



CONSIDERATION REPORT

**APPLICATION FOR ACCELERATED REVIEWS
OF DUMPING DUTY AND COUNTERVAILING DUTY
NOTICES APPLYING TO**

**ZINC COATED (GALVANISED) STEEL AND
ALUMINIUM ZINC COATED STEEL**

**EXPORTED FROM THE PEOPLE'S REPUBLIC OF CHINA BY
SOUTH POLAR LIGHTS STEEL (SHANGHAI) CO., LTD**

REPORT NO. 227 AND 228

18 October 2013

PUBLIC RECORD

TABLE OF CONTENTS

TABLE OF CONTENTS	2
1 SUMMARY AND RECOMMENDATIONS	3
1.1 RECOMMENDATIONS	3
1.2 APPLICATION OF LAW TO FACTS	3
1.3 FINDINGS AND CONCLUSIONS	3
2 BACKGROUND	4
2.1 EXISTING MEASURES	4
2.2 THE CURRENT REVIEW APPLICATION	5
2.2.1 Background to the application for an accelerated review	5
2.2.2 Applicant details	5
2.2.3 Review Process	5
2.2.4 Key dates	6
3 APPLICATION FOR AN ACCELERATED REVIEW	7
3.1 LEGISLATIVE BACKGROUND	7
3.2 LODGEMENT DATE	7
3.3 ASSESSMENT OF THE APPLICATION – COMPLIANCE WITH SECTION 269ZF	7
4 GOODS UNDER REVIEW	8
4.1 GOODS DESCRIPTION	8
4.2 TARIFF CLASSIFICATION	9
4.3 TARIFF CONCESSION ORDERS (TCOs) AND EXEMPTIONS	9
5 CIRCUMSTANCES IN WHICH AN ACCELERATED REVIEW MAY BE SOUGHT – COMPLIANCE WITH SECTION 269ZE	11
5.1 BACKGROUND	11
5.2 STATUS AS A NEW EXPORTER	11
5.2.1 Background	11
5.2.2 New exporter period	11
5.2.3 Evidence of exports during the new exporter period	12
5.3 COOPERATION IN REGARDS TO THE APPLICATION FOR A DUMPING DUTY NOTICE AND COUNTERVAILING DUTY NOTICE	12
5.4 RELATIONSHIPS WITH SELECTED EXPORTERS	12
5.5 SUMMARY OF FINDINGS	13
6 CONCLUSION	14
7 SECURITIES, IDD AND ICD	15
8 LIST OF ATTACHMENTS	16

1 SUMMARY AND RECOMMENDATIONS

This report provides the results of the Anti-Dumping Commission's (the Commission) consideration of an application by South Polar Lights Steel (Shanghai) Co., Ltd (SPLCO) for accelerated reviews (one for each product) of the dumping duty notice and countervailing duty notices applying to zinc coated (galvanised) steel and aluminium zinc coated steel exported to Australia from the People's Republic of China (China).

1.1 Recommendations

The Commission recommends that the Anti-Dumping Commissioner (Commissioner) decide not to reject the application.

1.2 Application of law to facts

Division 6 of Part XVB of the *Customs Act 1901*¹ (the Act) sets out, among other things, the procedures to be followed by the Commissioner in dealing with an application for the early review of a dumping duty notice or a countervailing duty notice by certain exporters of goods covered by the notice.

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

1.3 Findings and conclusions

SPLCO's application for accelerated reviews of anti-dumping measures applying to galvanised steel and aluminium zinc coated steel exported to Australia from China has been examined.

The Commission finds, based on available information:

- the application satisfies the requirements of section 269ZF;
- the conditions for rejection under subsection 269ZE(2) are not met; and
- the circumstances in which an accelerated review can be sought have been satisfied.

Accordingly, the Commission concludes that, based on available information, the applicant is eligible to apply for an accelerated review, and recommends that the Commissioner not reject the application and the accelerated reviews continue.

¹ 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, dumping investigations into galvanised steel and aluminium zinc coated steel exported from China, the Republic of Korea (Korea) and Taiwan were initiated following applications lodged by BlueScope Steel Limited (BlueScope). In those investigations, as outlined in International Trade Remedies Branch Report 190 (REP 190),² it was found that:

- galvanised steel exported from China, Korea and Taiwan to Australia was dumped with margins ranging from 2.6% to 62.9%;
- aluminium zinc coated steel exported from China and Korea to Australia was dumped with margins ranging from 5.5% to 19.3%;
- 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.

On 26 November 2012, countervailing investigations into galvanised steel and aluminium zinc coated steel exported from China were initiated following applications lodged by BlueScope. In those investigations, as outlined in International Trade Remedies Branch Report 193 (REP 193)³, it was found that:

- galvanised steel exported from China to Australia was subsidised with margins ranging from 5.2% to 22.8%;
- aluminium zinc coated steel exported from China to Australia was subsidised with margins ranging from 5.0% to 21.7%;
- 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 impose anti-dumping measures (in the form of interim dumping duty (IDD) and interim countervailing duty (ICD)) on the goods exported from China, Korea and Taiwan.⁴ The Attorney-General accepted these recommendations and, on 5 August 2013, notice of the Attorney-General's decision was published in Anti-Dumping Notice No. 2013/66 (ADN 2013/66).

² Due to the close nature of these products and common interested parties, findings from both dumping investigations were detailed in one report

³ Due to the close nature of these products and common interested parties, findings from both countervailing investigations were detailed in one report

⁴ Only IDD is applicable to the goods from Korea and Taiwan (no interim countervailing duty). Anti-dumping measures are not applicable to aluminium zinc coated steel from Taiwan. One Korean exporter is exempted from IDD, while certain Chinese exporters are exempted from interim countervailing measures in relation to one or both of the products.

PUBLIC RECORD

ADN 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, as well as the details of the ICD applicable to galvanised steel and aluminium zinc coated steel exported to Australia from China.

2.2 The current review application

2.2.1 Background to the application for an accelerated review

On 29 September 2013, SPLCO lodged an application for accelerated reviews of anti-dumping measures applying to exports of galvanised steel and aluminium zinc coated steel from China to Australia in so far as they affect SPLCO.

2.2.2 Applicant details

Name	South Polar Lights Steel (Shanghai) Co., Ltd
Role	Chinese manufacturer, domestic supplier and exporter of galvanised steel and aluminium zinc coated steel (as per the company's application)
Address	298 Luo Chun Road, Luo Dian Industrial Zone, Baoshan District, Shanghai ZIP: 201908 TEL: +86-021-66867019

2.2.3 Review Process

Pursuant to subsections 269ZG(1) and (2) the Commissioner must, no later than 100 days after the application is lodged, provide the Minister a report recommending:

- a) *that the dumping duty notice or countervailing duty notice the subject of the application remain unaltered; or*
 - b) *that the dumping duty notice or countervailing duty notice the subject of the application be altered:*
 - i. *so as not to apply to the applicant; or*
 - ii. *so as to apply to the applicant as if different variable factors had been fixed;*
- and set out the Commissioner's reasons for so recommending.*

There is no legislative requirement for the Commission to maintain a public file for accelerated reviews. However, in the interests of ensuring the process is conducted in an open and transparent manner, a public file will be opened. One public file will be kept for both accelerated reviews.

This Consideration Report, along with a non-confidential version of the application and response to the exporter questionnaire, will be published on the Electronic Public Record, available at <http://adcommission.gov.au/>.

PUBLIC RECORD

PUBLIC RECORD

Given the expedited nature of accelerated reviews and the shortened timeframe for the Commission to produce a final report, any submissions by interested parties should be lodged by **2 December 2013**.

The Commissioner may not be able to have regard to submissions received after this date if to do so would, in the Commissioner's opinion, delay the timely preparation of the final report to the Minister for Industry (Minister).

2.2.4 Key dates

29 September 2013	Application lodged
23 November 2013	Response to exporter questionnaire due
2 December 2013	Submissions by interested parties due
7 January 2014	Final report to Minister due

PUBLIC RECORD

3 APPLICATION FOR AN ACCELERATED REVIEW

3.1 Legislative Background

Section 269ZF requires that an application for accelerated review must:

- be in writing (subsection 269ZF(1));
- be lodged in accordance with subsection 269ZF(2);
- contain a description of the goods to which the dumping duty notice and the countervailing duty notice relates; and
- contain a statement of the basis on which the exporter considers that the particular notice is inappropriate in so far as the exporter is concerned.

3.2 Lodgement date

On 29 September 2013, SPLCO formally lodged an application for accelerated reviews. A copy of their application is at **Attachment 1**. The application is available on the Public Record.

On receipt of the application, the Commission recorded the date on which the application was received as 29 September 2013 in accordance with subsection 269ZF(3). If the Commissioner does not reject the application, the initiation date is said to be the date of lodgement of the application.

3.3 Assessment of the application – compliance with section 269ZF

Section 269ZF sets out the manner in which an application for an accelerated review can be made.

The application received from SPLCO, was in writing, lodged in accordance with subsection 269ZF(2), and contains a description of the goods to which the dumping duty notices and the countervailing duty notices relate.

The application also contains a statement from SPLCO that outlines the reasons why the company believes the current anti-dumping and countervailing notices are inappropriate to the company (the company had not exported galvanised steel and aluminium zinc coated steel to Australia during the investigation period and up until the day before the Statement of Essential Facts was published).

The Commission is satisfied that the application complies with subsections 269ZF(1) and 269ZF(2) of the Act.

4 GOODS UNDER REVIEW

4.1 Goods description

The goods covered by the dumping and countervailing duty notices are galvanised steel and aluminium zinc coated steel.

(i) Zinc coated (galvanised) steel

The goods the subject of the 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.

Galvanised steel of any width is included.

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.

Product Treatment

The galvanised steel 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).

Goods excluded from the measures

Painted galvanised steel, pre-painted galvanised steel and electro-galvanised plate steel are not covered.

(ii) Aluminium zinc coated steel

The goods the subject of 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 600mm, plated or coated with aluminium-zinc alloys, **not painted** whether or not including resin coating.*

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

PUBLIC RECORD

Product treatment

The aluminium zinc coated steel application covers aluminium zinc coated 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.

Goods excluded from the measures

Painted aluminium zinc coated steel and pre-painted aluminium zinc coated steel are not covered by the application and subsequent investigation.

Additional information to assist in understanding the goods is included in ACDN 2012/62 available at www.adcommission.gov.au.

4.2 Tariff classification

The goods may be classified to the following subheadings in Schedule 3 of the *Customs Tariff Act 1995*:

(i) Galvanised steel

7210.49.00	Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, clad, plated or coated: <i>Statistical code 55 - of a thickness of less than 0.5 mm</i> <i>Statistical code 56 - of a thickness of 0.5 mm or more but less than 1.5 mm</i> <i>Statistical code 57 - of a thickness of 1.5 mm or more but less than 2.5 mm</i> <i>Statistical Code 58 - of a thickness of 2.5 mm or more</i>
7212.30.00	Flat-rolled products of iron or non-alloy steel, of a width of less than 600 mm, clad, plated or coated: Statistical Code 61 - otherwise plated or coated with zinc

(ii) Aluminium zinc coated steel

7210.61.00	Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, clad, plated or coated: Plated or coated with aluminium-zinc alloys <i>Statistical code 60 - of a thickness of less than 0.5 mm</i> <i>Statistical code 61 - of a thickness of 0.5 mm or more but less than 1.5 mm</i> <i>Statistical code 62 - of a thickness of 1.5 mm or more</i>
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4.3 Tariff Concession Orders (TCOs) and exemptions

A number of TCOs exist that may be relevant to galvanised steel (refer to Section 3.5.4 of the Commission's final report number 190 (REP 190)).

PUBLIC RECORD

PUBLIC RECORD

Additionally, several exemptions to measures have granted by the Minister for Home Affairs, when publishing the original dumping duty and countervailing duty notices. Refer to REP 190 for further details.

PUBLIC RECORD

5 CIRCUMSTANCES IN WHICH AN ACCELERATED REVIEW MAY BE SOUGHT – COMPLIANCE WITH SECTION 269ZE

5.1 Background

Section 269ZE sets out the circumstances in which an accelerated review may be sought. The criteria of section 269ZE are considered in this chapter.

The conclusions in this Section are made on the basis of all currently available information. If, during the accelerated review, evidence becomes available that satisfies the Commissioner that the requirements of Section 269ZE are not met, the Commissioner may reject the application for an accelerated review.

5.2 Status as a new exporter

5.2.1 Background

Subsection 269ZE(1) sets out that only a “new exporter” may apply for an accelerated review. A new exporter is defined (section 269T) as an exporter who did not export such goods to Australia at any time during the period:

- (a) starting at the start of the investigation period in relation to the application; and
- (b) ending immediately before the day the Commissioner places on the Public Record the statement of essential facts in relation to the investigation of the application.

Section 269T also defines “application” in relation to a dumping duty notice or a countervailing duty notice as meaning an application for the publication of such a notice.

5.2.2 New exporter period

The Commission considers that, due to the definitions in section 269T, the period within which a new exporter cannot have exported to Australia relates to the applications for a dumping and countervailing duty notice, which in this case relates to the 2012 applications by BlueScope.

Thus, the Commission considers the period for which SPLCO must not have exported to Australia (new exporter period) is:

- for the dumping investigations – from 1 July 2011, the start of the investigation period, to 17 March 2013, the day before the SEF for Investigation 190 was placed on the Public Record; and
- for the countervailing investigations – from 1 July 2011, the start of the investigation period, to 14 May 2013, the day before the SEF for Investigation 193 was placed on the Public Record.

5.2.3 Evidence of exports during the new exporter period

A search of the Australian Customs and Border Protection Service's (ACBPS's) import database for any exports by the manufacturer SPLCO did not reveal any exports of galvanised steel and aluminium zinc coated steel from SPLCO during the period 1 July 2011 to 14 May 2013.

Based on the available information, the Commission considers that SPLCO should be considered as a new exporter for the purposes of the accelerated reviews.

5.3 Cooperation in regards to the application for a dumping duty notice and countervailing duty notice

Paragraph 269ZE(2)(a) provides that, if the Commissioner is satisfied that, because the exporter refused to cooperate in relation to the application for a dumping duty notice or a countervailing duty notice, the exportations from that exporter have not investigated (in the original investigations), the Commissioner may reject the application.

Noting the above finding in Section 5.2.3 that there is no evidence of exports by SPLCO during the investigation period, the Commission notes that SPLCO's cooperation would not have been sought during the original investigations in any case (as the company would not have been identified as an exporter).

However, as a further check the exporter files for the original investigation (REP 190 and 193) were examined for any correspondence between the Commission and SPLCO. No reference to SPLCO was found in these files. This is consistent with the finding that SPLCO did not export the goods to Australia during the investigation periods for Investigation 190 and 193.

Based on the information currently available, the Commission considers that there are no grounds for rejection in terms of paragraph 269ZE(2)(a).

5.4 Relationships with selected exporters

Paragraph 269ZE(2)(b) provides that, if the Commissioner is satisfied that the exporter (i.e. the applicant for an accelerated review) is related to an exporter who was a selected exporter in relation to the application for a notice, the Commissioner may reject the application.

To determine if the application for an accelerated review is valid in relation to paragraph 269ZE(2)(b), the exporter questionnaire responses and/or visit reports for the REP 190 and 193 selected exporters were reviewed for company information and shareholding arrangements. There is no evidence to suggest that SPLCO is related to a selected exporter.

Given the information available, the Commission considers there are no grounds for rejection in terms of paragraph 269ZE(2)(b).

5.5 Summary of findings

In accordance with section 269ZE, on review of the application and all information currently available, the following findings have been made about whether the circumstances exist in which accelerated reviews may be sought:

- the applicant did not export galvanised steel and aluminium zinc coated steel during the period for which new exporters cannot have exported. Consequently, the applicant meets the definition of a new exporter and satisfies the requirements for requesting an accelerated review as stated at subsection 269ZE(1);
- the applicant did not refuse to cooperate in relation to the application for a dumping duty notice or a countervailing duty notice, and the application should not be rejected under paragraph 269ZE(2)(a); and
- the applicant does not appear to be related to any selected exporters in the original investigations and the application should not be rejected under paragraph 269ZE(2)(b).

6 CONCLUSION

The Commission has considered the application made by SPLCO to determine if it was valid as required by sections 269ZE, 269ZF and the definitions provided in section 269T of the Act.

The Commission concludes, on the basis of currently available information, that:

- the application satisfies the requirements of section 269ZF;
- the conditions for rejection under section 269ZE are not met; and
- the circumstances in which an accelerated review can be sought have been satisfied.

Accordingly, the Commission concludes that SPLCO is eligible to apply for accelerated reviews, and it recommends that the Commissioner not reject the application at this stage and the accelerated reviews continue, by signing the document at **Attachment 2**.

Should the Commissioner decide to not reject the application and the accelerated reviews continue, it is recommended that the review period for both accelerated reviews be 1 July 2012 to 30 June 2013.

7 SECURITIES, IDD AND ICD

When an application for an accelerated review of a dumping duty notice and/or countervailing duty notice is lodged, section 269ZH states that no interim duty can be collected in respect of consignments of goods entered for home consumption after the application is lodged and until the completion of the review. However, subsection 269ZH(b) provides that the Commissioner may require and take securities under section 42 in respect of IDD and ICD that may be payable.

Should the Delegate not reject the application, and continue the accelerated reviews, it is recommended that a declaration under subsection 269ZH(b) be made by the Commissioner to ensure dumping and countervailing securities are collected for the period of the accelerated reviews.

These necessary documents for this declaration have been prepared and attached at **Attachment 3**.

PUBLIC RECORD

8 LIST OF ATTACHMENTS

ATTACHMENTS	TITLE
Attachment 1	SPLCO's application for accelerated reviews
Attachment 2	Notice - Commissioner's decision to not reject the application
Attachment 3 (confidential table included)	Declaration - Commissioner's decision to take securities under section 42

PUBLIC RECORD



**CONSIDERATION OF AN APPLICATION UNDER SECTION 269ZF OF THE
*CUSTOMS ACT 1901***

I, Scott Wilson, have considered, in terms of section 269ZF of the *Customs Act 1901* (the Act), an application by South Polar Lights Steel (Shanghai) Co., Ltd, a new exporter, for accelerated reviews of the dumping duty notice and countervailing duty notice in respect of zinc coated (galvanised) steel and aluminium zinc coated steel exported to Australia from the People's Republic of China.

Having regard to the matters contained in the application and to other information considered relevant, I am satisfied that:

- the application satisfies the requirements of section 269ZF;
- the conditions for rejection under section 269ZE(2) are not satisfied; and
- the circumstances in which an accelerated review can be sought have been satisfied.

In view of the above, I have decided that the application is valid and it should not be rejected.

If, during the course accelerated reviews, evidence becomes available that satisfies me that the requirements of Section 269ZE are not met, I may reject the application for accelerated reviews.

The attached assessment details the consideration of the application and other relevant information, and provides the reasons relied on in making my decision in relation to the application.

Scott Wilson
Delegate of the Anti-Dumping Commissioner
Position Number 667

18 October 2013
