



**BlueScope Steel Limited**  
Sirius Building  
Five Islands Road, Port Kembla NSW 2505  
PO Box 1854, Wollongong NSW 2500  
P +61 2 4240 1214 | M +61 412 377 603  
E Chad.Uphill@bluescopesteel.com

16 May 2018

Mr Rhys Piper  
Director, Operations 1  
Anti-Dumping Commission  
Level 35  
55 Collins Street  
Melbourne Victoria 3000

### Public File

Dear Mr Piper

### Continuation investigation No. 449 and 450 – BlueScope Steel Limited comments re Statement of Essential Facts

#### I. Introduction

I refer to Statement of Essential Facts No 449 and 450 concerning inquiries by the Anti-Dumping Commission (“the Commission”) into the Continuation of anti-dumping measures applying to:

- Zinc coated (galvanised) steel exported to Australia from The People’s Republic of China (“China”), the Republic of Korea (“Korea”) and Taiwan; and
- Aluminium zinc coated steel exported to Australia from China and Korea,

published on 30 April 2018. BlueScope Steel Limited (“BlueScope”) is the applicant company that has requested the continuation of the anti-dumping measures. BlueScope welcomes the Commission’s proposed recommendation 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 impact of the proposed recommendations is that the dumping duty notice in respect of galvanised steel exported to Australia by POSCO and the dumping duty notice in respect of aluminium zinc coated steel exported to Australia from Korea, will cease to have effect.

BlueScope also notes the proposed recommendation not to alter the variable factors as the variable factors applicable to exporters for the inquiry period have already changes as a result of reviews undertaken and reported in SEF 456 and 457.

#### II. Zinc coated (galvanised) steel

The Commission has determined in Statement of Essential Facts No. 457 (“SEF 457”) that galvanised steel exported to Australia from each of the nominated countries during the investigation period was as follows:

- Exports from China had dumping margins ranging from 6.7 per cent to 25.4 per cent;
- Exports from Korea by Dongbu Steel Co Ltd (“Dongbu”) were at 2.4 per cent; and
- Exports from Taiwan were at dumped prices in the range 2.4 per cent to 27.0 per cent.

The Commission examined the impact of the exports at dumped prices on the Australian industry’s selling prices throughout the investigation period. The Commission found that the selling prices of the dumped exports undercut the selling prices of the Australian industry. In particular, the Commission has identified the following important influencing factors:

- Chinese exporters have recently gained increased market share in Australia;
- The cooperating Chinese exporters had significant excess during the investigation period;
- The exports from China were priced at levels that were “amongst the lowest prices in the market”;
- Exports by Dongbu of Korea accounted for approximately 33 per cent of the total Korean exports to Australia during the investigation period and were at dumped prices;
- Importers of Dongbu goods are also importers of the goods from China and Taiwan (and can interchange the goods at similar selling prices);
- Export prices for goods from Taiwan were at levels below exports from China and Korea during the investigation period;
- Taiwanese selling prices were generally below the selling prices of exports from China and Korea;
- Taiwanese exporters have increased market share in Australia during the investigation period; and
- Cooperating Taiwanese exporters have significant excess capacity.

The Commission was satisfied that future exports from China, Korea (except by POSCO) and Taiwan would be at dumped prices. This, combined with the above influencing factors and the Commission’s concern that the Australian industry was “vulnerable” during the investigation period (due to reduced profit and profitability when contrasted with prior years), were considerations that lead the Commission to conclude that in the absence of the dumping measures it is likely there would be a recurrence of dumping and material injury.

BlueScope concurs with the Commission’s assessment in respect of future exports of galvanised steel from China, Korea and Taiwan that should the measures be allowed to expire it is likely that the Australian industry would again encounter exports at dumped prices resulting in a recurrence of material injury that the measures were intended to prevent.

For POSCO, BlueScope also acknowledges the Commission’s findings that the Korean exporter has:

- Been a supplier of the goods to the automotive industry that has ceased production in the second half of 2017; and
- POSCO’s export prices during the investigation period were at undumped prices.

### III. Aluminium zinc coated steel

#### A. *China*

The Commission confirmed that Chinese increasing exports of aluminium zinc coated steel to Australia during the investigation period were at dumped prices ranging between 10.7 per cent and 34.5 per cent. The Commission further confirmed that Chinese exports of aluminium zinc coated steel had increased market share in Australia and that Chinese export prices to Australia were “amongst the lowest of the countries the subject of these measures”.

The Commission further noticed that the Chinese FOB prices were above Taiwanese export prices (which are not included in the measures) and that should the measures be allowed to expire, 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”.

The Commission’s analysis concerning the relativities of market pricing for Chinese exports of aluminium zinc coated steel aligns with BlueScope’s understanding of Chinese selling prices in the Australian market relative to the selling prices for exports from Taiwan. Should the measures be allowed to expire on Chinese exporters, it is likely that dumping would again recommence and the Australian industry would again be subject to material injury.

BlueScope concurs with the Commission’s assessment that the expiry of measures on Chinese exporters of aluminium zinc coated steel would likely result in a recurrence of dumping and material injury that the measures are intended to prevent.

#### B. Korea – Dongbu

Exports by Dongbu were considered by the Commission to account for less than one per cent of the Australian market. The determined dumping margin was 17.7 per cent<sup>1</sup>. The exports to Australia by Dongbu are influenced by measures determined on a floor price methodology with the Commission stating that the pricing for Korean exports were “at the higher end of all imports to Australia”. It is BlueScope’s view that whilst the export prices for Dongbu goods may be at the higher end of all import prices, the matter for consideration is whether the expiration of the measures would lead to Dongbu altering its behaviour in the absence of the measures and again cause injury to the Australian industry. In light of Dongbu’s higher export volume to Australia for galvanised steel at dumped prices, BlueScope does not consider that the Commission can readily conclude that Dongbu would not increase its export volumes of aluminium zinc to Australia in the absence of measures.

The relative low volumes of exports of aluminium zinc coated steel to Australia by Dongbu when anti-dumping measures apply is not considered indicative by BlueScope of likely future exports in the absence of anti-dumping measures. BlueScope highlights with the Commission that Dongbu’s production facilities at both its Incheon and Dangjin works includes aluminium zinc steel and galvanised steel production lines. In the event the Assistant Minister was to accept the Commission’s proposed recommendation not to extend measures on Dongbu’s exports of aluminium zinc steel to Australia, it is with relative ease that Dongbu could increase production of aluminium zinc steel for exports to Australia (and reduce exports of galvanised steel) to maintain overall export volumes and values on the Australian market.

BlueScope views Dongbu’s ability to switch between products at its production sites with little effort a significant threat of future injury to the Australian industry.

BlueScope submits that the anti-dumping measures have had the desired impact on Dongbu’s export intentions for aluminium zinc and that the measures should not be allowed to expire against future exports to Australia from Dongbu.

#### IV. Countervailing measures – China

The Government of China has not provided the Commission with a submission detailing the extent to which identified GOC subsidy programs may have altered since the original investigation (refer Report No. 193).

---

<sup>1</sup> Refer Statement of Essential Facts No. 456 & 457.

It is BlueScope's understanding that the GOC continues to exert significant influence in the Chinese domestic steel industry and that Chinese steel industry participants continue to enjoy countervailable benefits provided by the GOC. BlueScope notes the Commission's proposed recommendations in SEF 419 involving hollow structural sections ("HSS") exported from China where it has concluded that the GOC continues to influence the Chinese domestic market for hot rolled coil ("HRC"), the key raw material input in the production of HSS. Similar to HSS, HRC is the key raw material input used in the manufacture of galvanised steel and aluminium zinc coated steel. A finding that the GOC continues to exert influence in the HSS domestic market in China therefore similarly applies to the Chinese domestic coated steel market (that includes galvanised steel and aluminium zinc coated steel).

It is BlueScope's firm position that the GOC continues to influence the domestic market in China for galvanised steel and aluminium zinc coated steel through the broad range of policies and plans that result in Chinese domestic selling prices for galvanised steel and aluminium zinc coated steel being lower than they otherwise would be.

## V. Conclusions and recommendations

As indicated, BlueScope welcomes the Commission's proposed recommendation to continue the anti-dumping measures applicable to exports to Australia of galvanised steel from China, Korea (except by POSCO) and Taiwan, and the measures applicable to aluminium zinc coated steel exported to Australia from China.

The Australian industry's deteriorating financial position in the investigation period is due to the ineffective measures that have applied following recent review investigations (both general review of measures inquiries and accelerated review of measures investigations) in respect of galvanised steel and aluminium zinc steel exported from certain exporters in the nominated countries. It is anticipated by BlueScope that the revised variable factors following the Assistant Minister's decisions on Review Investigations 456 and 457 will result in contemporary measures that will address the significant price undercutting in the Australian market that has followed recent review outcomes, severely impacting BlueScope's financial position in the investigation period.

BlueScope urges the Commission to re-examine its proposed recommendation concerning the expiration of measures on exports of aluminium zinc coated steel to Australia by Dongbu. Dongbu manufactures both galvanised steel and aluminium zinc steel on lines at both of its Korean manufacturing sites and can readily switch between products to increase export sales should the measures expire on aluminium zinc steel exports by Dongbu. BlueScope highlights that Dongbu's exports of aluminium zinc steel during the investigation period were at dumped prices and that, in the absence of anti-dumping measures it is likely that Dongbu would continue dumping that would result in a recurrence of injury to the Australian industry. BlueScope contends that this injury would be material in nature.

BlueScope therefore requests the Commission to recommend to the Assistant Minister that:

- The anti-dumping measures in respect of exports of galvanised steel from China, Korea (except exports by POSCO), and Taiwan;
- The anti-dumping measures in respect of aluminium zinc exported from China and by Dongbu of Korea; and
- The countervailing measures in respect of exports of galvanised steel and aluminium zinc steel exported from China,

not be allowed to expire and cause, or threaten to cause, a recurrence of the material injury the measures are intended to prevent.

If you have any questions concerning this submission, please do not hesitate to contact me on (02) 4240 1214, or BlueScope's representative Mr John O'Connor on (07) 3342 1921.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'C Uphill', written in a cursive style.

Chad Uphill  
Leader – Trade Affairs