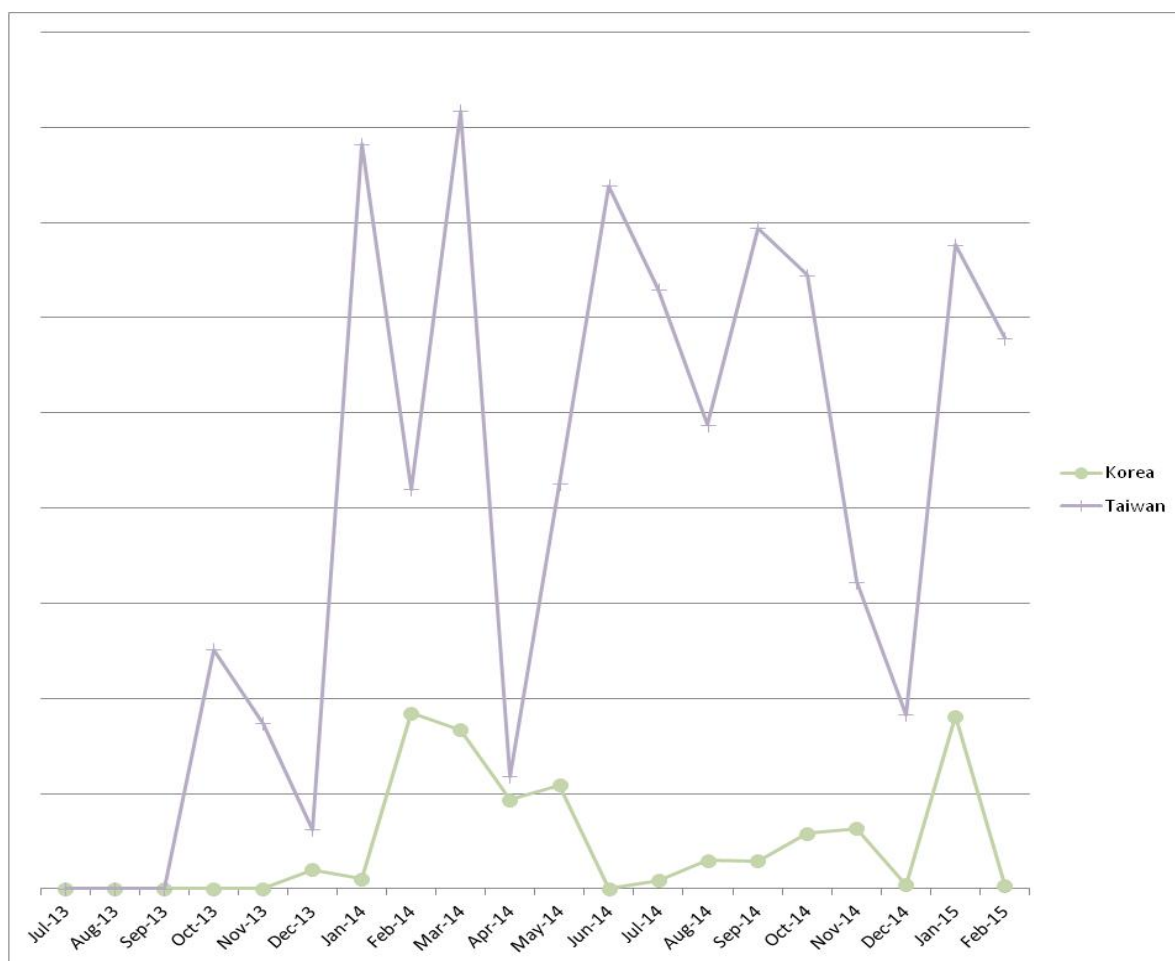
In the period from October 2013 to February 2015, imports from Taiwan of alloyed galvanised steel rapidly grew from negligible tonnes to XXXX tonnes. Imports from Korea over the same period totalled XXXX tonnes.

The monthly import volumes for alloyed and non-alloyed galvanised steel from Korea and Taiwan are included at Confidential Attachment 2.

The following graph depicts the rise in imports of alloyed galvanised steel from Korea and Taiwan following the imposition of measures on exports from Korea (excluding those by Union Steel) and Taiwan (excluding those by Sheng Yu and Ta Fong).

³ Refer Investigation No. 249, Australian Industry verification Report, September 2014.

Figure 1 – Imports of “alloyed” galvanised steel from Korea and Taiwan from July 2013 (Tonnes)



Source: Australian Bureau of Statistics.

BlueScope has observed that all of the circumvention volumes imported from Korea and Taiwan have been classified to 7225.92.00 statistical code 38 that applies to alloyed steel with a width of equal to, or greater than 600 mm.

Circumvention of measures by imported alloyed goods from Korea and Taiwan

New Sub-Regulation 183A (2) requires that:

- (i) an anti-dumping notice applies in respect of the “circumvention goods” (i.e. the goods);
- (ii) prior to export the goods are slightly modified;
- (iii) the end-use for the goods is the same as the original non-modified goods; and
- (iv) had the goods not been modified, the dumping duty notice would apply.

As demonstrated above, the circumvention goods have the same essential characteristics as imported non-alloy goods. Additionally, but for the slight modification, the dumping duty notice would apply to the imports from Korea and Taiwan, and the end-use in the market has remained the same.

BlueScope submits that the circumvention goods from Korea and Taiwan meet the requirements of Sub-Regulation 183A (2).

In determining whether the goods have been slightly modified, the circumvention good is contrasted with the goods the subject of the dumping notice. BlueScope has undertaken this comparison, and can demonstrate:

- the circumvention goods and the goods the subject of the notice have the same general physical characteristics – the only difference being the circumvention goods contain >0.0008 per cent boron (or 8 parts per million) – there is approx 80 grams of boron in one tonne of steel;
- the circumvention goods and the goods the subject of the notice have the same end-use applications. There are no “new” end-use applications that have emerged post the imposition of measures in August 2013;
- the circumvention goods and the goods the subject of the notice can be used interchangeably;
- the production process to manufacture the circumvention goods and the goods the subject of the application are essentially the same – the only difference being the inclusion of 0.0008 per cent boron in the manufacture of the substrate, hot rolled coil;
- the differences in the cost of production of the circumvention good and the goods the subject of the notice are essentially the same. The additional cost of the boron additive (including production scheduling and yield impacts) is understood to cost approximately US\$ 5 per metric tonne, given the relatively minor percentage of product incorporated. Approximately 25 kg of ferro-boron is added to a ladle of 280 metric tonnes of molten steel (or 0.09/kg of ferro-boron per tonne of molten steel) to achieve the > 0.0008 per cent boron chemistry requirement. The actual cost of the ferro-boron is XXX per kg and represents approximately A\$0.45 per metric tonne of steel;
- the cost of modification of the circumvention good when contrasted with the goods the subject of the notice – a difference of approximately US\$5 per metric tonne (including production scheduling and yield impact costs) applies;
- the customer preferences and expectations relating to the circumvention good and the goods the subject of the notice are the same;
- the circumvention goods and the goods the subject of the notice are marketed in the same manner;
- the channels of trade and distribution for the circumvention goods and the goods the subject of the notice are the same (as evidenced by the marketing correspondence at Confidential Attachment 3);
- the patterns of trade for the circumvention goods from Korea and Taiwan have increased following the imposition of measures on 5 August 2013, with a decline in import volumes for the non-alloyed goods from Korea and Taiwan;
- there exist no price differences between the circumvention goods and the goods the subject of the notice as offered to the Australian market;
- there has been an increase in the export volume of the circumvention goods to Australia;
and
- the circumvention goods have been entered under tariff subheading 7225.92.00 (for alloyed steel of a width greater than 600mm). Alloyed goods of less than 600mm in width may be entered under subheading 7226.90.00. The goods the subject of the notice are classified

under subheading 7225.92.00 (of a width equal to or greater than 600mm) or 7226.99.00 (of a width less than 600mm).

It is apparent that following consideration of the factors identified at Sub-Regulation 183A (3), there is sufficient persuasive evidence available to the Commission to conclude that the imported alloyed galvanised steel can be correctly identified as the circumvention goods.

Exporters of alloyed galvanised steel incorporating boron

Trade Measures Report No. 190 recommended measures be applied on the following basis:

Korea:

- Dongbu Steel Co., Ltd – 3.2 per cent;
- POSCO Steel – 9.1 per cent;
- All other exporters – 28.5 per cent.

Taiwan:

- Chung Hung Steel Corp – 8.5 per cent;
- Yieh Phui Enterprise Co., Ltd – 2.6 per cent;
- All other exporters – 8.6 per cent.

At first glance it would appear that the Korean exporters Dongbu Steel Co., Ltd (“Dongbu”) and POSCO Steel (“Posco”), and Chung Hung Steel Corp “Chung Hung” and Yieh Phui Enterprise Co., Ltd (“Yieh Phui”) of Taiwan, along with remaining “other” exporters in either country, would be motivated to circumvent the applicable anti-dumping measures imposed on 5 August 2013. BlueScope’s market intelligence confirms that in respect of exports from [REDACTED] has been [REDACTED] (refer Confidential Attachment 3). BlueScope draw to the attention of the Commission the statement [REDACTED] Without hesitation, it is the motive of [REDACTED] to circumvent the anti-dumping measures. This would therefore account for the increasing volumes appearing as imports of alloyed galvanised steel (i.e. the circumvention goods).

In terms of declared A\$FOB prices in Australian Bureau of Statistics (“ABS”) data [REDACTED] imports of non-alloyed versus the circumvention goods, there does not appear to be [REDACTED]. In respect of [REDACTED] – there were [REDACTED] tonnes of non-alloyed galvanised steel imported at an A\$FOB price of A\$ [REDACTED] per metric tonne. In the same month, [REDACTED] tonnes of the circumvention goods were imported from [REDACTED] with an A\$FOB of A\$ [REDACTED] per metric tonne. BlueScope would anticipate that the circumvention goods in [REDACTED] were at dumped prices and were circumventing the measures applied.

For exports from [REDACTED], BlueScope understands that [REDACTED] is the most frequently referred supplier of imported galvanised steel from this source (refer Confidential Attachment 4). Whilst it may not seem that the avoidance of a [REDACTED] dumping duty is a huge incentive to avoid, ultimately, the importer of circumvention goods from this supplier avoids having to seek a refund via the Duty Assessment process by not paying the applicable dumping duties upon importation. BlueScope submits that it would appear that the saving of an approximate \$XX per metric tonne in dumping duty (based upon margin of [REDACTED]) on alloyed galvanised steel far exceeds the costs associated of incorporating boron into the exported goods and results in uncomplicated sales for the exporter.

The mix in volumes imported from [REDACTED] for non-alloyed and alloyed galvanised steel is evenly split, with approximately similar volumes under each sub-heading in the 12 months to September 2014. BlueScope notes that a significant volume of the circumvention goods was imported over the period [REDACTED] (i.e. approx. [REDACTED] tonnes), where the declared A\$FOB per metric tonne was below the A\$FOB values for imports of non-alloyed galvanised steel from [REDACTED]

BlueScope considers it also relevant that [redacted] sells some galvanised steel that [redacted] galvanised steel, [redacted]. In the event that [redacted] is the major supplier of the “alloyed” galvanised steel, [redacted] sells at a premium to [redacted]. The price extra [redacted] is between US\$XX and \$XX per metric tonne based upon [redacted]. The extra price [redacted] is US\$XX per metric tonne for [redacted] compared with [redacted], and US\$XX per metric tonne compared to [redacted] and US\$XX per metric tonne for [redacted].

It is therefore expected that a proportion of [redacted] alloyed galvanised steel exports to Australia sell [redacted] on the domestic market to [redacted] of between US\$XX-XX per metric tonne. This [redacted] does not appear to be reflected in A\$FOB import prices for the circumvented goods.

From the information available to BlueScope, including the limited ABS import data and market intelligence on offers for imported galvanised steel, it is evident that certain exporters have engaged in the circumvention activity of adding the boron element to the galvanised steel to secure a change in description and tariff classification of the goods so that the “alloyed” galvanised steel evades applicable anti-dumping duties. This practice is a well-publicised circumvention activity that has been encountered by other administrations⁴ involved with anti-dumping measures on steel products, with the addition of the element boron adopted as a preferred lowest cost anti-circumvention strategy.

The anti-circumvention practice has now been adopted by certain Korean and Taiwanese exporters of steel products (including galvanised steel) to evade anti-dumping measures applied by the Minister on galvanised steel exported to Australia on 5 August 2013. The Commission’s preliminary investigations of imports of circumvention goods following the imposition of measures on 5 August 2013 may indicate that the circumvention activities extend beyond the export sources nominated in this application. Should this be the case, BlueScope encourages the Commission to commence an investigation of the circumvention goods from all sources of supply applicable to the original notice.

Request for Anti-Circumvention Inquiry

BlueScope has demonstrated that imports of slightly-modified galvanised steel from Korea and Taiwan that incorporate minor levels of the element boron (at >0.0008 per cent, or 8 parts per million) and are classified to sub-headings 7225.92.00 and 7226.90.00 have the same essential characteristics as imported non-alloyed galvanised steel and galvanised steel manufactured by the Australian industry.

BlueScope has further established that the Australian industry manufactures like goods to the circumvention goods (i.e. the imported alloyed galvanised steel), and that the anti-dumping measures applied by the Minister on 5 August 2013 on exports of galvanised steel from Korea (except for Union Steel) and Taiwan (except for Sheng Yu and Ta Fong) have been circumvented by certain exporters of the goods to Australia.

It has also been evidenced by BlueScope that the activities of the exporters via the addition of boron in the exported goods prior to exportation is a circumvention activity in accordance with the new Sub-Regulation 183A(2). Additionally, BlueScope has addressed each of the items listed at Sub-Regulation 183A(3) that establish that the circumvention good has been slightly modified.

BlueScope has also demonstrated via changes in import activity and emerging trends of increasing volumes of imported alloyed galvanised steel (i.e. the circumvention goods) that there has been a change in the activities of certain exporters to achieve circumvention of the measures. BlueScope has also included with this application supporting evidence that an exporter has included boron in its galvanised steel as a means to circumventing anti-dumping measures.

⁴ Other jurisdictions include the USA, Canada and EU.

BlueScope therefore requests the Anti-Dumping Commission to commence an anti-circumvention investigation into the allegation that certain exports of galvanised steel that include the addition of the boron element in minor amounts are circumventing anti-dumping measures on galvanised steel exported from Korea and Taiwan. It is BlueScope's contention that the avoidance and evasion of the anti-dumping measures commenced soon after the imposition of measures on non-alloyed galvanised steel on 5 August 2013 and have continued to the date of this application. It is anticipated that in the absence of an anti-circumvention investigation, BlueScope will continue to suffer material injury from the circumvention goods and that the Australian Government will not collect anti-dumping duties rightfully owed (assessed at approximately \$XX to \$XX million per annum) on the circumvention goods exported from Korea and Taiwan.

In the event the Commission's preliminary inquiries confirm that the circumvention activities extend to additional exporters the subject of the notices of 5 August 2013, the Commission is requested to extend the anti-circumvention inquiry to such goods.

BlueScope looks forward to assisting the Commission with its inquiries concerning this anti-circumvention application.

7. Description of altered notice

Provide a description of the alteration to the original notice that you consider should be made.

BlueScope proposes the following amended wording to the original notice to address the anti-circumvention activities:

“flat rolled iron or steel products (whether or not containing alloys) of a width less than 600mm and, equal to or greater than 600mm, plated or coated with zinc”.

List of Attachments:

Attachment No	Confidential/Non-Confidential
Attachment “A” – Authority to Represent	Confidential
Signed Declaration	Non-Confidential
Attachment 1 – Chapter 72 Tariff Notes	Non-Confidential
Attachment 2 – Import Data: Korea & Taiwan	Confidential
Attachment 3 – Korean Import Offers	Confidential
Attachment 4 – Taiwan Import Offers	Confidential
Attachment 5 – Appendix A6.1 Galvanised Steel Financials	Confidential