



Australian Government
Department of Industry,
Innovation and Science

Anti-Dumping
Commission

CUSTOMS ACT 1901 - PART XVB

REPORT

NOS. 449 and 450

**INQUIRIES INTO THE CONTINUATION OF
ANTI-DUMPING MEASURES APPLYING TO**

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

AND

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

14 June 2018

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ABBREVIATIONS

2016 Steel Report	<i>Analysis of Steel and Aluminium Markets Report to the Commissioner of the Anti-Dumping Commission</i>
ABF	Australian Border Force
the Act	<i>Customs Act 1901</i>
ADN	Anti-Dumping Notice
Angang	Angang Steel Ltd
ASEAN	Association of South East Asian Nations
the Assistant Minister ¹	the Assistant Minister for Science, Jobs and Innovation
BD	BlueScope Distribution Pty Ltd
BlueScope	BlueScope Steel Limited
China	People's Republic of China
CITIC	CITIC Australia Steel Products Pty Ltd
combination duty method	the combination of fixed and variable duty method
Commission	the Anti-Dumping Commission
Commissioner	the Commissioner of the Anti-Dumping Commission
CTMS	cost to make and sell
current measures	the anti-dumping measures currently applicable to exports of galvanised steel from China, Korea and Taiwan and aluminium zinc coated steel from China and Korea that are due to expire on 5 August 2018.
the Direction	<i>Customs (Extensions of Time and Non-cooperation) Direction 2015</i>
Dongbu	Dongbu Steel Co Ltd
Dongkuk	Dongkuk Steel Mill Co Ltd
Dumping Duty Act	<i>Customs Tariff (Anti-Dumping) Act 1975</i>
EXW	ex works
galvanised steel	zinc coated steel
GOC	Government of China
Guangzhou Dingxin	Shandong Guangzhou Dingxin Plate Technology Co. Ltd

¹ On 20 December 2017, the Prime Minister appointed the Parliamentary Secretary to the Minister for Jobs and Innovation as the Assistant Minister for Science, Jobs and Innovation.

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the Guidelines	<i>Guidelines on the Application of Forms of Dumping Duty November 2013</i>
HRC	hot rolled coil
EPR	electronic public record
FIS	Free into Store
FOB	Free on Board
the goods	galvanised steel and / or aluminium zinc coated steel (depending on the context) exported from the nominated countries as defined in Chapter 3 – the goods the subject of the applications
ICD	interim countervailing duty
IDD	interim dumping duty
inquiry period	the period from 1 October 2016 to 30 September 2017
the Manual	<i>Dumping and Subsidy Manual</i>
Korea	the Republic of Korea
NIP	non-injurious price
OCOT	ordinary course of trade
OECD	Organisation for Economic Development and Co-operation
OEM	original equipment manufacturer
the Regulation	<i>Customs (International Obligations) Regulation 2015</i>
REP 190	<i>International Trade Remedies Branch Report No. 190</i>
REP 365 et al	<i>Anti-Dumping Commission Report Nos. 365, 366, 367, 368, 371, 372, 374, 375 and 376</i>
REP 385 and 386	<i>Anti-Dumping Commission Report Nos. 385 and 386</i>
REP 456 and 457	<i>Anti-Dumping Commission Report Nos. 456 and 457</i>
REQ	response to the exporter questionnaire
the review period	1 October 2016 to 30 September 2017
ROI	return on investment
SEF	statement of essential facts
SEF 449 and 450	<i>Statement of Essential Facts Nos. 449 and 450</i>
SEF 456 and 457	<i>Statement of Essential Facts Nos. 456 and 457</i>
Synn Industrial	Synn Industrial Co. Ltd
the then Minister	the then Assistant Minister for Industry, Innovation and Science and the Parliamentary Secretary to the Minister for Industry, Innovation and Science

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USP	unsuppressed selling price
YPC	Yieh Phui (China) Technomaterial Co. Ltd
YPE	Yieh Phui Enterprise Co Ltd
Zongcheng	Jiangyin Zongcheng Steel Co Ltd

1 SUMMARY AND RECOMMENDATIONS

1.1 Introduction

This report sets out the findings and conclusions on which the Commissioner of the Anti-Dumping Commission (the Commissioner) has based his recommendations to the Assistant Minister for Science, Jobs and Innovation (Assistant Minister) in relation to two continuation inquiries.

The first inquiry relates to a dumping duty notice applying to certain zinc coated (galvanised) steel exported to Australia from the People's Republic of China (China), the Republic of Korea (Korea) and Taiwan, and a countervailing duty notice applying to certain galvanised steel exported from China. The second inquiry relates to a dumping duty notice applying to certain aluminium zinc coated steel exported to Australia from China and Korea, and a countervailing duty notice applying to certain aluminium zinc coated steel exported from China. This report refers to galvanised steel and aluminium zinc coated steel, either singly or collectively depending on the context, as "the goods".

The anti-dumping measures currently applicable to exports of galvanised steel to Australia from China, Korea and Taiwan and to exports of aluminium zinc coated steel to Australia from China and Korea (the current measures) are due to expire on 5 August 2018.

1.2 Legislative framework

Division 6A of Part XVB of the *Customs Act 1901* (the Act)² sets out, among other things, the procedures to be followed by the Commissioner in dealing with an application for the continuation of anti-dumping measures.

Subsection 269ZHE(1) requires that the Commissioner publish a SEF on which he proposes to base his recommendations to the Assistant Minister concerning the continuation of the measures. Subsection 269ZHE(2) requires that in doing so, the Commissioner must have regard to the application and any submissions received within 37 days of the initiation of the inquiry, and may have regard to any other matters that he considers relevant.

Subsection 269ZHF(1) requires that the Commissioner must, after conducting his inquiry, give the Assistant Minister a report which recommends that the relevant notice(s):

- remain unaltered;
- cease to apply to a particular exporter or to a particular kind of goods;
- have effect in relation to a particular exporter or to exporters generally as if different variable factors had been ascertained; or
- expire on the specified expiry day.

² All legislative references in this report are to the *Customs Act 1901*, unless otherwise stated.

Pursuant to subsection 269ZHF(2), in order to recommend that the Assistant Minister take steps to secure the continuation of the anti-dumping measures, the Commissioner must be satisfied that the expiration of the anti-dumping measures would lead, or would be likely to lead, to a continuation of, or a recurrence of, the dumping or subsidisation and the material injury that the anti-dumping measures are intended to prevent.

1.3 Statement of essential facts

The Commissioner published *Statement of Essential Facts (SEF) Nos. 449 and 450* (SEF 449 and 450) on 30 April 2018.³ SEF 449 and 450 set out the recommendations that the Commissioner proposed to make to the Assistant Minister based on the information before him at that time.

1.4 Findings and conclusions

The measures were imposed as a result of the publication of a dumping duty and countervailing duty notice (the notice) on 5 August 2013.⁴ The measures are due to expire on 5 August 2018.

The present inquiries were initiated on 11 November 2017 following the Commissioner's consideration of applications lodged by BlueScope Steel Limited (BlueScope) seeking the continuation of the anti-dumping measures.⁵ For the purpose of these inquiries, the Commissioner established an inquiry period of 1 October 2016 to 30 September 2017 (inquiry period).

As flagged at the time they were initiated, for the purposes of these continuation inquiries the Commissioner has had regard to the variable factors⁶ established in the reviews of measures for the same goods in order to assess whether dumping and subsidisation has occurred during the inquiry period, and whether dumping and subsidisation is likely to continue or recur if the anti-dumping measures are not continued. The assessment of these variable factors is set out in *Anti-Dumping Commission Report Nos. 456 and 457* (REP 456 and 457).⁷

The Anti-Dumping Commission (Commission) has also examined data from the Australian Border Force (ABF) import database, financial data from the Australian industry, data from the cooperating exporters of galvanised steel and aluminium zinc coated steel from the subject countries, and data from importers of those goods.

³ [Document 009](#) on the electronic public record (EPR) 449 and [Document 007](#) on the EPR 450.

⁴ [ADN No. 2013/66](#) refers.

⁵ Anti-Dumping Notice (ADN) Nos. [2017/159](#) and [2017/158](#) refer. At the same time, the Commissioner initiated two reviews of the anti-dumping measures in respect of galvanised steel and aluminium zinc coated steel (ADN Nos. [2017/157](#) and [2017/156](#) refer).

⁶ The variable factors are the normal value, the export price, the amount of countervailable subsidies received in respect of the goods and the non-injurious price (subsection 269T(4E) refers).

⁷ Available on the Anti-Dumping Commission website.

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Based on the Commission's analysis of the data described above and the submissions made by interested parties in response to SEF 449 and 450, in respect of galvanised steel the Commissioner is satisfied that the expiration of the measures:

- would lead, or would be likely to lead, to a continuation of, or a recurrence of, the dumping that the measures are intended to prevent for the goods exported to Australia from China, Korea (except for exports by POSCO) and Taiwan;
- would lead, or would be likely to lead, to a continuation of, or a recurrence of, the subsidisation that the measures are intended to prevent for the goods exported to Australia from China; and
- would lead, or would be likely to lead, to a continuation of, or a recurrence of the material injury that the measures are intended to prevent.

Based on the Commission's analysis of the data described above and the submissions made by interested parties in response to SEF 449 and 450, in respect of aluminium zinc coated steel the Commissioner is satisfied that the expiration of the measures:

- would lead, or would be likely to lead, to a continuation of, or a recurrence of, the dumping and subsidisation that the measures are intended to prevent for the goods exported to Australia from China; and
- would lead, or would be likely to lead, to a continuation of, or a recurrence of the material injury that the measures are intended to prevent.

1.5 Recommendation

Based on the above findings, the Commissioner recommends to the Assistant Minister that he take steps to secure the continuation of:

- the dumping duty notice in respect of galvanised steel exported from China, Korea (except by POSCO) and Taiwan;
- the countervailing duty notice in respect of galvanised steel exported from China; and
- the dumping duty notice and countervailing duty notice in respect of aluminium zinc coated steel exported from China.

The Commissioner recommends that, on and after 5 August 2018:

- the dumping duty notice cease to have effect with respect to galvanised steel exported to Australia by POSCO; and
- the dumping duty notice cease to have effect with respect to aluminium zinc coated steel exported to Australia from Korea.

The Commissioner also recommends to the Assistant Minister that the variable factors not be altered in relation to all exporters that remain subject to the notice, on the basis that the variable factors relevant to the inquiry period will have already been changed as a result of the reviews undertaken and reported in REP 456 and 457.

2 BACKGROUND

2.1 Initiation

The present inquiry was initiated on 11 November 2017, following the Commissioner's consideration of applications lodged by BlueScope seeking the continuation of the anti-dumping measures in relation to galvanised steel exported to Australia from China, Korea and Taiwan and aluminium zinc coated steel exported to Australia from China and Korea.

Anti-Dumping Notice (ADN) No. 2017/158 and 2017/159 on the electronic public record (EPR) sets out the Commissioner's reasons for initiating the current inquiries.⁸

2.2 Current anti-dumping measures

The anti-dumping measures were initially imposed by public notice on 5 August 2013 by the then Minister for Home Affairs following consideration of *International Trade Remedies Branch Report No. 190* (REP 190) and *International Trade Remedies Branch Report No. 193*.

In respect of **galvanised steel** exported to Australia:

- (a) the dumping duty notice applies to:
 - all exporters from China;
 - all exporters from Korea, other than Dongkuk Steel Mill Co Ltd (Dongkuk);⁹ and
 - all exporters from Taiwan, other than Sheng Yu Co., Ltd and Ta Fong Steel Co., Ltd.
- (b) the countervailing duty notice applies to:
 - all exporters from China, other than Angang Steel Ltd (Angang), ANSC-TKS Galvanizing, Yieh Phui (China) Technomaterial Co. Ltd (YPC) and Jiangyin Zongcheng Steel Co Ltd (Zongcheng).

In respect of **aluminium zinc coated steel** exported to Australia:

- (a) the dumping duty notice applies to:
 - all exporters from China; and
 - all exporters from Korea, other than Dongkuk.
- (b) the countervailing duty notice applies to:
 - all exporters from China, other than Angang, Zongcheng, Union Steel China Co., Ltd and YPC.

⁸ ADN No. 2017/158 and 2017/159 are available on the Commission [website](#).

⁹ The original notice referred to Union Steel Co., Ltd as being exempt from the measures. This company is now known as Dongkuk Steel Mill Co Ltd.

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Since the anti-dumping measures were initially imposed, the Commission has conducted numerous inquiries relating to both galvanised steel and aluminium zinc coated steel. Full details can be found on the Commission's EPR at www.adcommission.gov.au. A summary of these inquiries is set out in Table 1.

Case type and case no(s).	ADN No.	Date	Country of export	Findings
Investigation 190 and 193	2013/66	5 August 2013	China, Korea, and Taiwan	Dumping and countervailing duties imposed
Accelerated Review 227 and 228	2013/101	20 December 2013	China	Terminated
Exemption EX 0013	2014/01	13 January 2014	China	Exemption granted
Exemption EX 0012	2014/04	13 January 2014	China, Korea and Taiwan	Exemption granted
Exemption EX 0009	2014/82	13 January 2014	China	Exemption granted
Exemption EX 0016	2014/53	7 July 2014	China, Korea and Taiwan	Exemption granted
Exemption EX 0021	2014/90	24 September 2014	China, Korea and Taiwan	Exemption granted
Exemption EX 0036	2015/149	6 January 2015	China and Korea	Exemption not granted
Accelerated Review 274	2015/10	20 February 2015	China	Changed variable factors
Review 272 and 273	2015/83	3 August 2015	Korea	Changed variable factors
Exemption EX 0040	2015/131	12 November 2015	China, Korea and Taiwan	Exemption granted
Exemption EX 0028	2015/138	26 November 2015	China and Korea	Exemption granted
Anti-Circumvention 290 and 298	2016/23	18 March 2016	China, Korea and Taiwan	Changed goods description to include alloyed goods
Review 365, 366, 367, 368, 371, 372, 374, 375, and 376	2017/49	12 May 2017	China and Taiwan	Changed variable factors
Review 385 and 386	2017/87	20 July 2017	Korea	Changed variable factors
Exemption EX 0053	2017/114	9 August 2017	China, Korea and Taiwan	Exemption granted
Accelerated Review 408	2017/107	21 August 2017	China	Changed variable factors
Accelerated Review 444	2017/135	28 September 2017	China	Terminated

Table 1: Summary of past cases

**REP 449 and 450 – Galvanised steel (China, Korea and Taiwan)
and Aluminium zinc coated steel (China and Korea)**

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2.2.1 Current measures – Galvanised steel

Country	Exporter	Measure	IDD	ICD	Form of measures
China	ANSC-TKS Galvanizing Co Ltd also known as TAGAL	Interim dumping duty (IDD)	32.7%	N/A	Combination
	Wuhan Iron and Steel Company Limited	IDD & interim countervailing duty (ICD)	21.5%	12.5%	Combination
	Benxi Iron and Steel (Group) International Economic and Trading Co.	IDD & ICD	62.9%	6.9%	Combination
	Angang	IDD	0%	N/A	Floor Price
	YPC	IDD	0%	N/A	Floor Price
	Zongcheng	IDD	7.9%	N/A	Combination
	Shandong Guanzhou Dingxin Plate Technology Co. Ltd (Guanzhou Dingxin)	IDD	0%	0%	Floor Price
	All other exporters	IDD & ICD	62.9%	6.9%	Combination
Korea	Dongkuk	Exempt			
	Dongbu Steel Co Ltd (Dongbu)	IDD	0%	N/A	Floor Price
	POSCO	IDD	9.1%	N/A	Combination
	All other exporters	IDD	28.5%	N/A	Combination
Taiwan	Ta Fong Steel Co Ltd	Exempt			
	Sheng Yu Steel Co Ltd	Exempt			
	Chung Hung Steel Corporation	IDD	0%	N/A	Floor Price
	Yieh Phui Enterprise Co Ltd (YPE)	IDD	0%	N/A	Floor Price
	Synn Industrial Co. Ltd (Synn Industrial)	IDD	0%	N/A	Floor Price
	All other exporters	IDD	8.6%	N/A	Combination

Table 2: Anti-dumping measures applying to galvanised steel

2.2.2 Current measures – Aluminium zinc coated steel

Country	Exporter	Measure	IDD	ICD	Form of measures
China	Union Steel China Co., Ltd	IDD	8.6%	N/A	Combination
	Angang	IDD	0%	N/A	Floor Price
	YPC	IDD	0%	N/A	Floor Price
	Zongcheng	IDD	0%	N/A	Floor Price
	All other Exporters	IDD & ICD	19.3%	21.7%	Combination
Korea	Dongkuk	Exempt			
	Dongbu	IDD	0%	N/A	Floor Price
	All other exporters	IDD	7.7%	N/A	Combination

Table 3: Anti-dumping measures applying to aluminium zinc coated steel

2.3 Conduct of inquiry

The Commission established an inquiry period of 1 October 2016 to 31 September 2017. The Commission has also examined data from the ABF import database and financial data from BlueScope from 1 October 2013 for the purpose of analysing trends in the market for the goods and assessing potential injury factors.

2.3.1 Australian industry

The Commission has established that the applicant, BlueScope, is the sole representative of the Australian industry producing like goods to the goods covered by the measures.

The Commission conducted a verification visit to BlueScope's premises in November 2017. The report in relation to this visit is available on the Commission website.¹⁰

2.3.2 Importers

The Commission identified several importers in the ABF import database that imported galvanised steel and aluminium zinc coated steel during the inquiry period from the countries subject to the measures. The Commission forwarded questionnaires to the major importers and received five completed importer questionnaires (from importers responsible for the majority of imports of both goods from the subject countries during the inquiry period).

¹⁰ [Document 003](#) on EPR 450 refers.

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The Commission conducted verification visits to four cooperating importers and reports of three of these visits are available on the public record.

Importer	Document No. ¹¹
Minmetals Australia Pty Ltd	011
CITIC Australia Steel Products Pty Ltd (CITIC)	015
Stemcor Australia Pty Ltd	016

Table 4: Importers

2.3.3 Exporters

The Commission identified more than twenty exporters in the ABF import database of exporters of galvanised steel from China, Korea and Taiwan and several exporters of aluminium zinc coated steel from China and Korea.

The Commission forwarded exporter questionnaires to the exporters that exported the highest volume of galvanised steel and aluminium zinc coated steel during the inquiry period. Thirteen complete responses to the exporter questionnaire (REQs) were received (nine for galvanised steel and four for aluminium zinc coated steel).

2.4 Submissions received from interested parties

The following submissions have been received from interested parties:

Interested Party	Date	Case
CITIC	18 December 2017	Galvanised steel
POSCO	7 February 2018	Galvanised steel
BlueScope	9 April 2018	Galvanised steel
Dongbu	17 April 2018	Galvanised steel and aluminium zinc coated steel
BlueScope	30 April 2018	Galvanised steel and aluminium zinc coated steel
BlueScope	16 May 2018	Galvanised steel and aluminium zinc coated steel
POSCO	18 May 2018	Galvanised steel and aluminium zinc coated steel
CITIC	21 May 2018	Galvanised steel
Dongbu	23 May 2018	Galvanised steel and aluminium zinc coated steel

Table 5: Submissions

The Commission has considered the matters raised in submissions and has addressed these in the relevant sections of this report.

¹¹ The visit reports are available on the [EPR 457](#).

2.4.1 Submission from CITIC regarding application

CITIC lodged a submission in December 2017 that was overlooked in the preparation of the SEF 449 and 450. In that submission, CITIC argued that the applications lodged by BlueScope (seeking the continuation of the anti-dumping measures) did not provide sufficient evidence to duly substantiate the probability of more than *de minimis* dumping occurring from each target country, nor that probable material injury would be caused by that hypothesised dumping.¹²

2.4.2 Commission assessment

As per subsection 269ZHD(2)(b), in considering an application for continuation of anti-dumping measures, one of the matters on which the Commissioner is required to be satisfied is “whether there **appear** to be reasonable grounds for **asserting** that the expiration of the anti-dumping measures to which the application relates **might** lead, or **might be likely** to lead, to a continuation of, or a recurrence of, the material injury that the measures are intended to prevent” (Commission’s emphasis).

As explained at the time of initiation of the present inquiries, the Commissioner had examined the information in BlueScope’s application, the ABF import database and information gathered in previous cases and concluded that the relevant evidentiary threshold had been met.¹³ The standard of satisfaction sought in CITIC’s submission, however, is relevant to the preparation of this report, in that the Commissioner is required to recommend that the Minister takes steps to secure the continuation of the anti-dumping measures if he is satisfied that the expiration of the measures would lead, or would be likely to lead, to a continuation of, or a recurrence of, the dumping or subsidisation and the material injury that the anti-dumping measure is intended to prevent.¹⁴

2.4.3 Submission from CITIC regarding failure to address prior submission

CITIC submits that, because the Commission failed to have regard to its submission of December 2017 in formulating SEF 449 and 450, the Commissioner has not complied with subsection 269ZHE(2). CITIC proposes that the SEF 449 and 450 should therefore be withdrawn, or otherwise considered to be a nullity; CITIC considers the failure to consider the submission to be a denial of natural justice and therefore the inquiries are fatally flawed.¹⁵

2.4.4 Commission assessment

CITIC’s submission of December 2017 contained no evidence which supported its critique of BlueScope’s application and the Commissioner’s decision to initiate the present inquiries. As noted above, the Commission considers that the submission misconstrued

¹² EPR 449 [Document 011](#) refers.

¹³ ADN Nos. 2017/158 and 2017/159 refer.

¹⁴ As much was recognised in CITIC’s later submission, EPR 449, [document 014](#).

¹⁵ EPR 449 [Document 014](#) refers.

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the legal test required at initiation. Regardless, the submission has been considered in preparing this report.

The Commission does not consider that the present inquiries are fatally flawed as a result of the submission of December 2017 being overlooked in preparing SEF 449 and 450. SEF 449 and 450 set out all of the material facts and evidence on which the Commissioner proposed to make certain recommendations to the Assistant Minister; these facts and evidence had been gathered from BlueScope, the importers and exporters following the initiation of the inquiries, and (as described in this report) was tested and verified by the Commission. It is clear that the amount and quality of reliable evidence that the Commissioner has available to him for the purpose of making recommendations as a result of these inquiries is substantially greater at this point in time than it was at the time of CITIC's December submission.

The Commission observes that there has been no practical impact upon CITIC's interests as a result of the allegedly flawed process undertaken to date. CITIC has taken the opportunity to make a further, lengthy submission on the merits of the analysis and proposed recommendations set out in SEF 449 and 450,¹⁶ and these views have been considered in the preparation of this report.

¹⁶ EPR 449 [Document 014](#) refers.

3 THE GOODS, LIKE GOODS & THE AUSTRALIAN INDUSTRY

3.1 Finding

The Commissioner considers that galvanised steel and aluminium zinc coated steel produced locally is “like” to the goods subject to the anti-dumping measures. BlueScope is the sole Australian industry manufacturer producing the like goods.

3.2 Legislative and policy framework

In order to be satisfied that the expiration of the measures would lead, or would be likely to lead, to a continuation or recurrence of dumping or subsidisation, the Commissioner firstly determines whether the goods produced by the Australian industry are “like” to the imported goods. Subsection 269T(1) defines like goods as:

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.

Where the locally produced goods and the imported goods are not alike in all respects, the Commissioner assesses whether they have characteristics closely resembling each other against the following considerations:

- i. physical likeness;
- ii. commercial likeness;
- iii. functional likeness; and
- iv. production likeness.

The Commissioner must also consider whether the “like” goods are in fact produced in Australia. Subsection 269T(2) specifies that for goods to be regarded as being produced in Australia, they must be either wholly or partly manufactured in Australia. Under subsection 269T(3), in order for the goods to be considered as partly manufactured in Australia, at least one substantial process in the manufacture of the goods must be carried out in Australia. The following analysis therefore establishes a framework for assessing whether dumping would cause injury to the Australian industry producing the like goods.

3.3 The goods

The goods subject to the anti-dumping measures and therefore this inquiry are:

(i) Galvanised steel

“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 iron or steel products containing alloys 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*

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- Taiwan by Yieh Phui Enterprise Co., Ltd"

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.

The application stated that 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.

3.3.1 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).

3.3.2 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 inquiry.

(ii) Aluminium zinc coated steel

"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/m^2 with the prefix being AZ (*Aluminium Zinc*). Common coating masses used are: AZ200, AZ150, AZ100, and AZ70.

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The application stated that trade and other names often used to describe aluminium zinc coated steel, include:

- ZINCALUME® steel;
- GALVALUME® steel;
- Aluzinc, Supalume, Superlume, ZAM, GALFAN;
- Zinc aluminium coated steel;
- Aluminium zinc coated steel;
- Alu-Zinc Steel sheet in Coils;
- Al/Zn; and
- Hot Dipped 55% Aluminium-Zinc Alloy coated steel sheet in coil.

3.3.3 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.

3.3.4 Goods excluded from investigation scope

Painted aluminium zinc coated steel, pre-painted aluminium zinc coated steel and corrugated aluminium zinc coated steel are not covered by the inquiry.

3.4 Tariff classification of the goods

The goods are currently classified to the following tariff subheadings and statistical codes in Schedule 3 to the *Customs Tariff Act 1995*:

For galvanised steel:

- 7210.49.00 (statistical codes 55, 56, 57 and 58);
- 7212.30.00 (statistical code 61);
- 7225.92.00 (statistical code 38); and
- 7226.99.00 (statistical code 71)

For aluminium zinc coated steel:

- 7210.61.00 (statistical codes 60, 61 and 62)

These tariff classifications and statistical codes may include goods that are both subject and not subject to the inquiry. The listing of these tariff classifications and statistical codes are for convenience or reference only and do not form part of the goods description. Please refer to the goods description for goods the subject of these inquiries.

3.5 Like goods

The applicant is the sole manufacturer of galvanised steel and aluminium zinc coated steel in Australia. As a result, the Commission refers to BlueScope and the Australian industry interchangeably. The Commission has considered the application and findings of previous investigations and publicly available information in its assessment of like goods.

Physical likeness

Galvanised steel and aluminium zinc coated steel produced by the Australian industry has a physical likeness to the goods exported to Australia from the subject countries. The Commission is satisfied the goods and locally produced galvanised steel and aluminium zinc coated steel are produced in similar grades, diameters, weights, standards, steel compositions and appearance.

Commercial likeness

Galvanised steel and aluminium zinc coated steel produced by the Australian industry has a commercial likeness to the goods exported to Australia from the subject countries. BlueScope competes directly with overseas manufacturers of the goods, and the pricing behaviour in the Australian market indicates the goods and the locally produced goods are interchangeable.

Functional likeness

The Commission is satisfied that the goods and locally produced galvanised steel and aluminium zinc coated steel perform the same functions and have the same or similar end uses.

Production likeness

The Commission is satisfied that the locally produced galvanised steel and aluminium zinc coated steel has a production likeness to the goods exported to Australia from the subject countries. During the verification of BlueScope's data, the Commission observed the production of the goods. The Commission also conducted verification visits in China, Taiwan and Korea and observed similar production processes at the mills which were visited.

Subsection 269T(1) defines like goods as:

"...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 in the context of this review in determining the normal value of goods exported to Australia, the non-injurious price (NIP) and the goods subject to the dumping duty notice and countervailing duty notice.

The Commission's framework for assessing like goods is outlined in Chapter 2 of the Commission's *Dumping and Subsidy Manual* (the Manual).¹⁷

3.6 Conclusion

For the purpose of considering whether there is an Australian industry producing like goods, the Commissioner makes this determination by considering the description of the goods as a whole. Noting the very similar physical, commercial, functional and production likenesses between the goods the subject of these continuation inquiries and the goods produced by BlueScope, the Commissioner is satisfied that there is an Australian industry producing like goods.

The Commission is satisfied that the manufacture of galvanised steel and aluminium zinc coated steel is wholly carried out in Australia, and therefore there is an Australian industry (comprised solely of BlueScope) producing like goods.

¹⁷ Available on the Commission's website at www.adcommission.gov.au.

4 AUSTRALIAN MARKET

4.1 Summary

The Commission finds that the Australian market for galvanised steel is supplied by the Australian industry and imports primarily from the countries subject of this inquiry and India, Vietnam and Japan. The Australian market for aluminium zinc coated steel is supplied by the Australian industry, imports primarily from countries subject of this inquiry, Taiwan and Vietnam.

4.2 Approach to analysis

The Commission has examined data from the ABF import database and financial data from the Australian industry from 1 October 2013 to 30 September 2017. The Commission compared this to the data reported in REP 190¹⁸ (covering both the investigation period of 1 July 2011 to 30 June 2012 and the then injury analysis period from 1 July 2007) for the purpose of analysing trends in the market for the goods covered by the notice and assessing potential injury factors.

The Commission notes that for data derived from the original investigation it was presented on the basis of years ending June, whereas the data obtained in the inquiry is presented on the basis of years ending September. Accordingly, both in this chapter and the next (the Commission's analysis of the economic condition of the Australian industry), there is a gap in the verified data from 1 July 2012 until 1 October 2013.

The Commission's detailed analysis is contained in **Confidential Attachment 1**, **Confidential Attachment 2**, and **Confidential Attachment 3**.

4.3 Australian steel industry

4.3.1 Imports in the inquiry period

During the inquiry period, China, Korea and Taiwan were among the top five countries by volume that exported galvanised steel to Australia.

¹⁸ EPR 190, <http://adcommission.gov.au/cases/Pages/ArchivedCases/EPR190.aspx>, original investigation.

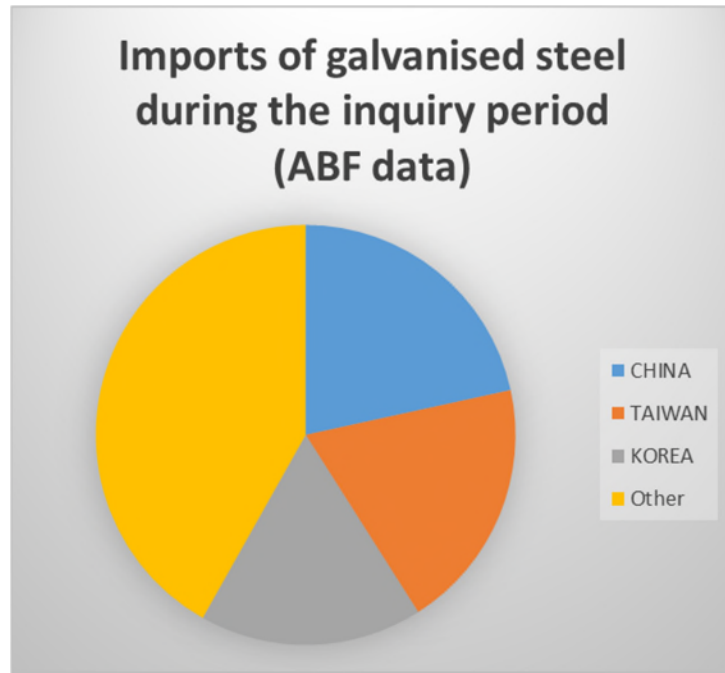


Figure 1 – Imports of Galvanised steel in the inquiry period¹⁹

Aluminium zinc coated steel was imported from 10 countries during the inquiry period. Taiwan, Korea, China and Vietnam exported the majority of aluminium zinc coated steel to Australia.

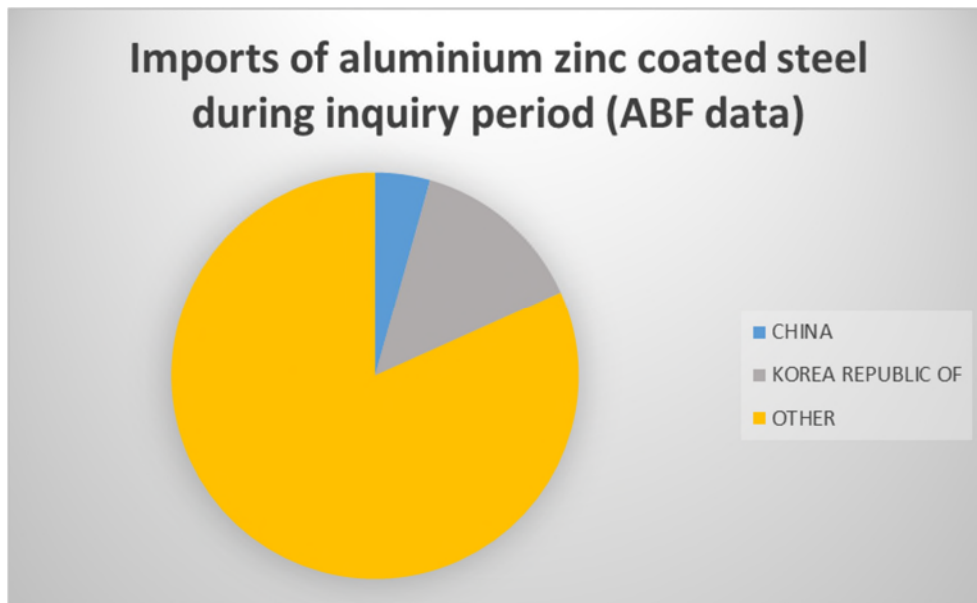


Figure 2 – Imports of aluminium zinc coated steel in the inquiry period²⁰

¹⁹ Total for galvanised steel imports from China, Korea and Taiwan includes suppliers exempt from measures (**Confidential Attachment 1** refers).

²⁰ Total for aluminium zinc coated steel imports from Korea includes suppliers exempt from measures (**Confidential Attachment 2** refers).

The Commission notes that a number of suppliers of the goods from the subject countries are not subject to the notices. Further, a portion of the goods imported into Australia were exempt from the payment of IDD and / or ICD as those goods were subject to notices issued by the relevant Minister under subsections 8(7) and 10(8) of the *Customs Tariff (Anti-Dumping) Act 1975*. The Commission's analysis of these goods is at **Confidential Attachments 1 and 2**.

Imports of galvanised steel from China, Korea and Taiwan that are not exempt from measures accounted for approximately 27 per cent of all imports of galvanised steel during the inquiry period (**Confidential Attachment 1** refers).

Imports of aluminium zinc coated steel from China and Korea (not exempt) accounted for approximately 4 per cent of all imports of aluminium zinc coated steel during the inquiry period (**Confidential Attachment 2** refers).

For the purpose of injury analysis, the Commission has excluded those goods that attract no IDD or ICD (either due to a supplier not being subject to the notices, or the existence of an exemption notice in respect of those goods). However, for the purpose of dumping and countervailing duty calculations, all goods which are subject to an exemption notice have been included.²¹

4.3.2 Galvanised steel and aluminium zinc coated steel markets

During the inquiry period, the Commission has found that the Australian market for galvanised steel was approximately 690,000 tonnes and the Australian market for aluminium zinc coated steel was approximately 260,000 tonnes.

Galvanised steel was sold into two main market segments in Australia, building and construction, and general manufacturing. The market is supplied by BlueScope and imports from the countries subject to measures, as well as imports from countries not subject to measures. For galvanised steel, anti-dumping measures currently apply to the subject countries as well as India, Malaysia and Vietnam (except for exports by Hoa Sen Group and Nam Kim Steel Joint Stock Company). For aluminium zinc coated steel, anti-dumping measures currently apply only to the countries the subject of this continuation.

²¹ The Commission's rationale for this approach is explained in REP 456 and 457, at section 4.4.9.4.

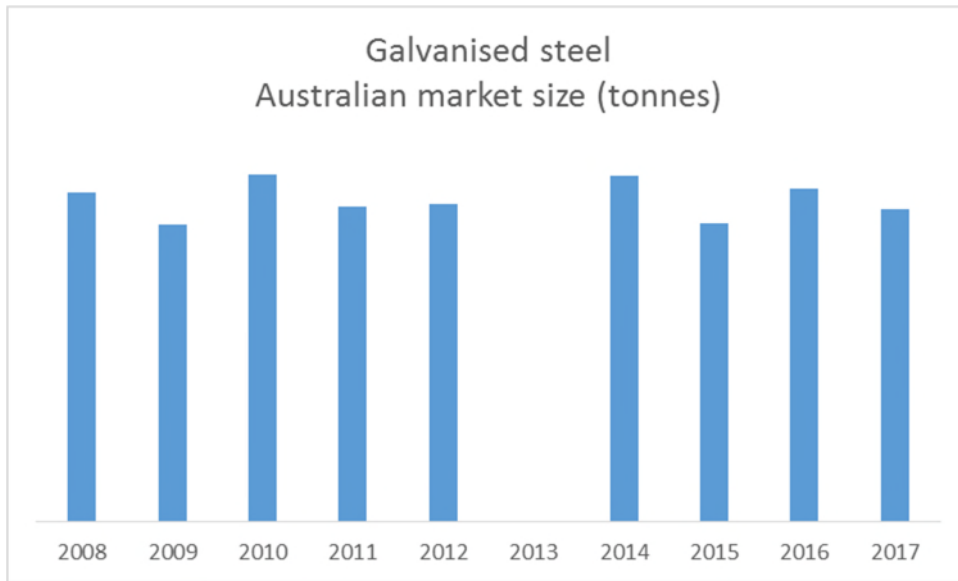


Figure 3: Australian market for galvanised steel, 2008 to 2017

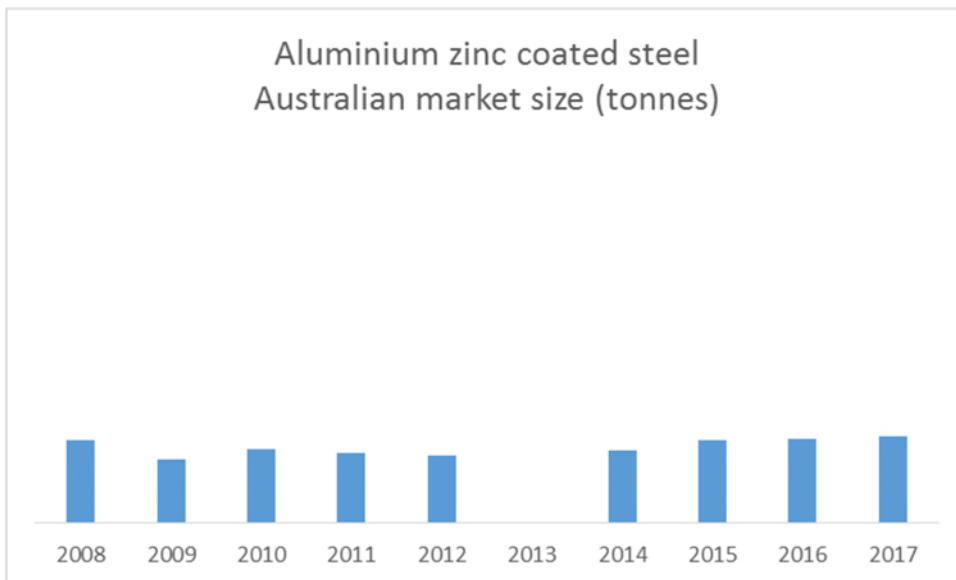


Figure 4: Australian market for aluminium zinc coated steel, 2008 to 2017

Figure 3 demonstrates that the size of the market for galvanised steel fluctuated from year to year, increasing between 2015 and 2016 before contracting during the inquiry period. Figure 4 demonstrates that the market for aluminium zinc coated steel has steadily increased since 2014 and during the inquiry period.

Galvanised steel and aluminium zinc coated steel is sold either directly or indirectly into the building and construction industry or general manufacturing. During the original investigation, original equipment automotive manufacture formed one of the sales avenues for galvanised steel. For many years, Australia’s automotive manufacturing industry comprised three manufacturers of passenger vehicles, supported by an extensive supply chain of parts and accessory manufacturers. However, as of 20 October 2017, these three original equipment manufacturers ceased production of passenger motor vehicles in Australia.

**REP 449 and 450 – Galvanised steel (China, Korea and Taiwan)
and Aluminium zinc coated steel (China and Korea)**

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The Commission understands that the loss of this avenue has been mitigated to some extent by the increase of supply to the building and construction industry.

Figure 5 shows the trends in the building and construction industry since 2013. The last five years has seen an overall positive trend in the industry.

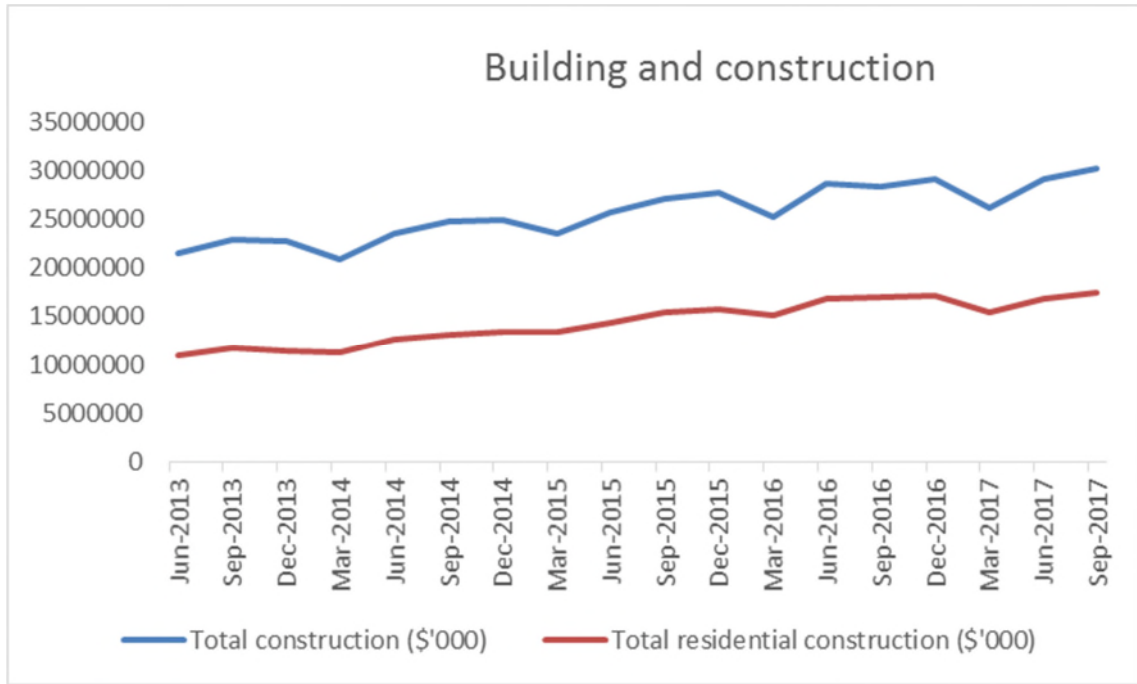


Figure 5 – Building and Construction sector

Source: Australian Bureau of Statistics²²

Figure 6 demonstrates the performance of the manufacturing sector. The market has seen a movement from contraction to expansion in 2017.

²² December 2017; available from the [Australian Bureau of Statistics \(ABS\)](http://www.abs.gov.au) website. Data from section 8752.0 Building Activity, Australia (Table 40).

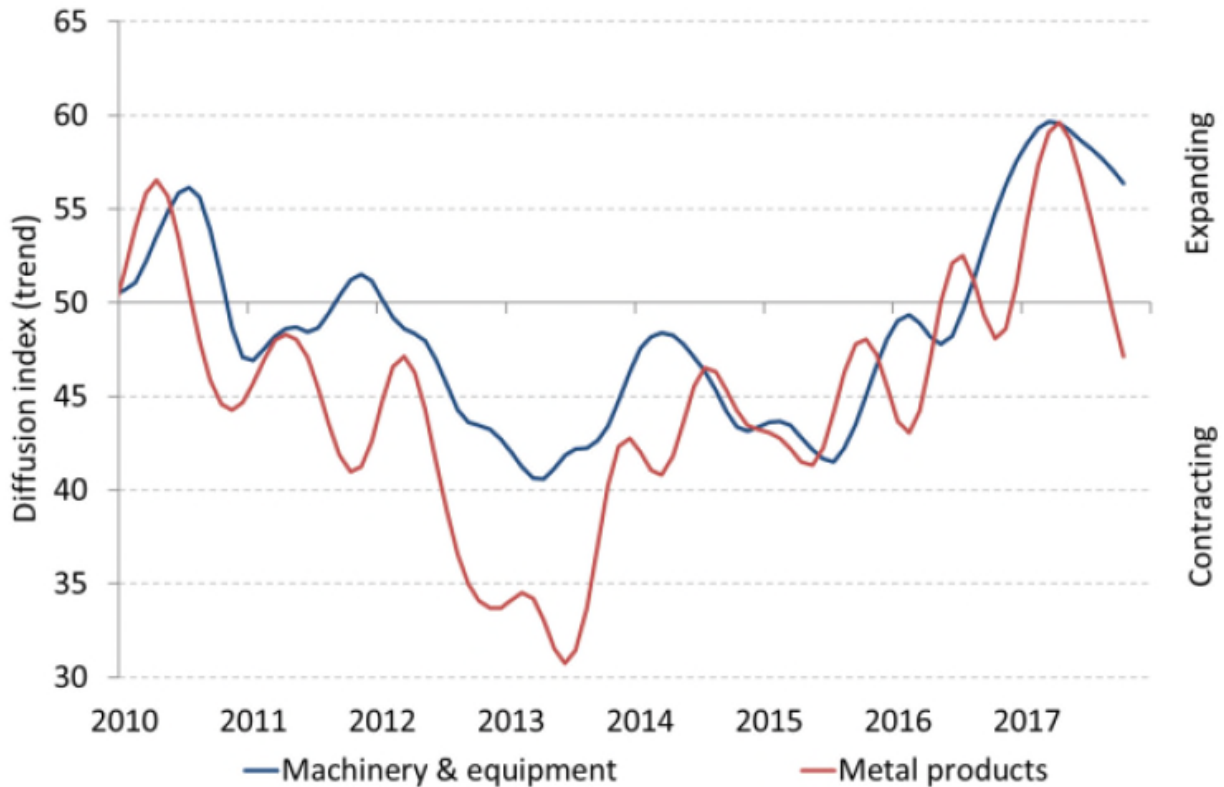


Figure 6 – Relative manufacturing performance in certain sectors relevant to galvanised steel and aluminium zinc coated steel

Source: Australian Industry Group *Performance of Manufacturing Index (PMI)*, metal products sector²³

Two of the three major markets for galvanised steel and aluminium zinc coated steel, general manufacturing and automotive manufacture, experienced contraction during the inquiry period.

4.3.3 Market structure

Galvanised steel and aluminium zinc coated steel produced by BlueScope mostly compete with imported goods at the wholesale level of trade. The importers will supply directly to manufacturers or the building and construction industry, or to distributors (who in turn supply the manufacturing and building and construction industries).

BlueScope is the largest supplier, by both volume and value, of galvanised steel and aluminium zinc coated steel in the Australian market, and sells to both related and unrelated customers. The Commission has confirmed that related and unrelated customers are treated the same in relation to pricing and the terms of sale.

The Commission notes that BlueScope imported small volumes of galvanised steel and aluminium zinc coated steel during the inquiry period, some of which was from a country the subject of this continuation. BlueScope has advised that this importation was specific to a one-off, strategic project; the Commission has confirmed that the importation of

²³ October 2017; available from the [Australian Industry Group](http://www.aig.com.au) website.

galvanised steel represented less than one per cent of BlueScope's galvanised steel sales, and the importation of aluminium zinc coated steel represented two per cent of BlueScope's aluminium zinc coated steel sales, during the inquiry period.

4.3.4 Pricing

BlueScope operates an import benchmark pricing strategy. Known import offers in the market are used to determine at what level to set its selling price, but also as a tool by customers to negotiate lower prices. The Commission has confirmed that customers are using pricing offers for galvanised steel from China, Korea and Taiwan and aluminium zinc coated steel from China and Korea to negotiate lower prices from BlueScope.

The Commission understands that BlueScope places significant importance on maintaining sales volume and only would only set a price below the import parity price (IPP) on an exception basis.

This benchmarking is used to set the 'Base' price for the generic product and all variations to the base are priced above. During the verification process BlueScope provided correspondence with customers to support its claim that it lowered prices in response to import offers.²⁴

As there are similar coating masses, thicknesses and widths for galvanised steel and aluminium zinc coated steel required by customers and galvanised steel and aluminium zinc coated steel are otherwise commodity products, the Commission understands that price is generally the main factor which influences a customer's purchase decision.

²⁴ Document 004, EPR 449, www.adcommission.gov.au.

5 ECONOMIC CONDITION OF THE AUSTRALIAN INDUSTRY

5.1 Approach to analysis

This chapter considers the economic condition of the Australian industry since 2008. The analysis detailed in this chapter is based on verified financial information submitted by BlueScope, import data from the ABF for both the original investigation period and the current injury analysis period.

The years ending June in the period from 1 July 2008 to 30 June 2012 (the period examined in REP 190,²⁵ inclusive of the investigation period 1 July 2011 to 30 June 2012) and the calendar years in the period from 1 January 2014 to 31 September 2017 have both been examined for the purposes of identifying trends in the economic condition of the Australian industry before and after the imposition of the anti-dumping measures. The Commission's graphs have been produced using a consistent scale for volumes, prices, costs, profit and profitability.

The original data and analysis on which the Commission has relied to assess the economic position of the Australian industry is at **Confidential Attachment 3**.

Consideration of whether it is likely, in the absence of the anti-dumping measures, that material injury caused by dumping (as opposed to other factors) will continue or recur is considered in Chapter 6 of this report.

5.2 Findings in original investigation

With respect to galvanised steel, REP 190 found that BlueScope had experienced injury in the form of:

- loss of sales volume;
- reduced market share;
- reduced sales revenue;
- price depression;
- price suppression;
- reduced profit and profitability;
- reduced return on investment (ROI);
- reduced production capacity; and
- reduced employment.

²⁵ EPR 190, <http://adcommission.gov.au/cases/Pages/ArchivedCases/EPR190.aspx>, original investigation.

With respect to aluminium zinc coated steel, REP 190 found that BlueScope had experienced injury in the form of:

- loss of sales volume;
- reduced sales revenue;
- price depression;
- price suppression;
- reduced profit and profitability;
- reduced ROI;
- reduced production capacity; and
- reduced employment.

5.3 Volume effects

5.3.1 Sales volume

The following graph demonstrates BlueScope's total sales volumes for galvanised steel in the Australian market since July 2008. The sales volume in 2016 has been the highest since 2008 and the Commission observes that there has been a decline in sales volume between 2016 and 2017.

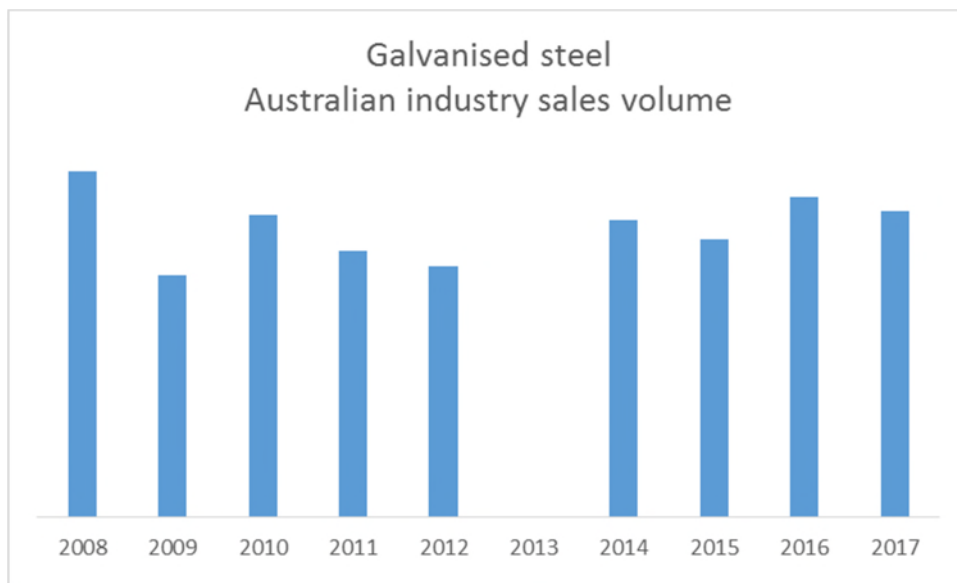


Figure 7 – Galvanised steel Australian industry sales volume

The following graph shows BlueScope's total sales volumes for aluminium zinc coated steel in the Australian market since July 2008. The market in 2017 has been the largest (by volume) in the period with a steady increase in sales volume from 2014 to 2017.



Figure 8 – Aluminium zinc coated steel Australian industry sales volume

5.3.2 Market share

Figure 9, below, demonstrates movements in market share over the period from 2008 in the Australian galvanised steel market. BlueScope has increased its market share steadily in the period 2014 to 2017, albeit in a smaller market (by volume) between 2016 and 2017. Subject countries have largely maintained their share in the market, with imports from other countries losing market share in the period. It should be noted that for the purposes of Figure 9 and 10 ‘subject countries’ refer to all exporters from China, Korea and Taiwan and China and Korea respectively, including those exempt from the anti-dumping measures. In Figure 9, ‘other countries’ include India, Malaysia and Vietnam (except for exports by Hoa Sen Group and Nam Kim Steel Joint Stock Company) which are subject to measures on exports of galvanised steel.

BlueScope’s market share in 2017 was the highest it has been since 2008.

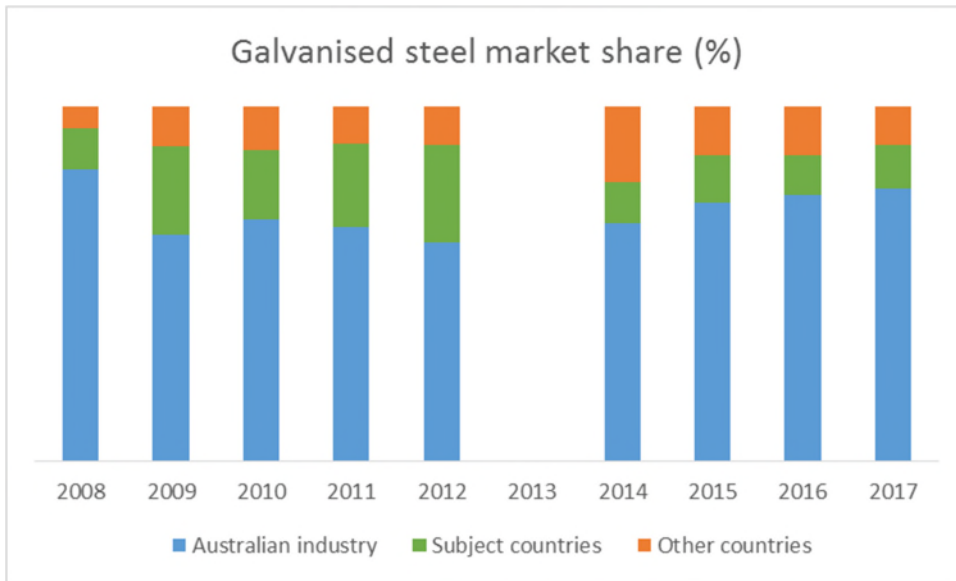


Figure 9 – Galvanised steel Australian market shares

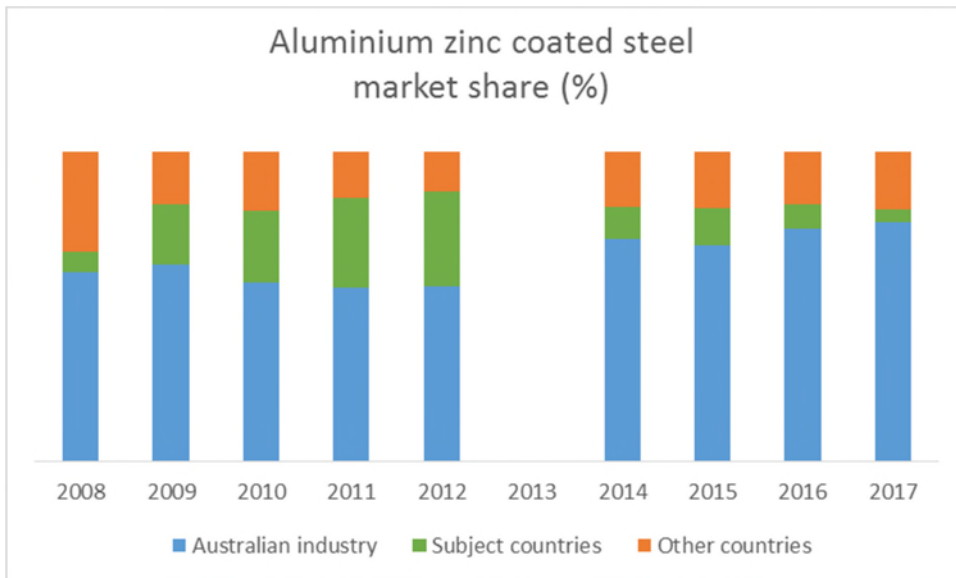


Figure 10 – Aluminium zinc coated steel Australian market shares

Figure 10 demonstrates movements in market share from 2008 in the Australian aluminium zinc coated steel market. BlueScope has increased its market share since the imposition of the anti-dumping measures. There is a decrease in market share of the subject countries and an increased in the market share of non-subject countries between 2015 and 2017. The subject countries includes exporters that are exempt from measures.

5.4 Price effects

The following graphs compare BlueScope's unit price and unit cost to make and sell (CTMS) for galvanised steel and aluminium zinc coated steel from July 2008.

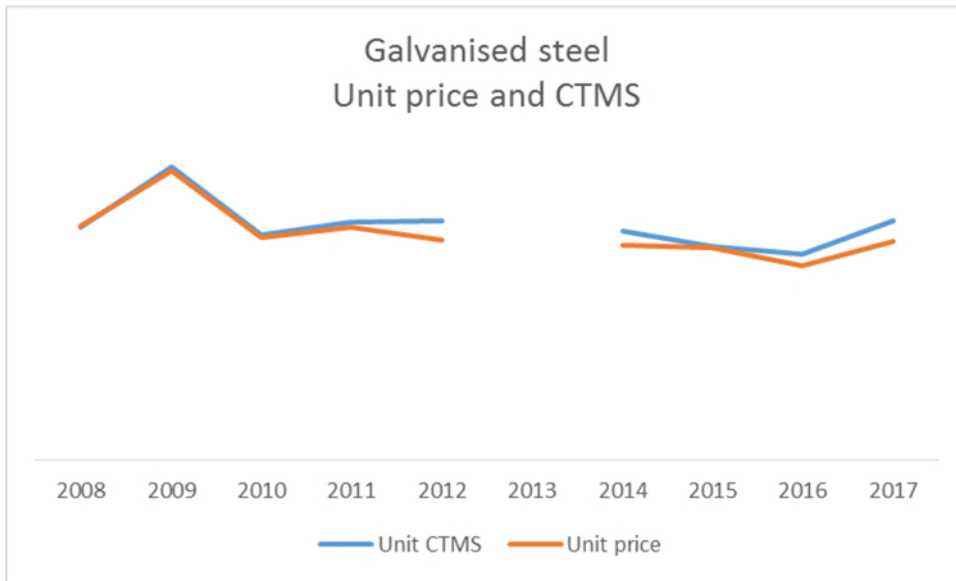


Figure 11 – Galvanised steel comparison of unit selling price and unit CTMS for Australian industry

For galvanised steel, BlueScope was in an unprofitable position on a per unit basis prior to the measures in 2013. While galvanised steel did not move to a profitable position following the measures, it can be observed that unit CTMS has increased between 2016 and 2017, however the unit price did not rise sufficiently to reach a net profit position.

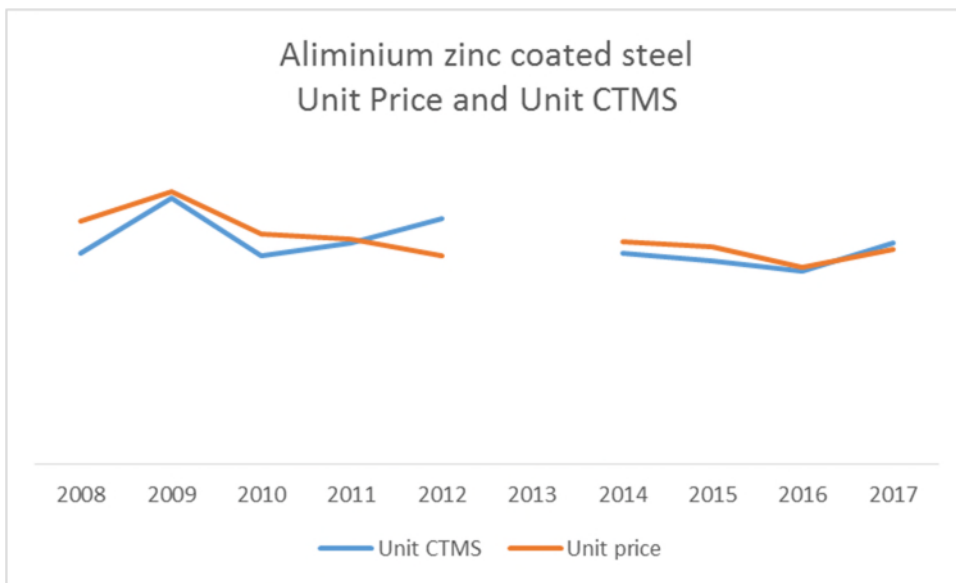


Figure 12 – Aluminium zinc coated steel comparison of unit selling price and unit CTMS for Australian industry

The aluminium zinc coated steel product has been more profitable on a per unit basis for BlueScope Steel during the period. Unit CTMS was above unit price between 2011 and 2012 (hence a finding that BlueScope had experienced both price depression and price suppression in the course of REP 190). Between October 2014 and September 2016 it appears to have been profitable again.

While unit prices have reduced during the injury analysis period, both goods have seen an increase in unit price in the inquiry period to prices similar to those at the start of the injury period.

5.5 Profit and profitability

The following graph shows trends in BlueScope’s profit and profitability.²⁶

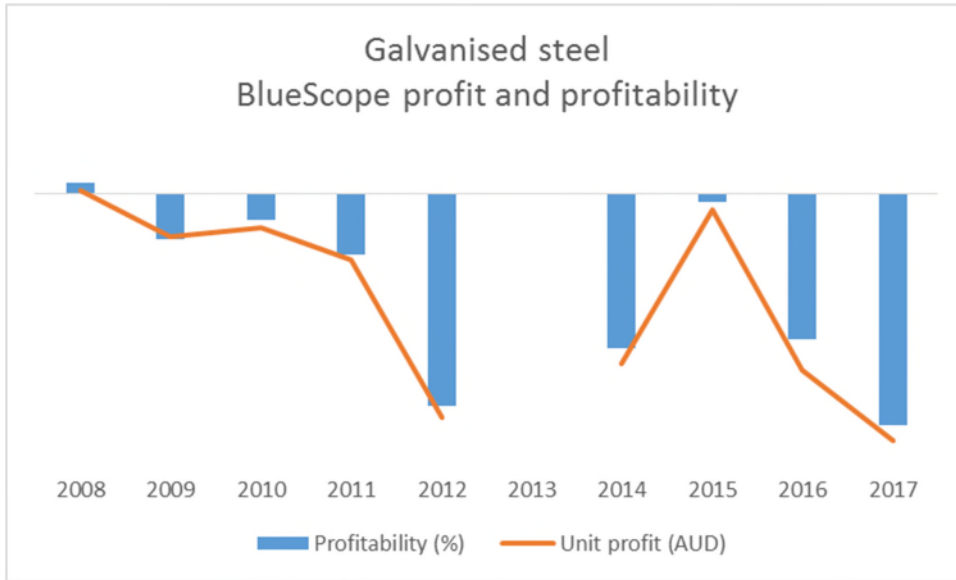


Figure 13 –BlueScope profit and profitability for galvanised steel

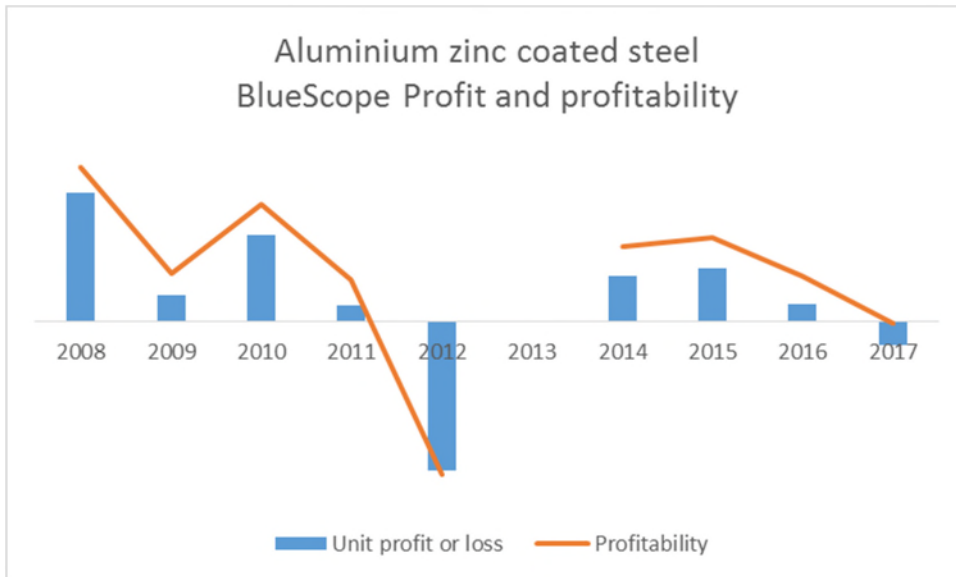


Figure 14 –BlueScope profit and profitability for aluminium zinc coated steel

²⁶ As a percentage of sales revenue.

As can be seen in Figure 13, BlueScope's sales of galvanised steel have not been profitable since 2008 (allowing for the gap in data between July 2012 and October 2014), with their greatest losses experienced between 2015 and 2017.

While BlueScope's profit and profitability position for aluminium zinc coated steel was more volatile in the period leading up to the measures in 2013, a decline in profits and profitability has occurred gradually in the period from 2015.

5.6 Other injury factors

The Commission makes the following observations on the information provided by BlueScope in relation to other injury factors between 1 October 2014 and 30 September 2017.

In relation to galvanised steel:

- Asset values have trended down between 2014 and 2017. Asset values for other production has increased between 2016 and 2017.
- Capital investment declined between 2016 and 2017. Capital investment in relation to other production moved generally opposite to the investment in the goods, increasing between 2016 and 2017;
- Return on investment (ROI) increased between 2014 and 2015, declined gradually between 2015 and 2016 and sharply between 2016 and 2017. ROI remained negative from 2014 to 2017. ROI for other production in the period was positive and increased between 2014 and 2016 with a slight drop in 2017.
- Employment levels trended down between 2015 and 2017. In whole figures this was a marginal change.
- Revenue increased between 2016 and 2017.
- Capacity utilisation has operated at or near to capacity since 2015.
- Capacity and productivity of employees have risen marginally over the period.
- Research and development (R&D) expenses have increased between 2016 and 2017.

In relation to aluminium zinc coated steel:

- Assets and capital investment increased between 2016 and 2017.
- Average wages declined between 2015 and 2017.
- Capacity reduced marginally between 2016 and 2017 and capacity utilisation increased.
- BlueScope experienced a marginal increase in employment levels and an increased wages bill. Average wages declined between 2016 and 2017.
- Return on investment has dipped between 2016 and 2017.
- R&D increased between 2016 and 2017, however, in whole dollar terms the change was marginal.

6 LIKELIHOOD THAT DUMPING, SUBSIDISATION AND MATERIAL INJURY WILL CONTINUE OR RECUR

6.1 Findings

6.1.1 Galvanised steel

On the basis of the evidence available, the Commissioner is satisfied that the expiration of the measures applying to galvanised steel exported to Australia by POSCO in Korea would not be likely to lead to a continuation or recurrence of dumping, or the continuation or recurrence of material injury to the Australian industry caused by dumping.

The Commissioner is satisfied that the expiration of the current measures applying to galvanised steel exported to Australia from China, Taiwan and the remaining exporters from Korea would lead, or would be likely to lead, to a continuation or recurrence of dumping. The Commissioner is also satisfied that subsidisation is likely to continue or recur in respect of the goods exported from China.

The Commissioner is satisfied that the continuation or recurrence of dumping and / or subsidisation of galvanised steel exported from China, Taiwan and Korea (except by POSCO) is likely to lead to a recurrence or continuation of the material injury that the measures are intended to prevent.

6.1.2 Aluminium zinc coated steel

On the basis of the evidence available, the Commissioner is satisfied that the expiration of the measures applying to aluminium zinc coated steel exported to Australia from Korea would not be likely to lead to a continuation or recurrence of dumping, or the continuation or recurrence of material injury to the Australian industry caused by dumping.

The Commissioner is satisfied that the expiration of the current measures applying to aluminium zinc coated steel exported to Australia from China would lead, or would be likely to lead, to a continuation or recurrence of dumping. The Commissioner is also satisfied that subsidisation is likely to continue or recur in respect of the goods exported from China.

The Commissioner is satisfied that the continuation or recurrence of dumping and / or subsidisation of aluminium zinc coated steel exported from China is likely to lead to a recurrence or continuation of the material injury that the measures are intended to prevent.

6.2 Legislative framework

Subsection 269ZHF(2) of the Act provides that the Commissioner must not recommend that the Assistant Minister take steps to secure the continuation of anti-dumping measures unless the Commissioner is satisfied that the expiration of the measures would lead, or would be likely to lead, to a continuation of, or a recurrence of, the dumping and / or subsidisation and the material injury that the anti-dumping measure is intended to prevent.

The Commission notes that its assessment of the likelihood of certain events occurring and their anticipated effect, as is required in a continuation inquiry, necessarily requires an assessment of a hypothetical situation. This view has been supported by the Anti-Dumping Review Panel, which noted that the Commission must consider what will happen in the future should a certain event, being the expiry of the measures, occur. However, the Commissioner's conclusions and recommendation must nevertheless be based on facts.²⁷

6.3 Will dumping and material injury continue or recur?

6.3.1 The Commission's approach

In assessing the likelihood of whether dumping and material injury will continue or recur, a number of factors are relevant, as outlined in the Manual.²⁸ The Commission's view is that the relevance of each factor will vary depending on the nature of the goods being examined and the market into which the goods are being sold. No one factor can necessarily provide decisive guidance. The following analysis therefore examines a range of factors which the Commission considers are relevant to these inquiries.

6.3.2 Analysis of dumping within the inquiry period

REP 456 and 457 sets out the proposed IDD and ICD based on calculations in the inquiry period.²⁹ These margins have been relied upon by the Commission for the purposes of this report.

The IDD and ICD proposed in REP 456 and 457 are reproduced below.

²⁷ [ADRP Report No. 44](#) (Clear Float Glass) refers.

²⁸ Pages 170-171 refer.

²⁹ REP 456 and 457 is available on the EPR at www.adcommission.gov.au.

PUBLIC RECORD

Galvanised Steel

Country	Exporter	Measure	IDD	ICD	Form of measures
China	Angang	IDD	15.7%	N/A	Combination
	YPC	IDD	6.7%	N/A	Combination
	Zongcheng	IDD	18.6%	N/A	Combination
	ANSC-TKS Galvanizing Co Ltd also known as TAGAL	IDD	20.6%	N/A	Combination
	Guangzhou Dingxin	IDD	0%	0%	Floor price
	All other exporters	IDD & ICD	20.6%	22.8%	Combination
Korea	Dongkuk	Exempt			
	Dongbu	IDD	2.4%	N/A	Combination
	POSCO	IDD	0%	N/A	Floor price
	All other exporters	IDD	13.7%	N/A	Combination
Taiwan	Ta Fong Steel Co Ltd	Exempt			
	Sheng Yu Steel Co Ltd	Exempt			
	Chung Hung Steel Corporation	IDD	10.2%	N/A	Combination
	YPE	IDD	2.4%	N/A	Combination
	Synn Industrial	IDD	6.1%	N/A	Combination
	All other exporters	IDD	28.2%	N/A	Combination

Table 6: Proposed measures applying to galvanised steel (per REP 456 and 457)

Aluminium zinc coated steel

Country	Exporter	Measure	IDD	ICD	Form of measures
China	Angang	IDD	29.3%	N/A	Combination
	YPC	IDD	27.6%	N/A	Combination
	Zongcheng	IDD	9.5%	N/A	Combination
	Union Steel China Co. Ltd	IDD	31.5%	N/A	Combination
	All other exporters	IDD & ICD	31.5%	21.7%	Combination
Korea	Dongkuk	Exempt			
	Dongbu	IDD	17.7%	N/A	Combination
	All other exporters	IDD	24.8%	N/A	Combination

Table 7: Proposed measures applying to aluminium zinc coated steel (per REP 456 and 457)

6.3.3 Australian industry’s claims

BlueScope’s claims regarding continuation or recurrence of injury are that:

- as a result of the most recently completed reviews of anti-dumping measures applying to galvanised steel³⁰ exported to Australia from China, Korea and Taiwan and aluminium zinc coated steel³¹ exported to Australia from China and Korea respectively, the Australian industry has experienced price suppression and reduced profitability;
- there are anti-dumping and countervailing measures applying in many other jurisdictions in respect of the countries and goods the subject of these continuation inquiries. BlueScope has claimed that, in the event the current measures are allowed to expire, exporters would direct their oversupply to Australia by lowering prices in order to increase export volumes.
- there is overcapacity and overproduction of the goods in the regional Asian galvanised steel and aluminium zinc coated steel markets;
- exporters of the goods from the subject countries have maintained distribution links into the Australian market since the imposition of the original measures; and
- Chinese producers of galvanised steel and aluminium zinc coated steel continue to receive countervailable subsidies and that the expiration of measures applicable to Chinese exports will result in a recurrence of material injury.^{32, 33}

³⁰ Reviews 365, 366, 368, 371, 374, 376 and 386. Reported in *Anti-Dumping Commission Report Nos. 365, 366, 367, 368, 371, 372, 374, 375 and 376* (REP 365 et al) and *Anti-Dumping Commission Report Nos. 385 and 386* (REP 385 and 386).

³¹ Reviews 367, 372, 375, 385. Reported in REP 365 et al and REP 385 and 386.

³² Document 001, EPR 449 and EPR 450, www.adcommission.gov.au/cases.

³³ Submissions dated 1 December 2017, EPR 456 Document 002 and EPR 457 Document 002.

Therefore, BlueScope claims that it is reasonable to expect that the expiration of the current measures would lead, or would be likely to lead, to a continuation of material injury that the measures were intended to prevent.

6.3.4 Measures imposed by other countries

The Commission has observed that galvanised steel and aluminium zinc coated steel exported from the subject countries are also subject to anti-dumping measures imposed by ten other countries.

Country imposing measures	Product	Affected exporters
Colombia, Mexico, Pakistan, Russia, USA, Taiwan	Flat rolled products of iron or non-alloy steel, of a width of 600 mm or more, plated or coated with zinc	China, Korea, Taiwan
Mexico, Pakistan, Russia, USA, Taiwan	Flat rolled products of iron or non-alloy steel, if a width of less than 600 mm, clad, plated or coated with zinc	China, Korea, Taiwan
India, Mexico, Pakistan, Russia, USA, Taiwan	Flat rolled products of other alloy steel, of a width 600 mm or more, otherwise plated or coated with zinc	China, Korea, Taiwan
Canada, EU, India, Mexico, Pakistan, USA, Taiwan	Flat rolled products of other alloy steel, of a width of less than 600 mm, otherwise plated or coated with zinc	China, Korea, Taiwan
Mexico, Russia, Thailand, USA, Taiwan	Flat rolled products of iron or non-alloy steel, of a width of 600 mm or more, clad, plated or coated with aluminium-zinc alloys	Korea, Taiwan

Table 8 – Anti-dumping measures applying to galvanised steel and aluminium zinc coated steel, other countries³⁴

In addition, following an investigation by the US Department of Commerce under section 232 of the US Trade Expansion Act of 1962, the publicly released report concluded that the quantities and circumstances of steel and aluminium imports “threaten to impair the national security” of the United States.³⁵ On 8 March 2018 a Presidential Proclamation was signed imposing a tariff of 25 per cent on all imports of steel and 10 per cent on all imports of aluminium commencing 23 March 2018.³⁶

³⁴ World Trade Organization, data from a Detailed Query at <https://i-tip.wto.org/goods/Forms/TableView.aspx>. Measures were also imposed on other countries, however this query focused on countries the subject of this continuation.

³⁵ https://www.commerce.gov/sites/commerce.gov/files/the_effect_of_imports_of_steel_on_the_national_security_-_with_redactions_-_20180111.pdf.

³⁶ <https://www.whitehouse.gov/presidential-actions/presidential-proclamation-adjusting-imports-steel-united-states/>.

6.3.5 Overcapacity in steel markets

The Commission's *Analysis of Steel and Aluminium Markets Report to the Commissioner of the Anti-Dumping Commission* (2016 Steel Report) found that ongoing excess capacity is a significant challenge for the global steel industry, particularly in Asia.³⁷

While there has been Government of China (GOC) mandated closures of illegal induction furnaces and outdated factories, there is other activity that has limited the intended reductions in capacity. For example production in remaining mills has increased up to 5.6 per cent in the year to October 2017. Southern steel mills are also expected to offset the reduced production in northern mills between November 2017 and March 2018 to reduce air pollution.³⁸ This means that any reductions in excess capacity may be less effective due to increased capacity at more efficient mills and in alternate geographic locations.

The Manual provides that the inquiry may gather facts relevant to whether exports are likely to continue or resume, such as exporters' production capacity. The Commission has established that the cooperating exporters all have spare production capacity for galvanised steel and aluminium zinc coated steel, albeit varying from exporter to exporter.³⁹

The Commission observes that the spare capacity for the production of galvanised steel available to six of the eight⁴⁰ cooperating exporters from China, Korea and Taiwan during the inquiry period was in excess of the entire Australian market. For aluminium zinc coated steel, the excess capacity of two of the cooperating exporters⁴¹ amounted to over 80 per cent of the Australian market.

6.4 Galvanised Steel

6.4.1 Import volumes

The Manual provides that in assessing the likelihood of dumping continuing or recurring, the inquiry may gather facts relevant to whether exports are likely to continue or resume, such as the volume of exports before and after measures were imposed, or exporters' supply chains.

The Commission has established in Chapter 4 that the volume of exports from the subject countries to Australia and their respective shares of the market have changed since the measures were imposed.

³⁷ [2016 Steel Report](#), at page 1.

³⁸ Office of the Chief Economist, Department of Industry, Innovation and Science, *Resources and Energy Quarterly* December 2017, p19.

³⁹ A summary of capacity utilisation for all cooperating exporters is included at **Confidential Attachment 5**.

⁴⁰ Figure based on six of the eight exporters. One exporter did not provide information concerning excess capacity of galvanised steel, and one exporter combined excess capacity of galvanised steel and aluminium zinc coated steel.

⁴¹ Two additional exporters combined excess capacity for galvanised steel and aluminium zinc coated steel. These exporters' figures were not used in the analysis of excess capacity of aluminium zinc coated steel.

The Commission's analysis (in **Confidential Attachment 1**) demonstrates that exports of galvanised steel which is subject to the measures:

- from China to Australia have dropped significantly since the imposition of the original measures. Volumes of galvanised steel from China to Australia have however increased significantly between 2015 and the inquiry period;
- from Korea to Australia have dropped significantly since the imposition of the original measures. Volumes have remained constant between 2013 and 2017; and
- from Taiwan to Australia have dropped significantly since the imposition of the original measures. Volumes decreased from 2013 to 2015 before increasing sharply in 2016 and decreasing during the inquiry period.

6.4.2 Impact of measures on market share

The Manual provides that the inquiry may gather facts relevant to whether exports are likely to continue or resume, such as market size and share.⁴²

As detailed in section 5.3.2, immediately following the imposition of the measures, the market share of subject countries declined significantly. Imports from the subject countries continued to decline up until 2014, increasing again from 2015 year on year to the inquiry period.

6.4.3 Impact of measures on prices

The Manual provides that the inquiry may gather facts relevant to prices of exports compared to the NIP, and the relevance of the measures to selling prices.⁴³ The NIP relevant to exporters of galvanised steel was calculated in REP 456 and 457 for the inquiry period.

The lack of cooperation from all importers and exporters in this inquiry makes direct price comparisons potentially misleading, since the mix of model types can substantially influence the prices obtained.

The Commission has therefore taken two approaches to comparing prices in the market. For the first approach, the Commission has taken Free on Board (FOB) prices from the subject countries, and all other countries as declared in the ABF import database and added importation costs (equivalent to the values demonstrated by the most efficient importer verified in each inquiry) and a weighted average of ocean freight and insurance costs from cooperating exporters during the inquiry period. The Commission has compared these to an ex works (EXW) equivalent price (that is, the FIS price minus delivery costs) for BlueScope to obtain a whole of market, high level comparison of prices.

⁴² The Manual, pg 171.

⁴³ For more detailed analysis of the NIP, refer REP 456 and 457, EPR, www.adcommission.gov.au.

For this analysis, the Commission has excluded those goods which claim an exemption from dumping duties, as well as any goods imported by BlueScope from the subject countries (which would be at prices which are, by virtue of the identity of the importer, not injurious to the Australian industry).

For the second approach, the Commission has undertaken an in-depth comparison of BlueScope's sales with sales achieved by importers of the goods, examining sales by market segment as well as sales to common customers. The Commission has had regard to all verified sales in this comparison. The Commission's analysis of prices under both approaches can be seen in **Confidential Attachment 4**.

Under the first approach, the Commission observes that there are prices in the market which tend to be cheaper than those of exporters subject to the measures. Despite this, the Commission observes that goods originating from China and Taiwan undercut BlueScope's prices. The Commission also observes that prices from China and Taiwan are closely correlated with one another and the current anti-dumping measures. This suggests that exporters from China and Taiwan set their export prices frequently by reference to the measures and to price offers from each other. Korean prices, although slightly higher than those from China and Taiwan, show evidence of a close relationship between export pricing and the existing measures, being a floor price.

Under the second approach, the Commission observes that there is very close price competition between BlueScope and importers when selling to common customers, by segment, grade and finish type. This can, however, be the result of BlueScope's pricing model.

6.4.4 Maintenance of distribution links

The Commission has compared ABF data for importers of the goods in the inquiry period with ABF data from REP 190. The Commission has found the importers of galvanised steel from China, Korea and Taiwan have remained the same between the original investigation and this inquiry period. This is an indication that exporters have maintained distribution links in Australia.

6.5 Aluminium zinc coated steel

6.5.1 Import volumes

The Manual provides that in assessing the likelihood of dumping continuing or recurring, the inquiry may gather facts relevant to whether exports are likely to continue or resume, such as the volume of exports before and after measures were imposed, or exporters' supply chains.

The Commission has established in Chapter 4 that the volume of exports from the subject countries to Australia and their respective shares of the market have changed since the measures were imposed. The Commission's analysis (in **Confidential Attachment 2**) demonstrates that exports of aluminium zinc coated steel which is subject to the measures:

- from China to Australia dropped significantly after the imposition of the original measures, however have increased steadily over the inquiry period; and
- from Korea decreased sharply after the imposition of measures with only a minute volume of exports since 2014.

6.5.2 Impact of measures on market share

The Manual provides that the inquiry may gather facts relevant to whether exports are likely to continue or resume, such as market size and share.⁴⁴

As detailed in section 5.3.2, immediately following the imposition of the measures, the market share of subject countries declined significantly. Imports from the subject countries did not return to the levels experienced during the original investigation period.

6.5.3 Impact of measures on prices

The Manual provides that the inquiry may gather facts relevant to prices of exports compared to the NIP, and the relevance of the measures to selling prices.⁴⁵ The NIP for exporters of aluminium zinc coated steel was calculated in REP 456 and 457 for the inquiry period.

The lack of cooperation from all importers and exporters in this inquiry makes direct price comparisons potentially misleading, since the mix of model types can substantially influence the prices obtained.

The Commission has therefore taken two approaches to comparing prices in the market. For the first approach, the Commission has taken FOB prices from the subject countries, and all other countries as declared in the ABF import database and added importation costs (equivalent to the values demonstrated by the most efficient importer verified in this inquiry) and a weighted average of ocean freight and insurance costs from cooperating exporters during the inquiry period. The Commission has compared these to an EXW equivalent price (that is, the FIS price minus delivery costs) for BlueScope to obtain a whole of market, high level comparison of prices. For this analysis, the Commission has excluded those goods which claim an exemption from duties, as well as any goods imported by BlueScope from the subject countries (which would be at prices which are, by virtue of the identity of the importer, not injurious to the Australian industry).

For the second approach, the Commission has undertaken an in-depth comparison of BlueScope's sales with sales achieved by importers of the goods, examining sales by market segment as well as sales to common customers. The Commission has had regard to all verified sales in this comparison. The Commission's analysis of prices under both approaches can be seen in **Confidential Attachment 4**.

⁴⁴ The Manual, p171.

⁴⁵ For more detailed analysis of the NIP, refer REP 456 and 457, EPR, www.adcommission.gov.au.

Under the first approach, the Commission observes that prices for goods originating from China tend to be the cheapest in the market. Whilst prices tend to fluctuate depending on the finish type of the goods, prices from China appear to closely correlate to the current anti-dumping measures. This suggests that China's export prices are frequently set by reference to the measures.

No dumping duties have been paid by exporters from Korea during the inquiry period, and only a small proportion of those exported goods were subject to the dumping duty notice.

Under the second approach, the Commission observes that there is very close price competition between BlueScope and importers of aluminium zinc coated steel from China when selling to common customers, by segment.

6.5.4 Maintenance of distribution links

The Commission has compared ABF data for importers of the goods in the inquiry period with ABF data from REP 190. The Commission has found the importers of aluminium zinc coated steel from China and Korea have remained the same between the original investigation and this inquiry period. This is an indication that exporters have maintained distribution links in Australia.

6.6 Country specific analysis – galvanised steel

The Commission's approach has been to examine the claims made and evidence applying to each exporting country.

6.6.1 China

As was noted in REP 456 and 457, galvanised steel exported to Australia from China was at dumped prices, with margins ranging from 6.7 per cent to 20.6 per cent.

6.6.1.1 Market share

Exporters from China regained market share during the inquiry period. The Commission considers that the increase in exports from China would have been greater in the absence of measures due to the excess capacity and distribution links described above.

6.6.1.2 Pricing

An analysis of FOB prices of galvanised steel obtained from the ABF database has found that China competes directly with India, Taiwan and Vietnam, all of which are subject to measures. Exempt goods have been excluded from this analysis. In the absence of measures, the Commission anticipates that exporters from China would lower their prices and seek to increase their market share in the Australian market.

This pricing analysis is at **Confidential Attachment 1**.

6.6.1.3 Excess capacity

The Commission's analysis of the excess capacity of the cooperating exporters in China has found that the spare volume available is greater than 70 per cent of the Australian market. The excess capacity analysis can be found at **Confidential Attachment 5**.

6.6.1.4 Countervailing

The Commission has not received a response to the GOC questionnaire and has therefore relied on subsidy programs identified in REP 190, *Anti-Dumping Commission Report No. 316* and *Anti-Dumping Commission Report No. 379*. A total of 36 subsidy programs have been identified, with all but two being countervailable.

Only one exporter, Guanzhou Dingxin, has provided a response to the countervailing exporter questionnaire in the reviews concurrent to these continuation inquiries. The Commission has calculated a subsidy margin of 0 per cent.

No response was received from any other exporter subject to the galvanised steel countervailing duty notice. On this basis, the Commissioner recommends that the countervailing duty notice applying to galvanised steel for uncooperative exporters remain unchanged.

6.6.1.5 Commission's assessment on galvanised steel exported from China

As was noted above, galvanised steel exported from China during the inquiry period was at dumped prices. Exporters from China have gained a substantial proportion of the import market in Australia. Further, the Commission notes that the cooperating exporters in China had significant excess capacity during the inquiry period.

The Commission has analysed pricing of galvanised steel exported to Australia and found these to be amongst the lowest prices in the market, competing directly with other exporting countries subject to the measures and with exporters from other countries which are also subject to measures.

Accordingly, the Commission considers that it is likely that future exports of galvanised steel from China would be dumped on the Australian market in the absence of the current measures, and that these goods will continue to be subsidised by the GOC. Further, the Commission considers it likely that the dumping and subsidisation of galvanised steel exported from China would place downwards pressure on prices in the Australian market, and that BlueScope would respond by reducing its own prices in order to maintain its market share. Noting the economic condition of the Australian industry and its present vulnerability, the Commission considers it likely that material injury would be experienced by BlueScope as a result of the continuation and recurrence of dumping and subsidisation of galvanised steel exported from China.

6.6.2 Korea

The Commission has found that despite high volumes of exports from Korea, the majority of galvanised steel exported to Australia from Korea during the inquiry period was manufactured by Dongkuk, which is exempt from the anti-dumping measures.

6.6.2.1 POSCO

The second largest exporter of galvanised steel to Australia from Korea, POSCO, supplied the automotive original equipment manufacturer (OEM) market during the inquiry period. The Commission's analysis of POSCO's exports to Australia since REP 190 indicates that POSCO has maintained similar patterns of supply despite the imposition of the measures. Due to the cessation of OEM passenger vehicle manufacturing in Australia in October 2017, it is expected that POSCO's exports to this sector of the market will largely cease. In any event, POSCO exported galvanised steel to Australia during the inquiry period at undumped prices.

The Commission notes that, despite operating at close to capacity, POSCO's remaining spare capacity (in volume terms) is greater than a significant portion of the Australian market.

The Commission has compared domestic selling prices of Korean manufacturers. The Commission has found that POSCO's domestic selling prices are profitable, and are generally lower than those of other manufacturers competing in the market when comparing galvanised steel of similar specifications. This analysis can be seen at **Confidential Attachment 6**.

POSCO has submitted⁴⁶ that in order to continue anti-dumping measures, as per Article 11.3 of the ADA, the Commission must establish a probability that in the absence of the measures, dumping and injury will recur and not merely a possibility that this may occur. BlueScope argues⁴⁷ that the legislative requirement is to demonstrate the likelihood of a recurrence of dumping rather than the probability.

The Commission notes that its assessment of the likelihood of certain events occurring and their anticipated effect, as is required in a continuation inquiry, necessarily requires an assessment of a hypothetical situation. This view has been supported by the Anti-Dumping Review Panel, which noted that the Commission must consider what will happen in the future should a certain event, being the expiry of the measures, occur. However, the Commissioner's conclusions and recommendations must nevertheless be based on facts.⁴⁸

On the basis of these findings, the Commissioner considers there is no reasonable commercial incentive for POSCO to export galvanised steel to Australia at dumped prices, and therefore the Commissioner is not satisfied that the expiration of the

⁴⁶ EPR 449 [Document 003](#) refers.

⁴⁷ EPR 449 [Document 007](#) refers.

⁴⁸ [ADRP Report No. 44](#) (Clear Float Glass) refers.

measures would lead, or would be likely to lead, to a continuation of, or a recurrence of, the dumping and the material injury that the anti-dumping measures are intended to prevent with respect to POSCO.

6.6.2.2 Dongbu

The Commission, in REP 456 and 457, has found that galvanised steel exports from Dongbu were dumped at a margin of 2.4 per cent.

The Commission found that Dongbu prices had undercut those of the Australian industry. This can, however, be the result of BlueScope's pricing model.

Dongbu submits that, due to the finding in SEF 449 and 450 that Dongbu's FOB export price was, on a weighted average, higher than any other exporter, Dongbu has no reason to lower its prices and would not account for any injury experienced by the Australian industry.⁴⁹ Dongbu also states that it has no reason to chase market share in export markets as it is focussing on the more profitable domestic market.⁵⁰

The Commission has re-examined Dongbu's FOB export price to Australia. The Commission has found that Dongbu's price was in fact one of the lowest of all exporters subject to the measures, and that the finding in the SEF 449 and 450 was incorrect. Dongbu's price was also lower than the FOB export price of exporters from Korea that are not subject to the dumping duty notice. This analysis is contained in **Confidential Attachment 1**.

Dongbu accounted for approximately 33 per cent of galvanised steel exports from Korea to Australia, of goods subject to measures, during the inquiry period. Dongbu's importers in Australia are similar to importers of galvanised steel from China and Taiwan. Given the lower pricing of goods exported from China and Taiwan, the Commission is of the view that should the measures be allowed to expire, Dongbu will compete directly with the lower prices from China and Taiwan, and would likely export galvanised steel to Australia at dumped prices.

Dongbu submits that SEF 449 and 450 makes it unclear to the reader that this approximate portion of Dongbu's galvanised steel exports is below the three per cent volume of all imports of the goods, which would be seen to be a negligible volume in an investigation and would see an investigation terminated pursuant to subsection 269TDA(3). An investigation would also be required to show a threat of material injury involving a process similar to that undertaken in a continuation inquiry, whereby the Commission will be required to look at future behaviour.⁵¹

The Commission considers that Dongbu's exports were at dumped prices during the inquiry period despite its claimed focus on sales in the domestic market and constrained manufacturing capacity. Again, the Commission notes that Dongbu's prices are lower

⁴⁹ EPR 449 [Document 015](#) and EPR 450 [Document 011](#) refer.

⁵⁰ EPR 449 [Document 008](#) refers.

⁵¹ EPR 449 [Document 015](#) and EPR 450 [Document 011](#) refer.

than most other exporters, including those not subject to measures. It is therefore likely that future exports of galvanised steel from Dongbu would be dumped on the Australian market in the absence of the current measures. Further, the Commission considers it likely that the dumping of galvanised steel exported from Korea by Dongbu would place downwards pressure on prices in the Australian market, and that BlueScope would respond by reducing its own prices in order to maintain its market share. Noting the economic condition of the Australian industry and its present vulnerability, the Commission considers it likely that material injury would be experienced by BlueScope as a result of the continuation and recurrence of dumping of galvanised steel exported from Korea by Dongbu.

6.6.3 Taiwan

As was noted in REP 456 and 457, for galvanised steel, the goods exported from Taiwan during the inquiry period were at dumped prices.

Exporters from Taiwan have a substantial proportion of the import market in Australia (**Confidential Attachment 1** refers). Further, the Commission notes that Taiwan had significant excess capacity for the production of galvanised steel during the inquiry period.

The Commission has examined ABF data concerning prices of galvanised steel exported to Australia from Taiwan during the inquiry period and found that they are below prices from China and Korea in three of the four quarters of the inquiry period. Taiwanese prices are generally below those of galvanised steel originating from Korea and China; Taiwan exporters have recently experienced significant growth in market share and the cooperating Taiwanese exporters have significant excess capacity.

Accordingly, the Commission considers that it is likely that future exports of galvanised steel from Taiwan would be dumped on the Australian market in the absence of the current measures. Further, the Commission considers it likely that the dumping of galvanised steel exported from Taiwan would place downwards pressure on prices in the Australian market, and that BlueScope would respond by reducing its own prices in order to maintain its market share. Noting the economic condition of the Australian industry and its present vulnerability, the Commission considers it likely that material injury would be experienced by BlueScope as a result of the continuation and recurrence of dumping of galvanised steel exported from Taiwan.

6.6.3.1 CITIC's submission

The Commission notes the submission received from CITIC.⁵² The Commission considers that the submission contains no new information that was not already before the Commission at the time of preparing SEF 449 and 450. In most respects, CITIC's submission puts forward an alternative view of the conclusions that the Commissioner ought to draw from the facts before him. The Commissioner does not consider CITIC's submission to be persuasive.

⁵² EPR 449, [document 014](#) refers.

6.7 Country specific analysis – aluminium zinc coated steel

6.7.1 China

Aluminium zinc coated steel exported to Australia from China was at dumped prices, with margins ranging from 9.5 per cent to 31.5 per cent.

6.7.1.1 Market share

Exporters from China regained market share during the inquiry period. The Commission considers that the increase in exports from China would have been greater in the absence of measures due to the excess capacity and distribution links described above.

6.7.1.2 Pricing

An analysis of FOB prices of aluminium zinc coated steel exported to Australia from China has found that these are amongst the lowest prices of the countries the subject of these measures, excluding exempt goods from the analysis. Chinese prices are, however, generally higher than prices of the goods exported from Taiwan (which are exempt from measures). In the absence of the anti-dumping measures, the Commission anticipates that exporters from China would be likely to lower their prices in order to compete with Taiwanese exporters and gain increased sales volume and market share.

6.7.1.3 Excess capacity

The Commission's analysis of the excess capacity of the cooperating exporters in China has found that the spare volume available is greater than 80 per cent of the Australian market. The excess capacity analysis can be found at **Confidential Attachment 5**.

6.7.1.4 Countervailing

The Commission has not received a response to the GOC questionnaire and has therefore relied on subsidy programs identified in REP 190, *Anti-Dumping Commission Report No. 316* and *Anti-Dumping Commission Report No. 379*. A total of 36 subsidy programs have been identified, with all but two being countervailable.

The Commission has not received a response from any exporters subject to the aluminium zinc coated steel countervailing duty notice. Given that no GOC questionnaire response has been submitted, the Commission has relied on the findings of the original investigation. On this basis, the Commission recommends that the countervailing duty notice applying to aluminium zinc coated steel remain unchanged.

6.7.1.5 Commission's assessment

As was noted above, aluminium zinc coated steel exported from China during the inquiry period were at dumped prices. Exporters from China have gained a substantial proportion of the import market in Australia since the measures were imposed. Further, the Commission notes that the cooperating exporters in China had significant excess capacity during the inquiry period.

The Commission has analysed pricing of aluminium zinc coated steel exported to Australia and found these to be amongst the lowest prices in the market.

Accordingly, the Commission considers that it is likely the future exports of aluminium zinc coated steel from China would continue to be dumped on the Australian market in the absence of the current measures, and that these goods will continue to be subsidised by the GOC. Further, the Commission considers it likely that the dumping of aluminium zinc coated steel exported from China would place downwards pressure on prices in the market, and that BlueScope would respond by reducing its own prices in order to maintain its market share. Noting the economic condition of the Australian industry and its present vulnerability, the Commission considers it likely that material injury would be experienced by BlueScope as a result of the continued and recurring dumping and subsidisation of aluminium zinc coated steel exported from China.

6.7.2 Korea

Of the exporters subject to the measures from Korea, only Dongbu exported aluminium zinc coated steel to Australia during the inquiry period. The volumes exported from Dongbu during the inquiry period made up less than 1 per cent of the Australian market. All other exports were supplied by exempt exporters, or were otherwise not subject to the measures.

Exports by Dongbu are currently subject to a floor price. The Commission's pricing analysis of Korean exports has found that these are at the higher end of all imports to Australia. The pricing analysis is contained at **Confidential Attachment 2**.

On the basis of the available evidence, in the absence of the current measures the Commission does not consider it likely that future exports of aluminium zinc coated steel from Korea would be dumped on the Australian market. Further, the Commission considers it unlikely that future exports of aluminium zinc coated steel exported from Korea would place downwards pressure on prices in the market. The Commission therefore considers it unlikely that the Australian industry would experience material injury as a result of future exports from Korea.

BlueScope submits that if the Commissioner recommends that anti-dumping measures be allowed to expire on aluminium zinc coated steel exported to Australia from Korea, Dongbu is capable of easily switching its supply of goods to Australia from galvanised steel to aluminium zinc coated steel.⁵³

The Commission does not view galvanised steel and aluminium zinc coated steel as being interchangeable. Whilst Dongbu may alter its production arrangements, these goods have separate end uses and differing markets. On the evidence available, the Commissioner does not consider it likely that Dongbu will commence exporting aluminium zinc coated steel at dumped prices in volumes large enough to be injurious to the Australian industry in the foreseeable future.

⁵³ EPR 450 [Document 009](#) refers

6.8 Conclusion

In the main, the Australian produced goods and the majority of the imported goods have similar end uses, meet similar quality specifications and standards, are sold to the same types of customers and compete directly with each other in the same markets.

As a general principle the Commission considers that, whilst the presence (or absence) of dumping and / or subsidisation during the inquiry period may be indicative of future behaviour, this factor alone is not determinative. The Commission has noted that the outcomes of REP 365 et al and REP 385 and 386 resulted in anti-dumping measures which proved to be favourable to certain exporters in the context of a rising market for both products. These outcomes appear to have been a catalyst for an increase in export volumes from certain exporters (which proved to be dumped), a switch in the source of export volumes (which proved to be dumped) or for improved competitiveness on price. These changes can be observed in **Confidential Attachment 1**. The Commission notes the claims made by CITIC in its submissions in respect of the causes of BlueScope's present economic condition, but considers that the observed market behaviours were a significant contributing factor to the condition of BlueScope during the latter part of the injury period examined in Chapter 5.

Noting the importance of price to the purchasing decision as stated in section 4.3.4, the degree of dumping and / or subsidisation and its relativity to the price of galvanised steel and aluminium zinc coated steel from alternative sources are also relevant considerations. For the purpose of this analysis, the Commission has also excluded any imports of the goods by BlueScope, which, by their nature, would not be injurious to the Australian industry.

The test before the Commission is to assess whether dumping, subsidisation (as relevant) and injury caused by dumping (and subsidisation) is *likely* to continue or recur in the absence of the measures. Despite the inherent uncertainty of predicting the behaviours that will be likely to occur in the market if the measures were to end, the Commission has weighed all of the evidence which has been obtained to reach what it considers to be a logically defensible view of exactly such a prediction.

Based on the Commission's analysis of the data described above and the evidence currently available, in respect of galvanised steel the Commissioner is satisfied that the expiration of the measures:

- would lead, or would be likely to lead, to a continuation of, or a recurrence of, the dumping that the measures are intended to prevent for the goods exported to Australia from China, Korea (except for exports by POSCO) and Taiwan;
- would lead, or would be likely to lead, to a continuation of, or a recurrence of, the subsidisation that the measures are intended to prevent for the goods exported to Australia from China; and
- would lead, or would be likely to lead, to a continuation of, or a recurrence of the material injury that the measures are intended to prevent, due to the continued dumped and/or subsidised exports in the absence of the measures for the goods exported to Australia from China, Korea (except for POSCO) and Taiwan.

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Based on the Commission's analysis of the data described above and the evidence currently available, in respect of aluminium zinc coated steel the Commissioner is satisfied that the expiration of the measures:

- would lead, or would be likely to lead, to a continuation of, or a recurrence of, the dumping and subsidisation that the measures are intended to prevent for the goods exported to Australia from China; and
- would lead, or would be likely to lead, to a continuation of, or a recurrence of the material injury that the measures are intended to prevent, due to the continued dumped and/or subsidised exports in the absence of the measures for the goods exported to Australia from China.

7 RECOMMENDATIONS

7.1 Galvanised steel

On the basis of the reasons contained in this report, and in accordance with subsection 269ZHF(2) of the Act, the Commissioner is satisfied that the expiration of the anti-dumping measures applicable to galvanised steel exported to Australia from China, Korea and Taiwan would lead, or would be likely to lead, to a continuation of, or a recurrence of, the dumping, subsidisation and material injury that the anti-dumping measures are intended to prevent.

As such, the Commissioner recommends that the Assistant Minister, in accordance with subsection 269ZHG(1)(b), declare that he has decided to secure the continuation of the anti-dumping measures relating to galvanised steel exported to Australia from China, Korea (with the exception of those measures relating to POSCO) and Taiwan with effect from 5 August 2018.

The Commissioner recommends that the Assistant Minister, in accordance with subsections 269ZHG(4)(a)(ii) and (iii), **determine** that:

- the dumping duty notice in respect of galvanised steel continues in force after 5 August 2018, but that after that day:
 - the notice ceases to apply to POSCO; and
 - with the exception of exporters not subject to the existing measures and POSCO, that the notice has effect, in relation to exporters generally, as if different variable factors had been fixed, being those factors established in REP 456 and 457; and
- the countervailing duty notice continues in force after 5 August 2018, but that after that day, with the exception of exporters not subject to the existing measures, the notice has effect, in relation to exporters generally, as if different variable factors had been fixed, being those factors established in REP 456 and 457.

The Commissioner recommends that the Assistant Minister, in accordance with subsection 269ZHG(1)(a), **decide** not to secure the continuation of the anti-dumping measures currently applying to galvanised steel exported to Australia from Korea by POSCO.

7.2 Aluminium zinc coated steel

On the basis of the reasons contained in this report, and in accordance with subsection 269ZHF(2) of the Act, the Commissioner is satisfied that the expiration of the anti-dumping measures applicable to aluminium zinc coated steel exported to Australia from China would lead, or would be likely to lead, to a continuation of, or a recurrence of, the dumping, subsidisation and material injury that the anti-dumping measures are intended to prevent.

As such, the Commissioner recommends that the Assistant Minister, in accordance with subsection 269ZHG(1)(b), declare that he has decided to secure the continuation of the

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anti-dumping measures relating to aluminium zinc coated steel exported to Australia from China with effect from 5 August 2018.

The Commissioner recommends that the Assistant Minister, in accordance with subsections 269ZHG(4)(a)(ii) and (iii), **determine** that:

- the dumping duty notice in respect of aluminium zinc coated steel continues in force after 5 August 2018, but that after that day:
 - the notice ceases to apply to all exporters from Korea; and
 - with the exception of exporters not subject to the existing measures and all exporters from Korea, that the notice has effect, in relation to exporters generally, as if different variable factors had been fixed, being those factors established in REP 456 and 457; and
- the countervailing duty notice continues in force after 5 August 2018, but that after that day, with the exception of exporters not subject to the existing measures, the notice has effect, in relation to exporters generally, as if different variable factors had been fixed, being those factors established in REP 456 and 457.

The Commissioner recommends that the Assistant Minister, in accordance with subsection 269ZHG(1)(a), **decide** not to secure the continuation of the anti-dumping measures currently applying to aluminium zinc coated steel exported to Australia from Korea by exporters generally.

8 APPENDICES AND ATTACHMENTS

Confidential Attachment 1	Galvanised steel market analysis
Confidential Attachment 2	Aluminium zinc coated steel market analysis
Confidential Attachment 3	Analysis from REP 190
Confidential Attachment 4	Price analysis
Confidential Attachment 5	Exporter capacity analysis
Confidential Attachment 6	Comparison of galvanised steel prices in Korea domestic market