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Australian Government
Anti-Dumping Commission

EXEMPTION INQUIRY EX0012

**ZINC COATED (GALVANISED) STEEL
EXPORTED TO AUSTRALIA FROM THE
PEOPLE'S REPUBLIC OF CHINA, THE
REPUBLIC OF KOREA AND TAIWAN**

REPORT TO THE MINISTER

GM HOLDEN LTD

OCTOBER 2013

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2 Summary and recommendations

This inquiry is in response to an application by GM Holden Ltd (Holden) requesting an exemption from dumping duty and countervailing duty (collectively, the measures) under sections 8 and 10 of the *Customs Tariff (Anti-Dumping) Act 1975*¹ (the *Dumping Duty Act*) in relation to the export of zinc coated (galvanised) steel from the People's Republic of China (China), the Republic of Korea (Korea) and Taiwan.

This report sets out the facts on which the Minister for Industry (the Minister) may rely on to exempt goods from measures.

2.1 Recommendation

The Anti-Dumping Commission (the Commission) has found that for the goods (refer to **section 4.3**), the subject of Holden's application, Tariff Concession Orders (TCOs) under Part XVA of the *Customs Act 1901* (the Act) are in force. Accordingly, the Minister can be satisfied that the conditions of subsections 8(7)(b) and 10(8)(aa) of the Dumping Duty Act for granting an exemption are met.

The Commission recommends the Minister exempt from measures for galvanised steel, the goods to which TC1316842 and TC1316841 apply, and that the Minister signs the instrument at **Attachment 1**.

2.2 Application of law to facts

2.2.1 Authority to make decision

Subsections 8(7) and 10(8) of the Dumping Duty Act set out, *inter alia*, the matters to be considered by the Minister in deciding whether to exempt goods from dumping duty and countervailing duty.

2.2.2 Application

On 4 September 2013, Holden wrote to the Commission requesting an exemption from measures in relation to its imports of galvanised steel (**Confidential Attachment 1**). The Commission accepted Holden's request for an exemption.

Holden has applied for an exemption under subsections 8(7)(b) and 10(8)(aa) of the Dumping Duty Act. That is:

“that a Tariff Concession Order under Part XVA of the *Customs Act 1901* in respect of the goods is in force”²

2.2.3 Initiation of inquiry

After examining the application, the Commission was satisfied that:

- the claims put forward in the application warranted further inquiry;
- that an exemption inquiry should commence; and

¹ A reference to a division, section or subsection in this report is a reference to a provision of the *Customs Tariff (Anti-Dumping) Act 1975* unless otherwise specified.

² Subsections 8(7)(b) and 10(8)(aa) of the *Customs Tariff (Anti-Dumping) Act 1975*

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- that a final report and recommendation to the Minister presenting evidence on which the Minister may rely to exercise his power to exempt goods under sections 8 and 10 of the Dumping Duty Act be prepared.

2.3 Findings and conclusions

The Commission has found that BlueScope Steel Limited (BlueScope), the sole Australian manufacturer, was granted certain TCOs for the type of galvanised steel subject to Holden's exemption application. The conditions for granting an extension are therefore satisfied.

3 Background

3.1 Original investigation

In August 2013, the Commission completed an investigation into:

- the alleged dumping of galvanised steel exported to Australia from China, Korea and Taiwan, which commenced on 5 September 2012; and
- the alleged subsidisation of galvanised steel exported to Australia from China, which commenced on 26 November 2012.

The Commission reported its findings and recommendations to the Attorney-General. The Attorney-General accepted the Commission's recommendation that galvanised steel had been exported at dumped and subsidised prices and that dumping and subsidisation had caused material injury to the Australian industry. A dumping duty notice and countervailing duty notice in respect of the goods was published on 5 August 2013.

Anti-Dumping Notice (ADN) No. 2013/66 contains details of the measures, including a description of the goods subject to measures.

The recommendations made to the Attorney-General this case are contained in Reports 190 and 193 (REP 190 and REP 193).

3.2 Exemption inquiry

On 4 September 2013, the Commission accepted Holden's letter as an application for an exemption of measures.

The Commission sent the sole Australian manufacturer, BlueScope, an invitation to respond to Holden's application on 22 October 2013 and requested that a response be received no later than 5 November 2013.

BlueScope responded on 23 October 2013 stating that it did not object to the granting of the exemption requested by Holden (**Confidential Attachment 2**).

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4 The “goods subject to measures” and the “goods subject of the application for exemption”

4.1 The goods subject to measures

The imported goods subject to anti-dumping measures are described as:

“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”³.

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/m^2) 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.

Trade and other names often used to describe galvanised steel include:

- “GALVABOND®” steel;
- “ZINCFORM®” steel;
- “GALVASPAN®” steel;
- “ZINCHITEN®” steel;
- “ZINCANNEAL” steel;
- “ZINCSEAL” steel;
- Galv;
- GI;
- Hot Dip Zinc coated steel;
- Hot Dip Zinc/iron alloy coated steel; and
- Galvanneal.

Product Treatment

The anti-dumping measures cover 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 investigation scope

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

³ Galvanised Steel Application, page 10.

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4.2 Tariff classification

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

The general rate of duty is currently 5% for goods imported under these tariff subheadings. Imports from China are subject to the DCS duty rate which is free. Imports from Korea and Taiwan are subject to the DCT duty rate which is 5%.

4.3 Goods subject of the application for exemption

The goods the subject of this application for exemption are:

“for certain goods covered by the following Tariff Concessions:

TC1316842

TC1316841.”

The application also requested exemptions for certain goods covered by the following TCOs:

- TC1316843
- TC1316844
- TC1316845

These TCOs relate to goods that are currently not subject to anti-dumping measures. As the Minister cannot grant an exemption from anti-dumping measures where no measures exist, the exemption application has proceeded on the basis of only examining the claims relating to TC1316842 and TC1316841.

TCO 1316842 covers the following:

STEEL, flat rolled, non-alloy, electrolytically plated OR coated with zinc, in coils, having ALL of the following:

- (a) yield strength NOT less than 110 MPa and NOT greater than 240 MPa;
- (b) tensile strength NOT less than 260 MPa;
- (c) elongation NOT less than 37%;
- (d) coating mass NOT less than 36 g/m² and NOT greater than 90 g/m² on each side;
- (e) in ANY of the following sizes:
 - (i) thickness 0.70 mm and width 980 mm; (ii) thickness 0.70 mm and width 1 160 mm;
 - (iii) thickness 0.70 mm and width 1 250 mm; (iv) thickness 0.70 mm and width 1 520 mm; (v) thickness 0.70 mm and width 1 640 mm;
 - (vi) thickness 0.80 mm and width 960 mm;
 - (vii) thickness 0.80 mm and width 1 160 mm; (viii) thickness 0.80 mm and width 1 370 mm; (ix) thickness 0.80 mm and width 1 600 mm;
 - (x) thickness 0.90 mm and width 950 mm

For the purposes of this Order, tolerances allowable for specification (e) are:

- (a) thickness +/- 10%

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(b) width +/- 1%

TC1316841 covers the following:

STEEL, flat rolled, non-alloy, hot dipped zinc coated, in coils, having ALL of the following:

- (a) yield strength NOT less than 110 MPa and NOT greater than 280 MPa;
- (b) tensile strength NOT less than 260 MPa;
- (c) elongation NOT less than 37%;
- (d) coating mass NOT less than 45 g/m² and NOT greater than 100 g/m² on each side;
- (e) in ANY of the following sizes:
 - (i) thickness 0.60 mm and width 1 670 mm;
 - (ii) thickness 0.65 mm and width 960 mm;
 - (iii) thickness 0.65 mm and width 1 075 mm;
 - (iv) thickness 0.65 mm and width 1 160 mm;
 - (v) thickness 0.65 mm and width 1 240 mm;
 - (vi) thickness 0.65 mm and width 1 425 mm
 - (vii) thickness 0.65 mm and width 1 430 mm;
 - (viii) thickness 0.65 mm and width 1 445 mm;
 - (ix) thickness 0.65 mm and width 1 630 mm;
 - (x) thickness 0.65 mm and width 1 730 mm;
 - (xi) thickness 0.70 mm and width 810 mm;
 - (xii) thickness 0.70 mm and width 840 mm;
 - (xiii) thickness 0.70 mm and width 850 mm;
 - (xiv) thickness 0.70 mm and width 890 mm;
 - (xv) thickness 0.70 mm and width 896 mm;
 - (xvi) thickness 0.70 mm and width 1 390 mm;
 - (xvii) thickness 0.70 mm and width 1 400 mm;
 - (xviii) thickness 0.70 mm and width 1 410 mm;
 - (xix) thickness 0.70 mm and width 1 440 mm;
 - (xx) thickness 0.70 mm and width 1 460 mm;
 - (xxi) thickness 0.70 mm and width 1 540 mm;
 - (xxii) thickness 0.70 mm and width 1 590 mm;
 - (xxiii) thickness 0.70 mm and width 1 650 mm;
 - (xxiv) thickness 0.70 mm and width 1 655 mm;
 - (xxv) thickness 0.75 mm and width 1 600 mm;
 - (xxvi) thickness 0.75 mm and width 1 695 mm;
 - (xxvii) thickness 0.75 mm and width 1 760 mm;
 - (xxviii) thickness 0.80 mm and width 680 mm;
 - (xxix) thickness 0.80 mm and width 1 185 mm;
 - (xxx) thickness 0.80 mm and width 1 300 mm;
 - (xxxi) thickness 0.80 mm and width 1 370 mm;
 - (xxxii) thickness 0.80 mm and width 1 325 mm;
 - (xxxiii) thickness 0.80 mm and width 1 545 mm;
 - (xxxiv) thickness 0.80 mm and width 1 600 mm;
 - (xxxv) thickness 0.80 mm and width 1 695 mm;
 - (xxxvi) thickness 0.80 mm and width 1 760 mm;
 - (xxxvii) thickness 0.80 mm and width 1 840 mm;
 - (xxxviii) thickness 0.90 mm and width 950 mm;
 - (xxxix) thickness 0.90 mm and width 1 530 mm;
 - (xl) thickness 0.90 mm and width 1 800 mm;
 - (xli) thickness 1.20 mm and width 1 730 mm;
 - (xlii) thickness 1 20 mm and width 1 770 mm

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For the purposes of this Order, tolerances allowable for specification (e) are:

- (a) thickness +/- 10%
- (b) width +/- 1%

4.3.1 Uses for the goods

The galvanised steel the subject of the application is used in the passenger motor vehicle industry.

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5 Galvanised steel subject to TCO

5.1 Assessment

The Commission has found that on 12 August 2013, TC1316842 and TC1316841 came into effect following an application from BlueScope that identified certain specifications of galvanised steel. The relevant TCO and tariff classification is TC1316842 (7210.30.00) and TC1316841 (7210.49.00).

5.2 Conclusion

The Commission recommends that the Minister exempt these goods from interim dumping duty and interim countervailing duty, under paragraphs 8(7)(b) and 10(8)(aa) of the Dumping Duty Act on the basis that a TCO in respect of the goods is in force.

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6 ATTACHMENTS

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| Attachment 1 | Instrument |
| Confidential Attachment 1 | Holden's application |
| Confidential Attachment 2 | BlueScope's response to the questionnaire |