



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

**Anti-Dumping
Commission**

CUSTOMS ACT 1901 - PART XVB

**CONSIDERATION REPORT
NO. 375**

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

**ALUMINIUM ZINC COATED STEEL EXPORTED TO AUSTRALIA
FROM THE PEOPLE'S REPUBLIC OF CHINA BY**

YIEH PHUI (CHINA) TECHNOMATERIAL CO., LTD.

SEPTEMBER 2016

TABLE OF CONTENTS

1	<i>SUMMARY AND RECOMMENDATION</i>	4
1.1	Background	4
1.2	Recommendation	4
1.3	Legislative background	4
1.4	Findings and conclusions	4
2	<i>BACKGROUND</i>	5
2.1	History of the existing anti-dumping measures	5
2.1.1	Original investigations	5
2.2	The current application	7
2.3	The goods subject to the anti-dumping measures	7
2.3.1	Additional information in relation to the goods	7
2.3.2	Product treatment	8
2.3.3	Excluded goods	8
2.4	Tariff classification.....	8
3	<i>CONSIDERATION OF THE APPLICATIONS</i>	9
3.1	Legislative background	9
3.2	Assessment of the application – compliance with section 269ZB	9
3.3	Variable factors	10
3.3.1	Ascertained normal value.....	10
3.3.2	Commission’s assessment	12
3.3.3	Non-injurious price	12
3.4	Assessment of application – compliance with section 269ZC	12
3.5	Conclusions and recommendations.....	12

PUBLIC RECORD

ABBREVIATIONS

Abbreviation	Full title
ACBPS	Australian Customs and Border Protection Service
the Act	the <i>Customs Act 1901</i>
ADN	Anti-Dumping Notice
ADRP	Anti-Dumping Review Panel
the Applicant	Yieh Phui (China) Technomaterial Co., Ltd., or YPT
BlueScope	BlueScope Steel Limited
the Commission	the Anti-Dumping Commission
the Commissioner	the Commissioner of the Anti-Dumping Commission
CTMS	cost to make and sell
the goods	aluminium zinc coated steel
HRC	hot rolled coil
ICD	interim countervailing duty
IDD	interim dumping duty
Korea	the Republic of Korea
NIP	non-injurious price
the Parliamentary Secretary ¹	the Assistant Minister for Industry, Innovation and Science and the Parliamentary Secretary to the 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>

¹ The Minister for Industry, Innovation and Science has delegated responsibility with respect to anti-dumping matters to the Parliamentary Secretary, and accordingly, the Parliamentary Secretary is the relevant decision maker. 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.

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 Yieh Phui (China) Technomaterial Co., Ltd. (YPT) for a review in respect of the anti-dumping measures relevant to the exports of aluminium zinc coated steel to Australia from the People's Republic of China (China).

The applicant considers it appropriate to review the anti-dumping measures because one or more of the variable factors relevant to the taking of the anti-dumping measures have changed. The alleged change in variable factors claimed is the normal value relevant to the dumping duty notice.²

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)³ sets out, among other things, the procedures to be followed by the Commissioner in dealing with an application for a review of measures.

Division 5 empowers the Commissioner to reject or not reject an application for 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 As outlined in section 2.1.1, there is a countervailing duty notice in relation to aluminium zinc coated steel exported from China, however YPT is not subject to countervailing duties.

³ 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 China, the Republic of Korea (Korea) and Taiwan was initiated following an application by BlueScope Steel Limited (BlueScope).

On 26 November 2012, a countervailing investigation into aluminium zinc coated steel exported to Australia from China was initiated following a further application by BlueScope.

On 26 April 2013, the CEO of the Australian Customs and Border 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).⁴

On 2 May 2013, the dumping investigation into aluminium zinc coated steel exported from Taiwan was also terminated.⁵

On 5 August 2013, the findings of the dumping investigation into aluminium zinc coated steel were published in *International Trade Remedies Branch Report 190* (REP 190), which found that:⁶

- 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.

On 5 August 2013, the findings of the countervailing investigation into aluminium zinc coated steel were published in *International Trade Remedies Branch Report 193* (REP 193)⁷, which found that:

⁴TER 190A sets out the reasons for these terminations and is available on the Commission's EPR.

⁵TER 190B sets out the reasons for this termination and is available on the Commission's EPR.

⁶REP 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.

⁷REP 193 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 countervailing investigations were detailed in one report.

PUBLIC RECORD

- with the exception of Angang Steel Co. Ltd (Angang),⁸ aluminium zinc coated steel exported from China to Australia was subsidised with subsidy margins ranging from 7.9 to 21.7 per cent;
- the volume of subsidised goods was not negligible;
- the subsidised exports from China caused material injury to the Australian industry producing like goods; and
- continued subsidisation may cause further material injury to the Australian industry.

On 5 August 2013, the then Attorney-General, following consideration of REP 190 and 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;⁹ and
- countervailing duty notice applying to aluminium zinc coated steel exported to Australia from China (with the exception of Angang).

The anti-dumping measures were outlined in Anti-Dumping Notice (ADN) No. 2013/66.¹⁰

As outlined in ADN No. 2014/12, following a review by the Anti-Dumping Review Panel (ADRP) of certain findings, the then Parliamentary Secretary to the Minister of Industry decided to vary the countervailing duty notice so that it no longer applied to certain exporters (including YPT) and to reduce the amount of countervailable subsidies by the amounts referable to programs 1 to 3 described in REP 193. The then Parliamentary Secretary's decision to vary the countervailing duty notice required an amendment to the interim dumping duty (IDD) payable on imports of aluminium zinc coated steel. This is because the original dumping margins were reduced by the amount of subsidy attributable to subsidy programs 1 to 3 in determining the IDD payable.

Notice of the then Parliamentary Secretary's decision was published on 20 February 2014. The notice had retrospective effect from 5 August 2013. As a result, a subsidy margin of 10.3 per cent only applies to the category of exporters that did not cooperate with the original countervailing investigation ('All Other Exporters').

⁸ On 17 June 2013, the CEO of the Australian Customs and Border Protection Service terminated the countervailing investigation into aluminium zinc coated steel exported by Angang. TER 193(i) sets out the reasons for this termination. This report is available on the Commission's electronic public record. This decision was revoked by the ADRP. Following the Commission's resumed investigation in relation to the receipt of countervailable subsidies by Angang, the Commissioner terminated the investigation in relation to Angang. Notice of this decision was published in *the Australian* on 1 June 2015.

⁹ As outlined previously, the anti-dumping measures for aluminium zinc coated steel do not apply to Taiwan.

¹⁰ 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 application

The Commission received an application for a review of the anti-dumping measures applying to aluminium zinc coated steel from China by YPT on 31 August 2016. This application was withdrawn and resubmitted on 8 September 2016.

The applicant claims that its normal value, relevant to the taking of the anti-dumping measures, has 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. This is claimed, in turn, to have resulted in a reduction in domestic selling prices for aluminium zinc coated steel in China.

The application is not prevented 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 or a notice declaring the outcome of the last review of the dumping duty notice.¹¹

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

As such, the decision to reject the application must be made no later than 28 September 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 of the 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 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.”

As noted above, the applicant is not subject to the countervailing duty notice in relation to China. As such, this review will not examine matters relating to the countervailing duty notice.

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 with the prefix being AZ (Aluminium Zinc). Common coating masses used are: AZ200, AZ150, AZ100, and AZ70.

¹¹ The last time this occurred was the 3 August 2015.

PUBLIC RECORD

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 goods description 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.

2.3.3 Excluded goods

Painted aluminium zinc coated steel and pre-painted aluminium zinc coated steel are not covered by the dumping duty notice.

2.4 Tariff classification

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 China under this tariff subheading are subject to a 3 per cent rate of customs duty. As a result of the Australia and China Free Trade Agreement the customs duty is progressively reducing by 1 percentage point at the beginning of each calendar year, and will be duty free from 1 January 2019.

3 CONSIDERATION OF THE APPLICATIONS

3.1 Legislative background

Subsection 269ZB(1) requires that the application 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, subsection 269ZB(2) provides that the application must include:

- a description of the kind of goods to which the anti-dumping measures the subject of the application relate; and
- a description of the anti-dumping 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 anti-dumping measures that have changed; and
 - the amount by which each such factor has changed; and
 - the information that establishes that amount;
- 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 must be considered 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 has changed since anti-dumping measures were last imposed and information on the causes of the change to normal value and whether these causes are likely to persist);
- is signed in the manner required by the form;

PUBLIC RECORD

- 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 normal value relevant to the taking of the measures has changed; the amount by which the normal value has changed; and the information that establishes that amount.

For the reasons discussed above and below, the Commission is satisfied that the applicant has satisfied the requirements of subsections 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 its 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
- the information that establishes that amount.

3.3.1 Ascertained normal value

YPT claims that the ascertained normal value of the goods in relation to its exports has changed and provided evidence to support its assertion that this variable factor has changed.

In the original investigation, it was established that, in accordance with subsection 269TAC(2)(a)(ii), a situation exists in the domestic Chinese aluminium zinc coated steel market that renders domestic selling prices in that market unsuitable for the purpose of determining the normal value for aluminium zinc coated steel under subsection 269TAC(1).

As such the ACBPS ascertained normal values for domestic sales by YPT in accordance with subsection 269TAC(2)(c) using YPT's weighted average cost to make and sell data (CTMS) (revised for raw material cost uplift), by product model and an amount of profit based on domestic sales of like goods made in the ordinary

PUBLIC RECORD

course of trade. YPT's HRC costs were replaced with a benchmark¹² for HRC in YPT's constructed normal value of aluminium zinc coated steel. Adjustments were made to normal values to ensure comparability with export prices pursuant to subsection 269TAC(9).

In its application, YPT asserted that its ascertained normal value has changed since the original investigation. YPT claimed that its domestic selling prices of the goods have fallen and its cost to manufacture has declined. YPT claimed that the fall in the normal value is attributed to the global decline in the price of raw material inputs, specifically HRC, and has expressed an opinion that this trend will persist due mainly to global overcapacity of steel producers.

In support of its claims, YPT supplied a ledger of purchases of HRC and market data on traded HRC pricing for East Asia imports.

The Commission also notes that iron ore is a core input to the production of HRC, which in turn is a material input into the production of aluminium zinc coated steel. The Commission compared the pricing of iron ore and East Asian HRC over the original investigation period and the proposed review period as demonstrated below at Figure 1 below.¹³

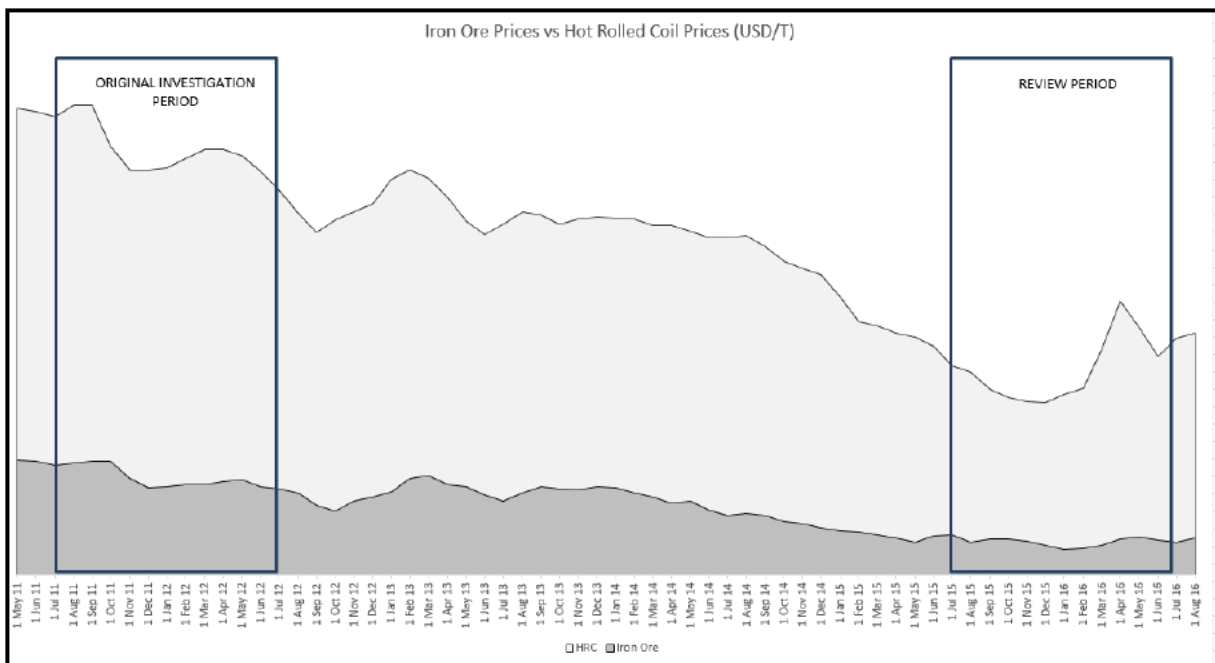


Figure 1 – Iron Ore Prices vs HRC Prices

¹² Established by reference to the weighted average domestic HRC price paid by cooperating exporters of galvanised steel and aluminium zinc coated steel from Korea and Taiwan at comparable terms of trade and conditions of purchase to those observed in China. See page 61 of REP 190.

¹³ The Commission's own sources of independent third party pricing data.

Figure 1 shows that HRC costs have decreased. Overall, the Commission found that there are reasonable grounds for YPT to assert that its ascertained normal value has changed.

3.3.2 Commission's assessment

The Commission considers that YPT has provided sufficient information to establish the statement of its opinion concerning the amount by which the variable factors have changed as required by subsection 269ZB(2)(c).

Therefore, the Commission is satisfied that, in respect of the variable factors, YPT's application complies with section 269ZB.

3.3.3 Non-injurious price

YPT has not claimed a change in the variable factor of the NIP.

In the original investigation, the ACBPS considered the most appropriate basis for estimating the NIP and found that it was reasonable to expect that the Australian industry would be able to achieve as a minimum, selling prices that reflected un-dumped import parity pricing. Accordingly, the ACBPS considered that the NIP for each exporter should equal the respective normal value.

The Commission considers that it is appropriate to review the NIP in respect of any review that follows this application.

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.

The Commission considers that on the basis of information available to him the Commissioner has sufficient grounds to determine whether or not he would be induced to recommend to the Parliamentary Secretary a change in the relevant variable factors.

Based on the Commission's analysis in section 3.3, there appear to be reasonable grounds for asserting, under subsection 269ZC(2)(b)(i) that the variable factors relevant to the taking of anti-dumping measures have changed.

Based on this assessment, the Commission recommends that the Commissioner 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

PUBLIC RECORD

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.

The Commission recommends that the Commissioner:

- not reject the application and initiate a review into the current anti-dumping measures applying to YPT; and
- the review period for the review be set as 1 July 2015 to 30 June 2016.