



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

**Anti-Dumping
Commission**

CUSTOMS ACT 1901 - PART XVB

CONSIDERATION REPORT NO. 386

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

**ZINC COATED (GALVANISED) 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>
ADRP	Anti-Dumping Review Panel
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
HRC	hot rolled coil
the goods	zinc coated (galvanised) steel, or galvanised 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 the 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>
REP 274	<i>Anti-Dumping Commission Report No. 274</i>
REP 290	<i>Anti-Dumping Commission Report No. 290</i>
REP 298	<i>Anti-Dumping Commission Report No. 298</i>
Sheng Yu	Sheng Yu Co., Ltd
Ta Fong	Ta Fong Steel Co., Ltd
TAGAL	ANSC TKS Galvanising Co., Ltd
Union Steel	Union Steel Co., Ltd
Yieh Phui	Yieh Phui Enterprise 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 zinc coated (galvanised) steel (galvanised 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 of 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 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).

On 26 April 2013, the then CEO of the Australian Customs and Border Protection Service (ACBPS) terminated part of the dumping investigation in relation to galvanised steel exported from Korea by Union Steel Co., Ltd (Union Steel) and exported from Taiwan by Ta Fong Steel Co., Ltd (Ta Fong) and Sheng Yu Co., Ltd (Sheng Yu).³

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

- galvanised steel exported to Australia from China, Korea and Taiwan during the investigation period was dumped;
- the volume of dumped goods from each of these countries, and the dumping margins for all exporters (except Union Steel, Sheng Yu and Ta Fong) were not negligible;
- for China the dumping margins were between 6.8 per cent and 62.9 per cent;
- for Korea, with the exception of Union Steel, the dumping margins were between 3.2 per cent and 28.5 per cent;
- for Taiwan, with the exception of Sheng Yu and Ta Fong, the dumping margins were between 2.6 per cent and 8.6 per cent;
- 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.⁴

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

- dumping duty notice applying to galvanised steel exported to Australia from China, Korea (with the exception of Union Steel) and Taiwan (with the exception of Ta Fong and Sheng Yu). The form of measures applying to the dumping duty notice was the combination of fixed and variable duty method

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

⁴ 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.

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- countervailing duty notice applying to aluminium zinc coated steel exported to Australia from China (with the exception of Angang and TAGAL).

Further information about the dumping duty notice, as well as other anti-dumping measures is in Anti-Dumping Notice (ADN) No. 2013/66.⁵

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 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 2015.⁶

2.1.3 Review of measures – Chinese and Taiwanese Exporters

The Commission is currently undertaking six other reviews of measures applying to exporters of galvanised steel from China and Taiwan.⁷ All of these six reviews are due to be completed by 13 March 2017.

2.1.4 Anti-circumvention inquiries – Korean and Taiwanese Exporters

On 1 April 2015, BlueScope lodged an application requesting an anti-circumvention inquiry in relation to galvanised steel exported from Korea and Taiwan.

As a result of the anti-circumvention inquiries, the Commissioner considered that a circumvention activity had occurred with respect to certain exporters. However, the Commissioner did not recommend any alterations to the original dumping duty notice insofar as it applied to Dongbu or other Korean exporters. The outcome of the anti-circumvention inquiry was notified in ADN No. 2016/23. This decision was affirmed following review by the Anti-Dumping Review Panel.

⁵ 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.

⁶ The gazette notice is available at <https://www.legislation.gov.au/Details/C2015G01251>. ADN No. 2015/83 refers.

⁷ Refer to case numbers 365, 366, 368, 371, 374 and 376 on the public record at www.adcommission.gov.au.

2.2 The current application

On 16 November 2016 the Commission received an application for a review of the anti-dumping measures applying to galvanised steel exported 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 galvanised 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.⁸

Pursuant to subsection 269ZC(1), the Commissioner must, within 20 days after receiving the application, examine the application and decide whether to reject the application. The decision whether to reject the application must be made by 6 December 2016.

If the Commissioner is not satisfied, having regard to the 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 galvanised steel anti-dumping measures (the goods) 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; and

flat rolled products of alloyed steel of a width less than 600mm and equal to or greater than 600mm, plated or coated with zinc exported from:

- *China by Angang Steel Co., Ltd or Benxi Iron and Steel (Group) International Economic & Trading Co.; or*
- *Taiwan by Yieh Phui Enterprise Co., Ltd.*

2.3.1 Additional information in relation to the goods

The amount of 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 Z (Zinc) or ZF (Zinc converted to a Zinc / Iron coating). Common coating masses used for zinc coating

⁸ The last time this occurred was on 3 August 2015.

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.

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 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).

2.3.3 Excluded goods

Painted galvanised steel, pre-painted galvanised steel, electro-galvanised plate steel and corrugated galvanised steel are not covered by the dumping duty notice.

2.3.4 Tariff classification of the goods

The goods are classified to the following tariff subheadings in Schedule 3 to the *Customs Tariff Act 1995*.

- 7210.49.00 statistical code 55, 56, 57 and 58;
- 7212.30.00 statistical code 61.

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 ACBPS⁹ 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 galvanised 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.

⁹ 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 under 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;
 - 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 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 applicants 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 galvanised steel to its Australian customers has been impeded because the AEP applied following REP 273, 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 zinc coated (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 galvanised 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 galvanised steel in Korea has fallen by around [CONFIDENTIAL INFORMATION DELETED – number] between December 2013 and 2015.
- 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 between [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 of the current anti-dumping measures applying to Dongbu Steel; and
- the review period be set as **1 October 2015 to 30 September 2016**.