



Australian Government
Anti-Dumping Commission

CUSTOMS ACT 1901 - PART XVB

ANTI-DUMPING COMMISSION
CONSIDERATION REPORT NO. 273

CONSIDERATION OF AN APPLICATION FOR REVIEW
OF ANTI-DUMPING MEASURES

ZINC COATED (GALVANISED) STEEL
EXPORTED FROM THE REPUBLIC OF KOREA

BY

DONGBU STEEL CO LTD

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ABBREVIATIONS

| Abbreviation | Full title |
|-----------------------------|--|
| ADN | Anti-Dumping Notice |
| ADRP | Anti-Dumping Review Panel |
| BlueScope | BlueScope Steel Limited |
| Dongbu | Dongbu Steel Co. Ltd |
| ICD | Interim countervailing duty |
| IDD | Interim dumping duty |
| Korea | Republic of Korea |
| REP 190 | International Trade Remedies Branch Report 190 |
| REP 193 | International Trade Remedies Branch Report 193 |
| the Act | <i>Customs Act 1901</i> |
| the Commission | the Anti-Dumping Commission |
| the Commissioner | the Commissioner of the Anti-Dumping Commission |
| the goods | the goods to which the anti-dumping measures apply |
| the Minister | the Minister for Industry |
| the Parliamentary Secretary | the Parliamentary Secretary to the Minister for Industry |

1 SUMMARY AND RECOMMENDATIONS

This report provides the results of the Anti-Dumping Commission's (the Commission's) consideration of an application lodged by Dongbu Steel Co. Ltd (Dongbu) for the review of the dumping duty notice as it applies to exports to Australia of zinc coated (galvanised) steel¹ from the Republic of Korea (Korea) by Dongbu.

The application is based on a change in the variable factors. The variable factors relevant to the review are the export price, normal value and non-injurious price. The application states that Dongbu's export price has increased and the non-injurious price has decreased.

Dongbu has its own rate of interim dumping duty specified in the dumping duty notice.

1.1 Recommendation

The Commission recommends that the Commissioner of the Anti-Dumping Commission (the Commissioner) decide not to reject the application and initiate a review into the current anti-dumping measures as they relate to Dongbu.

1.2 Application of law to facts

Division 5 of Part XVB of the *Customs Act 1901*² (the Act) sets out, among other things, the procedures to be followed by the Commissioner in dealing with an application for the review of anti-dumping measures.

The Division empowers the Commissioner to reject or not reject an application for review of anti-dumping measures.

If the Commissioner does not reject the application, he is required to publish a notice indicating that it is proposed that the Commission review the measures covered by the application.

1.3 Findings and conclusions

The Commission is satisfied that:

- the application complies with section 269ZB; and
- there appear to be reasonable grounds for asserting that a variable factor relevant to the taking of the measures has changed.

¹ Refer to the full description of the goods in section 2.4 of this report.

² A reference to a division, section or subsection in this report is a reference to a provision of the *Customs Act 1901*, unless otherwise specified.

2 BACKGROUND

2.1 Existing measures

On 5 September 2012, a dumping investigation into zinc coated (galvanised) steel exported from the People's Republic of China (China), the Republic of Korea (Korea) and Taiwan was initiated following an application by BlueScope Steel Limited (BlueScope). The investigation, as outlined in International Trade Remedies Branch Report 190 (REP 190),³ found that:

- zinc coated (galvanised) steel exported to Australia was dumped. For China the dumping margins were between 6.8% and 62.9%, for Korea the dumping margins were between a negligible rate and 28.5% and for Taiwan the dumping margins were between a negligible rate and 8.6%;
- the dumped exports caused material injury to the Australian industry producing like goods; and
- continued dumping may cause further material injury to the Australian industry.

In REP 190 Dongbu was found to have a dumping margin of 3.2%. The investigation determined that the free on board non-injurious price for each exporter was the price equal to the respective normal value. As such, the lesser duty rule did not apply.

On 26 November 2012, a countervailing investigation into zinc coated (galvanised) steel exported from China was initiated following an application lodged by BlueScope. The investigation, as outlined in International Trade Remedies Branch Report 193 (REP 193)⁴, found that:

- zinc coated (galvanised) steel exported from China to Australia was subsidised with margins ranging from a negligible rate to 22.8%;
- the dumped and subsidised exports from China caused material injury to the Australian industry producing like goods; and
- continued dumping and subsidisation may cause further material injury to the Australian industry.

Accordingly, it was recommended that the Attorney-General (the decision maker at that time) impose interim dumping duty (IDD) on the goods exported from China, Korea and Taiwan and interim countervailing duty (ICD) on the goods exported from China. The Attorney-General accepted these

³ REP 190 investigated zinc coated galvanised steel and aluminium zinc coated steel exported from China, the Republic of Korea (Korea) and Taiwan. Due to the close nature of these products and common interested parties, findings from both dumping investigations were detailed in one report.

⁴ REP 193 investigated zinc coated galvanised steel and aluminium zinc coated steel exported from China, the Republic of Korea (Korea) and Taiwan. Due to the close nature of these products and common interested parties, findings from both countervailing investigations were detailed in one report.

recommendations and, on 5 August 2013, notice of the Attorney-General's decision was given in Anti-Dumping Notice No. 2013/66 (ADN 2013/66)⁵.

The Attorney-General's decision was appealed to the Anti-Dumping Review Panel (ADRP) in relation to certain findings made in REP 193 relating to the countervailing investigation into zinc coated (galvanised) steel exported from China. The Parliamentary Secretary to the Minister for Industry⁶ did not accept the ADRP's recommendation to revoke the countervailing duty notices but decided to vary the countervailing duty notices so as to reduce the countervailable subsidies as outlined in Anti-Dumping Notice No. 2014/12 (ADN 2014/12)⁷. Notice of the Parliamentary Secretary's decision was published on 20 February 2014 with the notice having effect from 5 August 2013.

2.2 Previous reviews

The anti-dumping measures applying to zinc coated (galvanised) steel have not been reviewed under Division 5 of the Act since they were imposed.

2.3 The current review application

On 1 October 2014, Dongbu lodged an application requesting a review of the anti-dumping measures as they apply to Dongbu's exports of zinc coated (galvanised) steel to Australia from Korea under Division 5 of the Act. Dongbu claims that certain variable factors relevant to the taking of the anti-dumping measures have changed.

The application is not precluded by subsection 269ZA(2), which requires that an application for review of anti-dumping measures must not be made earlier than 12 months after the publication of a dumping duty notice, countervailing duty notice or notice declaring the outcome of the last review of anti-dumping measures.

Pursuant to subsection 269ZC(1), the Commissioner must examine the application and, within 20 days after receiving the application, decide whether to reject the application. The decision must be made no later than 21 October 2014.

⁵ ADN 2013/66 outlines the details of the IDD applicable to zinc coated galvanised steel and aluminium zinc coated steel exported to Australia from China, Korea and Taiwan, as well as the details of the ICD applicable to zinc coated galvanised steel and aluminium zinc coated steel exported to Australia from China.

⁶ On 25 September 2013, responsibility for anti-dumping matters was transferred to the Minister for Industry. The Minister for Industry subsequently delegated responsibility for anti-dumping matters to the Parliamentary Secretary to the Minister for Industry.

⁷ ADN 2014/12 details of the ICD applicable to zinc coated galvanised steel and aluminium zinc coated steel exported to Australia from China.

If the Commissioner is not satisfied, having regard to the application and to any other relevant information that he considers relevant, of one or more of the matters referred to in subsection 269ZC(2), he must reject the application.

2.4 The goods subject to the measures

The goods the subject of the zinc coated (galvanised) steel anti-dumping measures are:

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.

Zinc coated steel is commonly referred to as galvanised steel.

The amount of zinc coating on the steel is described as its coating mass and is nominated in grams per meter squared (g/m²) with the prefix being Z (*Zinc*) or ZF (*Zinc converted to a Zinc/Iron alloy coating*). Common coating masses used for zinc coating are: Z350, Z275, Z200, Z100, and for zinc/iron alloy coating are: ZF100, ZF80 and ZF30 or equivalents based on international standards and naming conventions.

A full description and clarification of the goods is available in Australian Customs Dumping Notice No. 2012/62 which is available at the Commission's website; www.adcommission.gov.au.

The following additional information is provided to clarify the goods covered by the measures:

- **Product treatment**

The application covers zinc coated (galvanised) steel whether or not including any (combination of) surface treatment, for instance; whether passivated or not passivated, (often referred to as chromated or unchromated), oiled or not oiled, skin passed or not skin passed, phosphated or not phosphated (for zinc iron alloy coated steel only).

- **Excluded goods**

Painted galvanised steel, pre-painted galvanised steel, electro-galvanised plate steel and corrugated galvanised steel are not covered by the application and subsequent investigation.

2.5 Tariff classification

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*.

The goods exported to Australia from Korea under this tariff subheading are subject to a 5 per cent rate of duty.

2.6 Australian industry producing like goods

During the original investigation, the Australian Customs Border Protection Service⁸ (ACBPS) found that:

- there was an Australian industry producing like goods;
- a substantial process of the manufacture was carried out in Australia in producing the like goods; and
- the like goods were wholly manufactured in Australia.

⁸ On 1 July 2013, the International Trade Remedies Branch of the Australian Customs and Border Protection Service became the Anti-Dumping Commission

3 CONSIDERATION OF THE APPLICATION

3.1 Findings

Having regard to the applicant's claims and other relevant information, the Commissioner is satisfied that the application complies with section 269ZB and there appear to be reasonable grounds for asserting that variable factors relevant to the taking of anti-dumping measures have changed.

3.2 Legislative framework

Subsection 269ZB(1) requires that the application be in writing, be in an approved form, contain such information as the form requires, and be signed in the manner indicated by the form.

Subsection 269ZB(2) states that the application must include:

- (a) *a description of the kind of goods to which the measures the subject of the application relate; and*
- (b) *a description of the measures the subject of the application; and*
- (c) *if the application is based on a change in variable factors—a statement of the opinion of the applicant concerning:*
 - (i) *the variable factors relevant to the taking of the measures taken that have changed; and*
 - (ii) *the amount by which each such factor has changed; and*
 - (iii) *the information that establishes that amount.*

Subsection 269ZC(2) specifies the matters which the Commissioner must consider in making a decision whether to reject the application. These matters are:

- (a) *that the application complies with section 269ZB; and*
- (b) *that there appear to be reasonable grounds for asserting either, or both, of the following:*
 - (i) *that the variable factors relevant to the taking of anti-dumping measures have changed;*
 - (ii) *that the anti-dumping measures are no longer warranted.*

3.3 Compliance with section 269ZB

The application lodged by Dongbu:

- is in writing;
- provides a description of the goods subject to the anti-dumping measures; and
- provides a description of the anti-dumping measures the subject of the application.

As stated above, paragraph 269ZB(2)(c) requires that if the application is based on a change in variable factors, the application must also include a statement of the opinion of the applicant concerning:

- the variable factors relevant to the taking of the measures taken that have changed;
- the amount by which each such factor has changed; and
- the information that establishes that amount.

In addition, the approved form requires that the application include information about the applicant's opinion on the causes of the change in the variable factor(s) and whether these causes are likely to persist.

The Commission's consideration of whether the application complies with paragraph 269ZB(2)(c), and whether it contains all information required by the approved form, is addressed in section 3.4 below under each variable factor. Section 3.4 below also considers whether there appear to be reasonable grounds for asserting that the variable factors relevant to the taking of the anti-dumping measures have changed.

3.4 Variable factors

To comply with paragraph 269ZB(2)(c), the applicant must provide a statement that demonstrates, in the applicant's opinion, that one or more of the variable factors has changed. The applicant is not required to demonstrate that all the variable factors have changed.

3.4.1 Export price and non-injurious price

3.4.1.1 Applicant's claims

Dongbu asserts that its export price has increased compared to the ascertained export price calculated during the investigation period. In support of its application for review, Dongbu provided two commercial invoices in relation to a particular zinc coated (galvanised) steel product it has exported to Australia.

The commercial invoices include details of pricing in US dollars per tonne, the product's diameter and its thickness. The commercial invoices relate to the same product, are dated two years apart and indicate that the export price has increased over the period.

Dongbu claims that exemptions granted to certain kinds of zinc coated (galvanised) steel products requires that the ascertained export price needs to be updated to exclude the export prices of products which have been exempt.

In respect of the non-injurious price, Dongbu claims the domestic price in Australia has not increased since the anti-dumping measures were imposed. Dongbu claims that this may be due to competition in the Australian market or due to reduced costs for the Australian industry. Dongbu provided information on Australian prices for imported and locally manufactured goods to support its claims.

Dongbu also claims that the depreciation of the Australian dollar against the US dollar compared to the exchange rates relevant to the original investigation period has reduced the non-injurious price to the Australian industry.

3.4.1.2 The Commission's assessment

The information Dongbu provided regarding the export price supports Dongbu's claim that export prices have changed.

The evidence provided by Dongbu in relation to the Australian prices for imported and locally manufactured goods, for the purposes of the non-injurious price, warrants further investigation. The depreciation of the Australian dollar compared to the exchange rates relevant to the original investigation may support Dongbu's claim that the non-injurious price to the Australian industry has changed.

On the evidence available, the Commission is satisfied that there appears to be reasonable grounds for asserting that variable factors (ascertained export price and the non-injurious price) relevant to the taking of anti-dumping measures on zinc coated (galvanised) steel exported to Australia by Dongbu have changed.

3.5 Conclusions and recommendations

The Commission is satisfied that:

- the application complies with section 269ZB; and
- there appear to be reasonable grounds for asserting that one or more of the variable factors (export price and non-injurious price) relevant to the taking of the anti-dumping measures has changed.

The Commission recommends that the Commissioner:

- not reject the application and initiate a review into the current anti-dumping measures as far as they relate to zinc coated (galvanised) steel exported to Australia from Korea by Dongbu (by examining normal value, export price and non-injurious price); and
- the review period be 1 October 2013 to 30 September 2014.