



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

**Anti-Dumping
Commission**

CUSTOMS ACT 1901 - PART XVB

STATEMENT OF ESSENTIAL FACTS
NOS. 385 and 386

REVIEWS OF ANTI-DUMPING MEASURES APPLYING TO

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

EXPORTED FROM THE REPUBLIC OF KOREA

BY

DONGBU STEEL CO., LTD.

May 2017

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ABBREVIATIONS

ACBPS	Australian Customs and Border Protection Service
the Act	the <i>Customs Act 1901</i>
ADN	Anti-Dumping Notice
ADRP	Anti-Dumping Review Panel
AEP	ascertained export price
AFP	Anti Finger Print
Angang	Angang Steel Company Limited
ANV	ascertained normal value
BlueScope	BlueScope Limited
China	the People's Republic of China
the Commission	the Anti-Dumping Commission
the Commissioner	the Commissioner of the Anti-Dumping Commission
CTMS	cost to make and sell
Dongbu Steel	Dongbu Steel Co., Ltd., the applicant
FOB	Free on Board
galvanised steel	zinc coated (galvanised) steel
the goods	the goods that are the subject of the relevant application (also referred to as the goods under consideration)
HRC	hot rolled coil
IDD	interim dumping duty
Korea	Republic of Korea
NIP	non-injurious price
the Parliamentary Secretary	the Assistant Minister for Industry, Innovation and Science and the Parliamentary Secretary to the Minister for Industry, Innovation and Science
PCN	product control number
the Regulation	<i>Customs (International Obligations) Regulation 2015</i>
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>
review period	1 October 2015 to 30 September 2016
SEF	statement of essential facts

1 SUMMARY

1.1 Introduction

This report sets out the statement of essential facts (SEF) on which the Commissioner of the Anti-Dumping Commission (the Commissioner) proposes to base his recommendations to the Assistant Minister for Industry, Innovation and Science and the Parliamentary Secretary to the Minister for Industry, Innovation and Science (the Parliamentary Secretary)¹ in relation to two separate reviews of anti-dumping measures.

One review is in relation to anti-dumping measures (in the form of a dumping duty notice) applying to aluminium zinc coated steel exported from the Republic of Korea (Korea) to Australia by Dongbu Steel Co., Ltd (Dongbu Steel). The second review is in relation to anti-dumping measures (in the form of a dumping duty notice) applying to zinc coated (galvanised) steel (galvanised steel) exported from Korea to Australia by Dongbu Steel.

The applications for both reviews are based on a change in the variable factors relevant to the taking of the anti-dumping measures in relation to the applicant. The variable factors in relation to each of the reviews are the ascertained normal value (ANV), ascertained export price (AEP) and ascertained non-injurious price (NIP).² The review period for each review (the review period) is 1 October 2015 to 30 September 2016.

Due to the similarities between the products, the common review period, the common interested parties and for administrative convenience, the SEFs for both reviews are detailed in this one report.

Exporter-specific rates of dumping duty currently apply to Dongbu Steel. The basis for the calculation of the existing anti-dumping measures applying to exports of aluminium zinc coated steel and galvanised steel by Dongbu Steel are specified in *Anti-Dumping Commission Report No. 272 and 273* (REP 272 and 273).³

1.2 Legislative background

Division 5 of Part XVB of the *Customs Act 1901* (the Act)⁴ sets out, among other things, the procedures to be followed by the Commissioner in dealing with an application for review of anti-dumping measures.

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 these reviews, the Minister is the Parliamentary Secretary to the Minister for Industry, Innovation and Science.

² Subsection 269T(4E) of the *Customs Act 1901*.

³ [Review 272 & 273](#).

⁴ All legislative references in this report are to the *Customs Act 1901*, unless otherwise specified.

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

The Commissioner must, within 110 days after the publication of the notice or such longer period as may be allowed under section 269ZHI, place on the public record a SEF on which the Commissioner proposes to base his recommendation to the Parliamentary Secretary in relation to the review of anti-dumping measures.⁶

1.3 Preliminary findings

The Commissioner finds, in relation to exports of aluminium zinc coated steel and galvanised steel during the review period that, for each review:

- the AEP has changed downward;
- the ANV has changed downward; and
- the NIP should be set equal to the ANV, meaning that the ascertained NIP has changed downward.

1.4 Proposed recommendations

The Commissioner proposes to recommend to the Parliamentary Secretary that the dumping duty notices in respect of aluminium zinc coated and galvanised steel have effect as if different variable factors (being the AEP, ANV and NIP) had been ascertained in respect to Dongbu Steel.

1.5 Final report

The Commissioner's final report and recommendations must be provided to the Parliamentary Secretary by **17 June 2017**.

⁵ Subsection 269ZC(4).

⁶ Subsection 269ZD(1).

2 BACKGROUND

2.1 Applications and initiation

2.1.1 Aluminium zinc coated steel

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

The applicant claimed that the ANV, AEP and NIP 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), the major raw material used to produce aluminium zinc coated steel. Dongbu Steel claimed that as a result of the decline in price of HRC, its AEP, ANV and the NIP would have also declined since the completion of Review 272.

The Commission examined the application and decided not to reject it. Anti-Dumping Notice (ADN) No. 2016/129 and *Consideration Report 385* (CON 385) are available on the Commission's website and describe the Commission's consideration of the application.

2.1.2 Zinc coated (Galvanised) steel

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

The applicant claimed that the ANV, AEP NIP relevant to the taking of the anti-dumping measures had changed on the basis of a fall in the price of HRC, the major raw material used to produce galvanised steel. Dongbu Steel claimed that as a result of the decline in price of HRC, its AEP, ANV and the NIP would have also declined since the completion of Review 273.

The Commission examined the application and decided not to reject it. ADN No. 2016/130 and *Consideration Report 386* (CON 386) are available on the Commission's website and describe the Commission's consideration of the application.

2.2 Existing anti-dumping measures

2.2.1 Investigation 190 (Original Investigation)

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

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

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The dumping investigation, as outlined in *International Trade Remedies Branch Report No. 190* (REP 190),⁷ found that:

- galvanised steel exported to Australia from China, Korea and Taiwan during the investigation period was dumped with margins ranging from 2.6% to 62.9%;
- aluminium zinc coated steel exported to Australia from China and Korea was dumped with margins ranging from 5.5% to 19.3%;
- the volume of dumped goods from each of these countries, and the dumping margins were 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.

The countervailing investigation, as outlined in *International Trade Remedies Branch Report No. 193* (REP 193),⁸ found that:

- galvanised steel and aluminium zinc coated steel exported to Australia from China 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;
- the volume of subsidised goods from China was not negligible;
- the subsidised goods 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 REP 193, published:

- a dumping duty notice applying to galvanised steel exported to Australia from China, Korea (with the exception of Union Steel Co., Ltd) and Taiwan (with the exception of Ta Fong Steel Co., Ltd and Sheng Yu Co., Ltd. The form of anti-dumping measures applying to the dumping duty notice was the combination of fixed and variable duty method;
- a dumping duty notice applying to aluminium zinc coated steel exported to Australia from China and Korea (with the exception of Union Steel Co., Ltd from Korea);
- a countervailing duty notice applying to galvanised steel exported to Australia from China (with the exception of Angang and ANSC TKS Galvanising Co., Ltd; and
- a countervailing duty notice applying to aluminium zinc coated steel exported to Australia from China (with the exception of Angang).

⁷ REP 190 investigated the dumping of 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 concerning both products were detailed in one report.

⁸ REP 193 investigated the subsidisation of galvanised steel and aluminium zinc coated steel exported from China. Due to the close nature of these products and common interested parties, findings concerning both products were detailed in the one report.

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The anti-dumping measures in respect of galvanised steel and aluminium zinc coated steel were outlined in ADN No. 2013/66.

2.2.2 Review of Investigation 193 (Review by Anti-Dumping Review Panel)

As outlined in ADN No. 2014/12, following a review by the Anti-Dumping Review Panel, the countervailing duty notices were varied so as to reduce the applicable countervailable subsidies by the amounts referable to programs 1 to 3 described in REP 193.

The decision to vary the countervailing duty notices required an amendment to the interim dumping duty (IDD) payable on imports of galvanised 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.

2.2.3 Review of Measures 272 and 273 (Review of Measures for Dongbu Steel)

On 1 October 2014, 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 from Korea to Australia. 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 notice as it applied to Dongbu Steel was altered and notice of the decision was published in the Commonwealth of Australia Gazette on 3 August 2015 and *The Australian* newspaper on 4 August 2015.⁹

2.2.4 Current rate and form of duty

Exports of aluminium zinc coated steel and galvanised steel from Korea to Australia by Dongbu Steel are currently subject to a combination duty method with a fixed component of zero and a variable component, payable if the actual export price is below the ascertained export price, of a specified (confidential) amount per tonne.

2.3 Scope of reviews

As Dongbu Steel is not subject to a countervailing duty notice in respect of exports of aluminium zinc coated steel or galvanised steel, neither of the present reviews involve the examination of subsidies.

In REP 272 and 273, the Commission treated Dongbu Steel and its wholly owned subsidiary Dongbu Incheon Steel Co., Ltd. (Dongbu Incheon) as a single entity. Dongbu Steel prepared its exporter questionnaire response on the same basis in the present reviews. The Commission has had regard to the approach adopted in Anti-Dumping Review Panel (ADRP) *Report No. 34* and the former Parliamentary Secretary's decision to accept the recommendations in that report.¹⁰ Due to the factual circumstances of the exports examined (and explained in greater detail below), the Commission considers Dongbu Steel, as the applicant for these reviews of measures, to be the exporter subject to these reviews.

⁹ The gazette notice is available [online](#). ADN No. 2015/83 refers.

¹⁰ The report is available on the Anti-Dumping Review Panel [website](#).

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The Commission therefore brought the ADRP report to Dongbu Steel's attention, and asked it to resubmit its response to the exporter questionnaire, including only information that is relevant to Dongbu Steel. To enable Dongbu Steel to resubmit its further response and to allow the Commission sufficient time to consider the information provided and to prepare this report, the Commission sought a 37 day extension to complete the SEF and final report. The Commissioner, under subsection 269ZHI(3) of the Act, granted this extension.¹¹ The details of this extension are outlined in ADN No. 2017/35.

2.4 Review process

If anti-dumping measures have been taken in respect of certain goods, an affected party may consider it appropriate to review those anti-dumping measures as they affect a particular exporter or exporters generally. Accordingly, the affected party may apply for,¹² or the Parliamentary Secretary may request that the Commissioner conduct,¹³ a review of those anti-dumping measures if one or more of the variable factors has changed.

The Parliamentary Secretary may initiate a review at any time. However, a review application must not be lodged earlier than 12 months after publication of the notice imposing the original anti-dumping measures or the publication of a notice declaring the outcome of the last review of the notice imposing the original anti-dumping measures.¹⁴ The most recent notices for anti-dumping measures concerning aluminium zinc coated steel and galvanised steel were published on 3 August 2015.¹⁵ These notices relate to the outcomes of the reviews reported in REP 272 and 273.

If an application for a review of anti-dumping measures is received and not rejected, within 110 days of the initiation of a review, or such longer time as the Parliamentary Secretary may allow, the Commissioner must place on the public record a SEF on which he proposes to base his recommendations to the Parliamentary Secretary concerning the review of the anti-dumping measures.¹⁶

The Commissioner has up to 155 days, or such longer time as the Parliamentary Secretary may allow, to conduct a review and report to the Parliamentary Secretary on the review of the anti-dumping measures.¹⁷ During the course of a review, the Commissioner will examine whether the variable factors have changed. Variable factors in these reviews are a reference to the: AEP; ANV; and NIP.

¹¹ On 14 January 2017, the Parliamentary Secretary delegated the powers and functions of the Minister under section 269ZHI of the Act to the Commissioner. Refer ADN No. 2017/010 for further information.

¹² Subsection 269ZA(1).

¹³ Subsection 269ZA(3).

¹⁴ Subsection 269ZA(2)(a).

¹⁵ ADN No. 2015/83 and ADN No. 2015/84 refer.

¹⁶ Subsection 269ZD(1).

¹⁷ Subsection 269ZDA(1).

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For each review, in making recommendations in his final report to the Parliamentary Secretary, the Commissioner must have regard to:¹⁸

- the application for review of the anti-dumping measures;
- any submission relating generally to the review of the anti-dumping measures to which the Commissioner has had regard for the purpose of formulating the SEF;
- the SEF; and
- any submission made in response to the SEF that is received by the Commissioner within 20 days of it being placed on the public record.

The Commissioner may also have regard to any other matter the Commissioner considered to be relevant to the review.¹⁹

In his final report the Commissioner must make a recommendation to the Parliamentary Secretary that the dumping duty notice:²⁰

- remains unaltered; or
- have effect, in relation to a particular exporter or to exporters generally, as if different variable factors had been ascertained.

The Parliamentary Secretary must make a declaration within 30 days of receiving the report or, if the Parliamentary Secretary considers there are special circumstances that prevent the declaration being made within that period, such longer period as the Parliamentary Secretary considers appropriate,²¹ that the dumping duty notice:²²

- remain unaltered; or
- have effect, in relation to a particular exporter or to exporters generally, as if different variable factors had been fixed relevant to the determination of duty.

The Parliamentary Secretary must give notice of the decision.²³

2.5 Responding to this SEF

This SEF sets out the essential facts on which the Commissioner proposes to base his final recommendations to the Parliamentary Secretary.

The SEF represents an important stage in these reviews as it informs interested parties of the facts established and allows them to make submissions in response to the SEF.

¹⁸ Subsection 269ZDA(3)(a).

¹⁹ Subsection 269ZDA(3)(b).

²⁰ Subsection 269ZDA(1)(a).

²¹ Subsection 269ZDB(1A).

²² Subsection 269ZDB(1)(a).

²³ Subsection 269ZDB(1).

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It is important to note that the SEF may not represent the final views of the Commissioner. The final report will recommend whether or not the dumping duty notice should be varied, and the extent of any interim duties that are, or should be, payable.

Interested parties are invited to lodge written submissions in response to this SEF no later than the close of business on **23 May 2017**. The Commissioner is not obliged to have regard to any submission made in response to the SEF received after this date if to do so would, in the opinion of the Commissioner, prevent the timely preparation of the report to the Parliamentary Secretary.²⁴

The Commissioner must report to the Parliamentary Secretary on or before **17 June 2017**.

Submissions should preferably be emailed to operations1@adcommission.gov.au.

Alternatively, submissions may be sent to fax number +61 3 8539 2499, or posted to:

The Director – Operations 1
Anti-Dumping Commission
GPO Box 2013
Canberra ACT 2601
AUSTRALIA

Confidential submissions must be clearly marked accordingly and a non-confidential version of any submission is required for inclusion on the public record. A guide for making submissions is available on the Commission's website at www.adcommission.gov.au.

The public record contains non-confidential submissions by interested parties, the non-confidential versions of the Commission's reports and other publicly available documents. The public record can be viewed online at www.adcommission.gov.au.

Documents on the public record should be read in conjunction with this SEF.

²⁴ Subsection 269ZDA(4).

3 THE GOODS AND LIKE GOODS

3.1 Aluminium zinc coated steel

3.1.1 The goods subject to the anti-dumping measures

The goods to which the current anti-dumping measures apply (the goods) 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.”

3.1.2 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 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 on the Commission’s website.

3.1.3 Product treatment

The goods description includes 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.

3.1.4 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.

3.1.5 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 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*.

3.2 Galvanised steel

3.2.1 The goods subject to the anti-dumping measures

The goods to which the current anti-dumping measures apply (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.”*

3.2.2 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 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.

3.2.3 Product treatment

The goods description includes 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).

3.2.4 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.

3.2.5 Tariff classification of the goods

Goods identified as galvanised steel, as per the description above, 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; and
- 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*.

3.3 Like goods

Subsection 269T(1) defines like goods as:

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“...goods that are identical in all respects to the goods under consideration or that, although not alike in all respects to the goods under consideration, have characteristics closely resembling those of the goods under consideration”.

The definition of like goods is relevant to these reviews, among other things, in determining the normal value of goods, the NIP and the goods subject to the dumping duty notice. The Commission’s framework for assessing like goods is outlined in Chapter 2 of the *Dumping and Subsidies Manual*.²⁵

During the original investigation, the then Australian Customs and Border Protection Service (ACBPS)²⁶ 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 and galvanised steel continues to be offered for sale by an Australian manufacturer. As such, the Commission remains satisfied that there is an Australian industry producing like goods.

²⁵ Available on the Commission’s website at www.adcommission.gov.au.

²⁶ On 1 July 2013, the International Trade Remedies Branch of the ACBPS became the Anti-Dumping Commission.

4 EXPORT PRICE AND NORMAL VALUE

4.1 Findings

The Commission has found, in respect of exports of aluminium zinc coated steel from Korea to Australia by Dongbu Steel, that:

- the AEP has changed downward; and
- the ANV has changed downward.

The Commission has found, in respect of exports of galvanised steel from Korea to Australia by Dongbu Steel, that:

- the AEP has changed downward; and
- the ANV has changed downward.

4.2 Exporter questionnaires and verification

For each review, the Commission provided the applicant with an exporter questionnaire to complete. Detailed information and data for each review was provided by Dongbu Steel in response to the exporter questionnaires, including data relating to domestic sales and details of the cost to make and sell (CTMS) the goods (where applicable) and like goods. The applicant provided additional information when requested by the Commission.

As with Reviews 272 and 273, the Commission elected not to conduct an on-site verification of the information provided in Dongbu Steel's exporter questionnaire responses.

For Reviews 385 and 386, the Commission was able to compare the information provided in Dongbu Steel's response to its exporter questionnaire against the aluminium zinc coated steel and galvanised steel sales and CTMS data provided by Dongbu Steel in respect of Investigation 190 and Reviews 272 and 273. This information covered the periods July 2011 to June 2012 and October 2013 to September 2014 respectively. The Commission also had access to recent sales and CTMS data for other Asian producers of aluminium zinc coated steel and galvanised steel, which confirmed that the trends observed in Dongbu Steel's historical sales and CTMS data were consistent with those of the broader industry.

The Commission's verification of Dongbu Steel's sales information included the analysis of trends in unit pricing and the reconciliation to relevant source documentation for a sample of transactions. Information reconciled included sales invoices, shipping costs, inland transport costs, packing costs, discounts, warranty expenses and credit expense. The Commission's verification of Dongbu Steel's cost information consisted of the reconciliation with purchase invoices and comparison of its CTMS with historical data available to the Commission from the previous reviews and investigations. It also included the analysis of HRC purchase costs with information available to the Commission from other related investigations and external benchmarks.

Dongbu Steel cooperated with the verification process. The Commission is satisfied as to the accuracy, relevance and completeness of the data provided for Reviews 385 and 386.

4.2.1 Arms length

During the course of the verification process the Commission identified a number of related party transactions. These transactions concerned the sale of galvanised steel by Dongbu Steel to Dongbu Incheon. To establish whether these transactions should be treated as arms length for the purposes of subsection 269TAA(1A), the Commission undertook further analysis of pricing and cost information.

The analysis was undertaken on a model by model basis at an ex-works level, and indicated a consistent difference in pricing levels between related and non-related party sales for identical models which favoured Dongbu Steel. In response to a Commission request for additional information concerning these sales, Dongbu Steel confirmed that the pricing methodology differed for related and non-related parties.

The Commission has concluded that Dongbu Steel's sales of galvanised steel to Dongbu Incheon should not be considered as being at arm's length because the price appears to be influenced by a commercial or other relationship between the parties.²⁷ In the circumstances, the Commission has excluded the related party transactions from the calculation of Dongbu Steel's ANV.

4.3 Importer questionnaires and verification

The Commission performed a search of the Australian Border Force import database and identified that there were no exports of aluminium zinc coated steel or galvanised steel from Korea to Australia by Dongbu Steel during the review period. As a result, no importers were invited to contribute data to these reviews.

4.4 Model matching

4.4.1 Submissions made regarding model matching

No submission was made by BlueScope in regard to these reviews. BlueScope has previously, in relation to other reviews concerning aluminium zinc coated steel and galvanised steel, submitted that:

- the Commission's practice of model matching has been an area of concern to BlueScope;
- the basis for model-matching should be fully agreed prior to verification;
- product control numbers (PCNs) submitted by BlueScope should be adopted and that the Commission should request that exporters subject to the reviews prepare their domestic sales information in accordance with BlueScope's model matching process;
- BlueScope notes that US practice involves the co-operative exporter providing the equivalent domestic sales by PCN for the investigation period prior to the scheduled deadline for the acceptance of all information from cooperative exporters. Where information is not provided in PCN format, the exporter is considered non-cooperative; and

²⁷ Subsection 269TAA(1)(b) refers.

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- the adoption of BlueScope's methodology will enhance the model-matching process for the determination of dumping margins for the exported goods the subject of anti-dumping measures.

4.4.2 Commission's approach to model matching for the current reviews

As Dongbu Steel did not export aluminium zinc coated steel or galvanised steel from Korea to Australia during the review period, the Commission is unable to carry out model matching. In the absence of exports to Australia during the review period, the Commission identified appropriate models for calculating the ANV through aligning Dongbu Steel's PCNs and product descriptors with the relevant tariff classifications as set out in Section 3 of this SEF. ANVs were calculated by using all models which aligned with the relevant tariff classifications and for which Dongbu Steel had made sales within the Korean market during the review period.

4.5 Export prices

4.5.1 Aluminium zinc coated steel

The Commission is satisfied that Dongbu Steel did not export aluminium zinc coated steel from Korea to Australia during the review period. Therefore, the Commission considers that there is insufficient information available to enable the export price of the goods to be ascertained under subsections 269TAB(1)(a), (b), or (c).

The Commission considers it appropriate to determine the export price of the goods under subsection 269TAB(3) having regard to all relevant information. The Commission considers that the export price of aluminium zinc coated steel exported from Korea to Australia by Dongbu Steel be the same amount as that determined to be the normal value. As a result, the AEP for Dongbu Steel's exports of aluminium zinc coated steel has changed from that ascertained in Review 272.

4.5.2 Zinc coated galvanised steel

The Commission is satisfied that Dongbu Steel did not export galvanised steel from Korea to Australia during the review period. Therefore, the Commission considers that there is insufficient information available to enable the export price of the goods to be ascertained under subsections 269TAB(1)(a), (b), or (c).

The Commission considers it appropriate to determine the export price of the goods under subsection 269TAB(3) having regard to all relevant information. The Commission considers that the AEP of galvanised steel exported to Australia from Korea by Dongbu Steel be the same amount as that determined to be the normal value. As a result, the AEP for Dongbu Steel's exports of galvanised steel has changed from that ascertained in Review 273.

4.6 Normal values

For aluminium zinc coated steel, normal values were established in accordance with subsection 269TAC(1), using Dongbu Steel's domestic invoice prices, by model, for like goods sold in the ordinary course of trade in arms length transactions. For galvanised steel,

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once Dongbu Steel's sales to Dongbu Incheon were excluded, normal values were also established in accordance with subsection 269TAC(1).

Adjustments to the normal value were made under subsection 269TAC(8) to ensure fair comparison with the export price. Adjustments made for these reviews were consistent with the approach undertaken in respect of Dongbu Steel at the time of the original dumping investigation and subsequent reviews.²⁸ As Dongbu Steel did not export aluminium zinc coated steel or galvanised steel from Korea to Australia during the review period, the Commission does not have access to costs that would be associated with such exports. As such, adjustments for export packing costs, export inland transport and port handling costs, export handling costs and export bank charges have been based on the costs used in REP 272 and 273. The Commission is of the view that these costs are unlikely to have changed significantly from the earlier review period. Similarly, in REP 272 and 273 Dongbu Steel exported the goods to Australia with payment terms resulting in no export credit adjustments being required. The Commission has assumed that any future exports to Australia would likely be made on similar terms, and hence no adjustment for export credit expense has been made when calculating the normal value.

<u>Adjustment Type</u>	<u>Deduction / addition</u>
Domestic off-invoice discount	Deduct the cost of domestic off-invoice discount
Domestic packing	Deduct the cost of domestic packing
Domestic inland transport	Deduct the cost of domestic inland transport
Domestic handling	Deduct the cost of domestic handling
Domestic warranty expense	Deduct the cost of domestic warranty expense
Domestic credit expense	Deduct the cost of domestic credit expense
Export packing	Add the cost of export packing
Export inland transport and port charges	Add the cost of export inland transport (includes port charges)
Export handling	Add the cost of export handling
Export bank charges	Add the cost of bank charges

The resulting ANV for aluminium zinc coated steel and galvanised steel exported by Dongbu Steel has changed since REP 272 and 273.

Details of normal value calculations for aluminium zinc coated steel are at **Confidential Appendix 1**

Details of normal value calculations for galvanised steel are at **Confidential Appendix 2**.

²⁸ Dongbu Steel exporter visit report, December 2012, page 28; available on the Commission [website](#).

5 NON-INJURIOUS PRICE

5.1 General

Dumping duties may be applied where it is established that dumped imports have caused or threaten to cause material injury to an Australian industry producing like goods. The level of dumping duty imposed cannot exceed the margin of dumping, but a lesser duty may be applied if it is sufficient to remove the injury.

Under subsection 8(5B) of the *Customs Tariff (Anti-Dumping) Act 1975*, the Parliamentary Secretary must specify a method for calculating the IDD payable. In doing so, the Parliamentary Secretary must, if the NIP is less than the normal value, have regard to the desirability of specifying a method of calculating the IDD such that the sum of the IDD payable and the AEP is not greater than the NIP (lesser duty rule). Subsection 269TACA(a) identifies the NIP of the goods exported to Australia as the minimum price necessary to prevent the injury or a recurrence of the injury caused by the dumping.

The Commission generally derives the NIP by first establishing a price at which the Australian industry might reasonably sell its product in a market unaffected by dumping. This price is referred to as the unsuppressed selling price (USP). Deductions from this figure are made for post-exportation costs to derive a NIP that is expressed in similar delivery terms to export price and normal value (e.g. Free on Board (FOB)).

Where the NIP is lower than the normal value, the duty is calculated with respect to the difference between export price and NIP, thereby giving effect to the lesser duty rule.

In Investigation 190, the ACBPS expressed the view that in a market unaffected by dumping, it is reasonable to expect that BlueScope would be able to achieve as a minimum, selling prices that reflected un-dumped import parity pricing. It was on this basis that the then ACBPS considered that the FOB NIP for each exporter be a price equal to their respective normal value.²⁹ As such, the then Attorney General was not required to and did not have regard to the lesser duty rule.

5.2 Assessment of the NIP

No submissions have been made regarding the NIP during the course of the current reviews.

The Commission considers that the approach to determining the NIP in REP 190 remains valid for the purpose of these reviews. The Commission recommends that the NIP for Dongbu Steel's exports of aluminium zinc coated steel and galvanised steel from Korea to Australia be set at the respective ANV. This approach is consistent with the Commission's proposed approach in other recent reviews of measures involving aluminium zinc coated and galvanised steel exported from China and Taiwan to Australia.³⁰

²⁹ REP 190 refers, page 112.

³⁰ Reviews 365, 366, 367, 368 371, 372, 374, 375 and 376 refer.

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Noting the findings in section 4.6, the NIP for each of aluminium zinc coated steel and galvanised steel would therefore change since they were last ascertained.

6 FINDINGS AND PROPOSED RECOMMENDATIONS

6.1 Findings

The Commissioner has found, in relation to Dongbu Steel's export of aluminium zinc coated steel and galvanised steel from Korea to Australia during the review period, that:

- the AEP has changed downward;
- the ANV has changed downward; and
- the NIP should be set equal to the ANV, meaning that the NIP has changed downward.

6.2 Proposed recommendation

The Commissioner proposes to recommend that the ANV for aluminium zinc coated steel and galvanised steel be set in accordance with the respective weighted average normal values for the reviews.

The Commissioner also proposes to recommend that the AEP and ascertained NIPs for aluminium zinc coated steel and galvanised steel be set in accordance with the respective weighted average normal values for the reviews.

The Commissioner proposes to recommend to the Parliamentary Secretary that the IDD payable is an amount which will be worked out in accordance with the floor price duty method pursuant to subsection 5(4) of the *Customs Tariff (Anti-Dumping) Regulation 2013*.

The proposed form of measures differs from the current dumping duty notices and the form proposed in other reviews for aluminium zinc coated steel and galvanised steel currently being undertaken by the Commission.³¹ Under the proposed floor price duty method, the dumping duty payable comprises a variable component, payable if the actual export price is below the AEP which is a specified (confidential) amount per tonne. As such, the effect of the proposed method will not change from the current combination method with a fixed component that is zero, and a variable component, payable if the actual export price is below the specified AEP.

³¹ Reviews 365, 366, 367, 368 371, 372, 374, 375 and 376.

7 LIST OF APPENDICES AND ATTACHMENTS

Confidential Appendix 1	Normal value calculation for aluminium zinc coated steel
Confidential Appendix 2	Normal value calculation for galvanised steel