



Australian Government
**Department of Industry,
Innovation and Science**

**Anti-Dumping
Commission**

CUSTOMS ACT 1901 - PART XVB

CONSIDERATION REPORT NO. 385

**CONSIDERATION OF AN APPLICATION FOR
A REVIEW OF ANTI-DUMPING MEASURES**

**ALUMINIUM ZINC COATED STEEL EXPORTED TO AUSTRALIA
FROM THE REPUBLIC OF KOREA BY DONGBU STEEL CO., LTD**

December 2016

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ABBREVIATIONS

Abbreviation	Full title
ADN	Anti-Dumping Notice
ACBPS	Australian Customs and Border Protection Service
the Act	the <i>Customs Act 1901</i>
AFP	Anti Finger Print
the applicant	Dongbu Steel Co., Ltd
BlueScope	BlueScope Steel Limited
China	the People's Republic of China
the Commission	the Anti-Dumping Commission
the Commissioner	the Commissioner of the Anti-Dumping Commission
Dongbu Steel	Dongbu Steel Co., Ltd
galvanised steel	zinc coated (galvanised) steel
HRC	hot rolled coil
the goods	aluminium zinc coated steel
ICD	interim countervailing duty
IDD	interim dumping duty
Korea	the Republic of Korea
NIP	non-injurious price
the Parliamentary Secretary ¹	the Parliamentary Secretary to the Minister for Industry, Innovation and Science and Assistant Minister for Industry, Innovation and Science
REP 190	<i>International Trade Remedies Branch Report No. 190</i>
REP 193	<i>International Trade Remedies Branch Report No. 193</i>
REP 272 and 273	<i>Anti-Dumping Commission Report No. 272 and 273</i>
Sheng Yu	Sheng Yu Co., Ltd
Union Steel	Union Steel Co., Ltd

¹ On 19 July 2016, the Prime Minister appointed the Parliamentary Secretary to the Minister for Industry, Innovation and Science as the Assistant Minister for Industry, Innovation and Science. For the purposes of this decision the Minister is the Parliamentary Secretary to the Minister for Industry, Innovation and Science.

1 SUMMARY AND RECOMMENDATION

1.1 Background

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 Steel, or the applicant) for a review of the anti-dumping measures applying to its exports of aluminium zinc coated steel (or the goods) to Australia from the Republic of Korea (Korea).

The applicant considers it appropriate to review the anti-dumping measures applying to Dongbu Steel because one or more of the variable factors relevant to the taking of the anti-dumping measures have changed. The relevant variable factors alleged to have changed are the normal value, export price and non-injurious price (NIP).

1.2 Recommendation

The Commission recommends that the Commissioner of the Anti-Dumping Commission (the Commissioner) not reject the application for the reasons outlined in section 1.4 and chapter 3 of this report and initiate a review into the anti-dumping measures in so far as they relate to the applicant.

1.3 Legislative background

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

Division 5 empowers the Commissioner to reject or not reject an application for the review of anti-dumping measures. If the Commissioner does not reject an application, he is required to publish a notice indicating that he is proposing to review the anti-dumping measures covered by the application.

1.4 Findings and conclusions

Based on the findings outlined in this report, the Commission is satisfied that, in relation to the application:

- the application complies with subsections 269ZB(1) and (2); and
- there appear to be reasonable grounds for asserting that the variable factors relevant to the taking of anti-dumping measures have changed.

Accordingly, the Commission recommends that the Commissioner not reject the application.

² All legislative references in this report are to the *Customs Act 1901*, unless otherwise specified.

2 BACKGROUND

2.1 History of the existing anti-dumping measures

2.1.1 Original investigations

On 5 September 2012, a dumping investigation into aluminium zinc coated steel exported from the People's Republic of China (China), Korea and Taiwan was initiated following an application by BlueScope Steel Limited (BlueScope).

On 26 April 2013, the CEO of the Australian Customs and Boarder Protection Service (ACBPS) terminated its investigation into aluminium zinc coated steel exported from Korea by Union Steel Co., Ltd; (Union Steel) and exported from Taiwan by Sheng Yu Co., Ltd (Sheng Yu)³ On 2 May 2013, the dumping investigation into aluminium zinc coated steel exported from Taiwan was terminated.⁴

The dumping investigation, as outlined in *International Trade Remedies Branch Report No. 190* (REP 190), which found that:

- aluminium zinc coated steel exported to Australia was dumped. For China the dumping margins were between 5.5 per cent to 19.3 per cent and for Korea the dumping margins were between a negligible rate and 7.7 per cent;
- the volume of dumped goods from each country was not negligible;
- 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.⁵

On 5 August 2013, the then Attorney-General, following consideration of REP 190 and REP 193, published a:

- dumping duty notice applying to aluminium zinc coated steel exported to Australia from China and Korea (with the exception of Union Steel). The form of measures applying to the dumping duty notice was the combination of fixed and variable duty method; and
- countervailing duty notice applying to aluminium zinc coated steel exported to Australia from China (with the exception of Angang).

Further information about the dumping duty notice, as well as other anti-dumping measures is in Anti-Dumping Notice (ADN) No. 2013/66.⁶

³ TER 190A sets out the reasons for this termination and is available on the Commission's EPR.

⁴ TER 190B sets out the reasons for this termination and is available on the Commission's EPR.

⁵ REP 190 investigated galvanised steel and aluminium zinc coated steel exported from China, 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.

⁶ ADN No. 2013/66 outlines the details of the IDD applicable to galvanised steel and aluminium zinc coated steel exported to Australia from China, Korea and Taiwan.

2.1.2 Review of measures – Dongbu Steel Co., Ltd

On 1 October 2014, Dongbu Steel Co., Ltd (Dongbu Steel) lodged an application requesting a review of the anti-dumping measures applying to its exports of aluminium zinc coated steel and zinc coated (galvanised) steel (galvanised steel) to Australia from Korea. *Anti-Dumping Commission Report No. 272 and 273* (REP 272 and 273) recommended that the dumping duty notice have effect in relation to Dongbu Steel as if different variable factors had been ascertained.

The then Parliamentary Secretary to the Minister for Industry and Science accepted the findings in REP 272 and 273, and decided to alter the notice as it applied to Dongbu Steel. Notice of the decision was published in the *Commonwealth of Australia Gazette* on 3 August 2015 and *The Australian* newspaper on 4 August 2015.⁷

2.1.3 Review of measures – Chinese Exporters

The Commission is currently undertaking three other reviews of measures applying to exporters of aluminium zinc coated steel from China.⁸ All three reviews are due to be completed by no later than 13 March 2017.

2.2 The current application

On 16 November 2016 the Commission received an application for a review of the anti-dumping measures applying to aluminium zinc coated steel from Korea by Dongbu Steel. The applicant did not request a review of all exporters generally.

The applicant claimed that the normal value, export price and non-injurious price relevant to the taking of the anti-dumping measures, had changed on the basis of a fall in the price of hot rolled coil (HRC), which is the major raw material used to produce aluminium zinc coated steel. Dongbu Steel claims that as a result of the decline in price of HRC, its Ascertained Export Price (AEP), Ascertained Normal Value (ANV) and the Non-Injurious Price (NIP) would have also declined since the last review.

The application is not precluded by subsection 269ZA(2), which requires that an application for a review of anti-dumping measures not be made earlier than 12 months after the publication of a dumping duty notice or a notice declaring the outcome of the last review of the dumping duty notice.⁹

Pursuant to subsection 269ZC(1), the Commissioner must, within 20 days after receiving the application, examine the application and decide whether to reject the

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The gazette notice is available at <https://www.legislation.gov.au/Details/C2015G01251>. ADN No. 2015/83 refers.

⁸ Refer to case numbers 367, 372 and 375 on the public record at www.adcommission.gov.au.

⁹ The last time this occurred was on 3 August 2015.

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application. The decision whether to reject the application must be made by 6 December 2016.

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

2.3 The goods subject to the anti-dumping measures

The goods subjected to the aluminium zinc coated steel anti-dumping measures are:

“flat rolled products of iron and non-alloy steel of a width equal to or greater than 600m, plated or coated with aluminium zinc alloys, not painted whether or not including resin coating”.

2.3.1 Additional information in relation to the goods

The amount of aluminium zinc coating on the steel is described as its coating mass and is nominated in grams per square metre (g/m²) with the prefix being AZ (Aluminium Zinc). Common coating masses used for zinc coating are AZ200, AZ150, AZ100, and AZ70.

Additional information in relation to the goods is available in Australian Customs Dumping Notice No. 2012/62 which is available at the Commission’s website at www.adcommission.gov.au.

2.3.2 Product treatment

The application covers aluminium zinc steel whether or not including any (combination of) surface treatment, for instance; whether passivated or not passivated (often referred to as chromated or unchromated), resin coated or not resin coated (often referred to as Anti Finger Print (AFP) or not AFP), oiled or not oiled, skin passed or not skin passed.

2.3.3 Excluded goods

Painted aluminium zinc coated steel, pre-painted aluminium zinc coated steel and unchromated aluminium zinc coated steel products exported from Korea are not covered by the dumping duty notice.

2.3.4 Tariff classification of the goods

The goods are classified to tariff subheading 7210.61.00 (statistical codes 60, 61 and 62) in Schedule 3 to the *Customs Tariff Act 1995*.

The goods exported to Australia from Korea under this tariff subheading are currently subject to a 2 per cent rate of customs duty as a result of the *Korea-Australia Free Trade Agreement*.

2.4 Australian industry producing like goods

During the original investigation, the ACBPS¹⁰ 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.

During the subsequent review of measures for Dongbu Steel (REP 272 and 273) the Commission was satisfied that there remains an Australian industry. A review of BlueScope's product information on its website confirms that aluminium zinc coated steel continues to be offered for sale publically by an Australian industry. As such, the Commission remains satisfied that there is an Australian industry producing like goods.

¹⁰ On 1 July 2013, the International Trade Remedies Branch of the ACBPS became the Anti-Dumping Commission.

3 CONSIDERATION OF THE APPLICATION

3.1 Legislative background

Subsection 269ZB(1) requires that an application for review be in writing, be in a form approved by the Commissioner for the purposes of this section, contain such information as the form requires, be signed in the manner indicated by the form and be lodged in a manner approved by section 269SMS.

Without otherwise limiting the matters that can be required by the form to be included, subsection 269ZB(2) provides that the application must include:

- a description of the kind of goods to which the measures the subject of the application relate; and
- a description of the measures the subject of the application; and
- if the application is based on a change in variable factors, a statement of the opinion of the applicant concerning:
 - the variable factors relevant to the taking of the measures taken that have changed; and
 - the amount by which each such factor has changed; and
 - information that establishes that amount; and
- if the application is based on circumstances that in the applicant's view indicate that anti-dumping measures are no longer warranted, evidence (in accordance with the form) of the circumstances.

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

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

3.2 Assessment of the application – compliance with section 269ZB

When considering the requirements of subsections 269ZB(1) and (2), the Commission notes that the application submitted:

- is in writing;
- is in the approved form (*Form B602 – Application for a review of measures*) and contains such information as the form requires (including evidence in support of the amount by which the normal value, export price and NIP has changed since anti-dumping measures were last imposed and information on the causes of the change to the normal value, export price and NIP and whether these causes are likely to persist);

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- contains such information as the form requires (including evidence in support of the amount by which normal value, export prices and NIP (where applicable) have changed since anti-dumping measures were last imposed and information on the causes of the change to normal values and export prices and whether these causes are likely to persist);
- is signed in the manner required by the form;
- was lodged in a manner approved under section 269SMS, being by email to the Commission's nominated email address (as nominated in the Commissioner's instrument made under section 269SMS);
- provides a description of the kind of goods to which the anti-dumping measures the subject of the application relates;
- provides a description of the anti-dumping measures the subject of the application; and
- includes a statement of the opinion of the applicant concerning the variable factors relevant to the taking of the anti-dumping measures that they have changed; the amount by which each factor has changed; and the information that establishes that amount.

For the reasons discussed above, the Commission is satisfied that the applicant has satisfied the requirements of subsection 269ZB(1) and (2).

3.3 Variable factors

The Commission considers that to comply with section 269ZB, the applicant must provide information to establish that, in the applicant's opinion, one or more of the variable factors have changed. The applicant does not have to provide information to establish that all the variable factors have changed.

The following sections will address the applicant's claims that there has been a change in the variable factors.

If the application is based on a change in variable factors, subsection 269ZB(2)(c) requires that the applicant provide a statement of its opinion regarding:

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

3.3.1 Ascertained Export Price and Ascertained Normal Value

Dongbu Steel claims that its ability to sell aluminium zinc coated steel to its Australian customers has been impeded because the AEP applied following REP 272, which acts as a floor price under a fixed and variable duty collection method, does not reflect current market trends.

Dongbu Steel also claims that if the AEP and ANV were ascertained today, they would be between [CONFIDENTIAL INFORMATION DELETED – number] lower than

the values ascertained in the last review. Information provided by Dongbu Steel to support this claim is set out below.

- [CONFIDENTIAL INFORMATION DELETED – source] benchmark pricing data for the Asian region which shows that the price of hot-dipped galvanised steel coil, which covers aluminium zinc coated steel and galvanised steel, has fallen by around [CONFIDENTIAL INFORMATION DELETED – number] since 2013-14.
- Actual pricing data for the Australian market which shows that the price for aluminium zinc coated steel in Australia has fallen by around [CONFIDENTIAL INFORMATION DELETED – number] between the last review period and November 2016.
- Actual pricing data for the Korean market which shows that the price for aluminium zinc coated steel in Korea has fallen by around [CONFIDENTIAL INFORMATION DELETED – number] between September 2014 and 2016.
- The price of the main raw material, HRC, has fallen by around [CONFIDENTIAL INFORMATION DELETED – number] between the last review period and November 2016.

3.3.2 Non-injurious price

Dongbu Steel notes that, for the reasons outlined above, the decline in the ANV ought to also result in a decline in the NIP of around [CONFIDENTIAL INFORMATION DELETED – number].

3.4 Assessment of application – compliance with section 269ZC

In determining whether to reject an application under section 269ZC, a further matter that is required to be considered by the Commissioner is whether there appear to be reasonable grounds for asserting that the variable factors relevant to the taking of anti-dumping measures have changed.

Based on the Commission's analysis in section 3.3 and its experience in other, similar cases in the last 12 months, there appears to be reasonable grounds for asserting, under subparagraph 269ZC(2)(b)(i), that the variable factors relevant to the taking of anti-dumping measures have changed.

Based on this assessment, the Commission considers that the Commissioner should not reject the application pursuant to subsection 269ZC(1) as it is satisfied of the matters referred to in subsection 269ZC(2) in respect of the application.

3.5 Conclusions and recommendations

The Commission has considered the application made by the applicant in accordance with sections 269ZB and 269ZC. The Commission is satisfied, on the basis of the information provided in the application and other relevant information, that:

- the application complies with section 269ZB; and
- there appear to be reasonable grounds for asserting that the variable factors relevant to the taking of the anti-dumping measures have changed.

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The Commission recommends that the Commissioner:

- not reject the application and initiate a review into the current anti-dumping measures applying to Dongbu Steel; and
- the review period be set as **1 October 2015 to 30 September 2016**.