



REVIEW NO. 409

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

POSITION PAPER

PURPOSE

This position paper outlines the Anti-Dumping Commission's (the Commission's) proposed approach in determining an export price in relation to Baoshan Iron & Steel Co., Ltd (Baosteel) under the new provisions¹ set out in section 269TAB of the *Customs Act 1901* (the Act).²

This paper also invites interested parties to this review to lodge submissions concerning the Commission's proposed approach to determining Baosteel's export price prior to the Commissioner of the Anti-Dumping Commission (the Commissioner) providing his final report and recommendations to the Assistant Minister for Science, Jobs and Innovation and the Parliamentary Secretary to the Minister for Jobs and Innovation (the Parliamentary Secretary).³

The Commissioner will have regard to submissions received in response to this paper, provided they are received no later than **13 March 2018**. Subject to further submissions, the Commissioner intends to rely on the findings presented in this paper in making his recommendations to the Parliamentary Secretary.

Interested parties making a submission should attach relevant information to support any views expressed in their submission. A non-confidential version of submissions must be provided. Submissions should be provided by email to investigations1@adcommission.gov.au, or by mail to:

The Director, Investigations 1
Anti-Dumping Commission
GPO Box 2013
Canberra ACT 2601

¹ The *Customs Amendment (Anti-Dumping Measures) Bill 2017* received royal assent on 30 October 2017. The amended *Customs Act 1901* specifies additional methodologies (under section 269TAB) to determine an export price where there are no exports, or a low volume of exports, during the period examined for a review of measures under Division 5 of Part XVB of the *Customs Act 1901*.

² All legislative references in this issues paper are to the *Customs Act 1901*, unless otherwise specified.

³ 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. For the purposes of this review, the Minister is the Parliamentary Secretary to the Minister for Jobs and Innovation.

The Commissioner has maintained a public record for this review, which is available at www.adcommission.gov.au.

STATUS OF THE REVIEW

On 28 August 2017, the Commissioner published a Statement of Essential Facts (SEF)⁴ in relation to two reviews of the anti-dumping measures (in the form of a dumping duty notice and a countervailing duty notice) applying to certain aluminium zinc coated steel (the goods) exported to Australia from the People's Republic of China (China) by Baosteel and Shanghai Meishan Iron & Steel Co., Ltd.

In the SEF, the Commissioner proposed to determine the export price of the goods under subsection 269TAB(3) of the Act (having regard to all relevant information) and considered that the export price of the goods exported to Australia from China by Baosteel be the same amount as that determined to be the ascertained normal value.

On 10 October 2017, an extension to the deadline for the Commissioner to provide his final report and recommendations to the Parliamentary Secretary was granted.⁵

On 8 December 2017 and 26 February 2018, a further two extensions to the deadline for the Commissioner to provide his final report and recommendations to the Parliamentary Secretary were granted. As noted in Anti-Dumping Notice (ADN) No. 2017/177⁶ and ADN No. 2018/30, an extension to the deadline for the Commissioner to provide his final report and recommendations to the Parliamentary Secretary was sought for the Commissioner to consider the application of new provisions of the Act (as a result of the *Customs Amendment (Anti-Dumping Measures) Act 2017*) relevant to determining an export price for Baosteel.

The final report is due by 27 March 2018.

Customs Amendment (Anti-Dumping Measures) Act 2017

The *Customs Amendment (Anti-Dumping Measures) Act 2017* came into force on 31 October 2017.

The amended legislation specifies additional methodologies (under section 269TAB of the Act) by which the Parliamentary Secretary may determine an export price during a review of measures⁷ for exporters that have not exported the goods, or have exported low volumes of the goods, such that the export price cannot be reliably determined.

Under item 4 of Schedule 1 to the *Customs Amendment (Anti-Dumping Measures) Act 2017*, these amendments apply to reviews that were being undertaken immediately before the commencement of the Schedule, but for which a declaration in accordance with subsection 269ZDB(1) of the Act had not been made at that time.

⁴ [SEF no. 409 and 410](#) refers. Due to the common review period, and for administrative convenience, the SEFs for the two reviews were detailed in the one report.

⁵ [Anti-Dumping Notice No. 2017/139](#) refers.

⁶ [ADN No. 2017/177](#).

⁷ Under Division 5 of Part XVB of the Act.

Review no. 410 was being undertaken immediately before the commencement of Schedule 1 to the *Customs Amendment (Anti-Dumping Measures) Act 2017*; however, a declaration in accordance with subsection 269ZDB(1) had not been made at the time of the commencement of this Schedule. The amendments therefore apply to this review.

Given the retrospective application of the amended legislation, the Commission has revisited its determination of the export price for Baosteel.

The following sections outline the Commission's proposed approach in determining an export price for Baosteel under the new provisions of section 269TAB.

DETERMINATION OF EXPORT PRICE

As outlined in SEF no. 409 and 410, the Commission considers that the application of subsection 269TAB(1) would require Baosteel to have exported the goods to Australia.

The Commission has found that Baosteel did not export aluminium zinc coated steel to Australia from China during the review period (1 April 2016 to 31 March 2017),⁸ and therefore the Commission considers there is insufficient information available to ascertain the export price in accordance with subsection 269TAB(1) of the Act.

As the Commission has found that Baosteel did not export the goods to Australia during the review period, the Commission has considered whether the requirements of subsection 269TAB(2A) have been met, and therefore whether Baosteel's export price should be determined under subsection 269TAB(2B).

Subsection 269TAB(2A) specifies that the export price of the goods exported to Australia⁹ may be determined by the Minister in accordance with subsection 269TAB(2B) if:

- (a) the price is being ascertained in relation to an exporter of those goods (whether the review is of the measures as they affect a particular exporter of those goods, or as they affect exporters of those goods generally); and
- (b) the Minister determines that there is insufficient or unreliable information to ascertain the price due to an absence or low volume of exports of those goods to Australia by that exporter having regard to the following:
 - (i) previous volumes of exports of those goods to Australia by that exporter;
 - (ii) patterns of trade for like goods;
 - (iii) factors affecting patterns of trade for like goods that are not within the control of the exporter.

Previous volumes of exports by Baosteel - subsection 269TAB(2A)(b)(i)

The Commission found that, during the original investigation¹⁰ period (1 July 2011 to 30 June 2012), Baosteel exported aluminium zinc coated steel to Australia from China.

⁸ Refer Baosteel's [verification report](#).

⁹ As Baosteel did not export the goods to Australia during the review period, and as provided by subsection 269TAB(2C), the Commission has deemed such exports to have occurred for the purposes of applying subsections 269TAB(2A) and (2B).

¹⁰ REP 190 investigated aluminium zinc coated steel and zinc coated (galvanised) steel exported to Australia from China, the Republic of Korea (Korea) and Taiwan. Due to the close nature of these products and common interested parties, findings from both dumping investigations were detailed in the one report.

Baosteel has not exported aluminium zinc coated steel to Australia since the December quarter of 2012.

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

Patterns of trade for like goods - subsection 269TAB(2A)(b)(ii)

During the original investigation period and the period prior to the March quarter of 2013, imports of aluminium zinc coated steel from China comprised more than 50 per cent of the total volume of aluminium zinc coated steel imported into Australia (refer Figure 1).

Following the March quarter of 2013, the volume of aluminium zinc coated steel imported from China decreased considerably, and during many quarters since there were no imports of aluminium zinc coated steel from China.

While the volume of aluminium zinc coated steel imported from China has decreased considerably since the March quarter of 2013, the Commission notes that imports of aluminium zinc coated steel from other countries continued.

This indicates that, despite a decline in imports of aluminium zinc coated steel from China, demand for aluminium zinc coated steel persists in the Australian domestic market, and this demand is being met by imports from other countries and by the Australian industry.

The Commission therefore considers that Baosteel’s lack of exports to Australia since the March quarter of 2013, and during the review period, does not pertain to an absence of exports, or low volume of exports, to Australia generally.

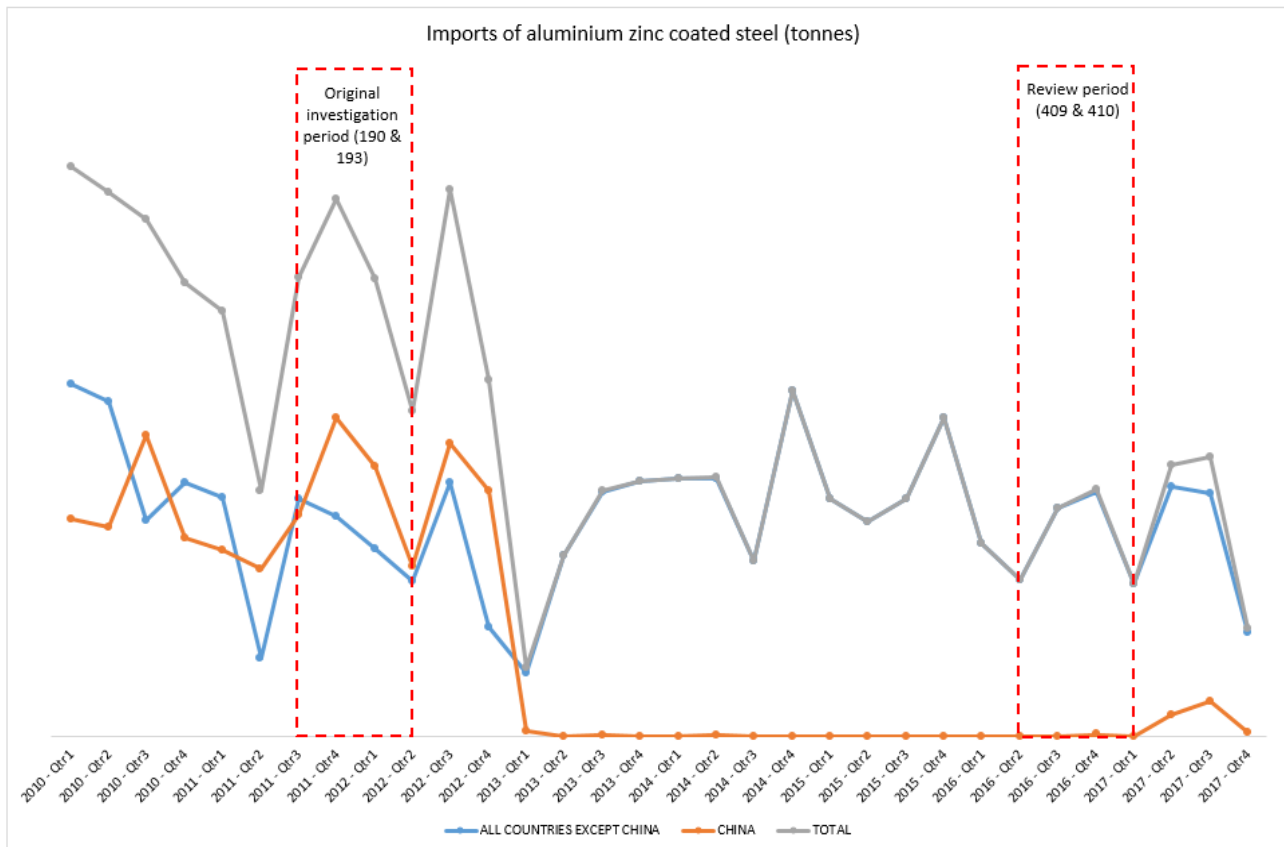


Figure 1: Imports of aluminium zinc coated steel (2010 - 2017)
(Source: Australian Border Force import database)

Factors affecting patterns of trade - subsection 269TAB(2A)(b)(iii)

The Commission notes that the explanatory memorandum¹¹ for the *Customs Amendment (Anti-Dumping Measures) Bill 2017* identifies factors that may affect patterns of trade for like goods that are not within the control of the exporter. Such factors may include supply disruptions or natural events (such as flood, drought or fire) that affect production levels.

The Commission has found that Baosteel has manufactured and sold like goods on the domestic market and to third countries during the review period.¹² The Commission considers that this indicates that there do not appear to be any factors (such as natural events) that are not within the control of Baosteel that are affecting trade for like goods.

The Commission's consideration - subsection 269TAB(2A)

The Commission considers that Baosteel has previously exported the goods to Australia, and despite the decrease in the volume of exports to Australia from China, exports of aluminium zinc coated steel from other countries have remained relatively constant and the Commission is not aware of any factors affecting the patterns of trade that are not within the control of Baosteel.

Having regard to the above, the Commission considers that, in accordance with subsection 269TAB(2A)(b), there is insufficient information to ascertain the export price due to an absence of exports of the goods to Australia by Baosteel.

The Commission therefore considers it appropriate to ascertain the export price in relation to Baosteel under subsection 269TAB(2B). In accordance with this subsection, the Commission can determine the export price of the goods having regard to any of the following:

- the export price for the goods exported to Australia by Baosteel established in accordance with subsection 269TAB(1) for a decision of a kind mentioned in subsection 269TAB(2D);¹³
- the price paid or payable for like goods sold by Baosteel in arms length transactions for exportation from China to a third country determined to be an appropriate third country;¹⁴
- the export price for like goods exported to Australia from China by another exporter or exporters established in accordance with subsection 269TAB(1) for a decision mentioned in subsection 269TAB(2D).¹⁵

Previous export price - subsection 269TAB(2B)(a)

The export price for the goods exported to Australia by Baosteel in the original investigation (Investigation 190), where the decision to publish a notice under subsections 269TG(1) and (2) was made, was established in accordance with

¹¹ Refer page 31 of the [explanatory memorandum](#) to the *Customs Amendment (Anti-Dumping Measures) Bill 2017*.

¹² Refer Baosteel's [verification report](#).

¹³ Subsection 269TAB(2B)(a).

¹⁴ Subsection 269TAB(2B)(b).

¹⁵ Subsection 269TAB(2B)(c).

subsection 269TAB(3).¹⁶ Therefore, the Commission cannot determine the export price of the goods exported by Baosteel in accordance with subsection 269TAB(2B)(a).

Export price to third countries - subsection 269TAB(2B)(b)

The Commission found that, during the review period, Baosteel sold like goods to Belgium, Canada, Hong Kong, Papua New Guinea and the Republic of Suriname (Suriname).¹⁷

The Commission found that the sales of like goods to Belgium were at arms length, however, the Commission found that the sales to Canada were not at arms length.¹⁸

Export price from another exporter or exporters - subsection 269TAB(2B)(c)

A decision under subsections 269TG(1) and (2) in relation to Investigation 190 was published on 5 August 2013, which is more than two years¹⁹ before the Commissioner published a notice²⁰ (under subsection 269ZC(4)) in relation to the initiation of this review.

Further, a decision under subsection 269ZDB(1) in relation to the most recent reviews of measures (reviews no. 367, 372 and 375) relating to aluminium zinc coated steel exported to Australia from China was published on 12 May 2017, which is within the time period prescribed in subsection 269TAB(2E).²¹ However, the export price for like goods exported to Australia by each exporter was established in accordance with subsection 269TAB(3).

Therefore, the Commission cannot determine the export price of the goods exported to Australia by Baosteel in accordance with subsection 269TAB(2B)(c) using the export price for like goods exported by another exporter or exporters.

The Commission's consideration - subsection 269TAB(2B)

For the reasons set out above, the Commission considers that it cannot determine the export price of the goods exported to Australia by Baosteel under subsections 269TAB(2B)(a) and 269TAB(2B)(c).

The Commission has found that Baosteel has sold like goods in arms length transactions to third countries during the review period. Therefore, the Commission considers that it can determine the export price of the goods exported by Baosteel to a third country, which is determined to be an appropriate third country, in accordance with subsection 269TAB(2B).

The Commission's consideration of an appropriate third country is outlined below.

¹⁶ The decision to publish a notice under subsection 269TG(1) or (2) is a decision mentioned in subsection 269TAB(2D)(a)(i).

¹⁷ Refer Baosteel's [verification report](#). The verification team had also found that Baosteel sold aluminium zinc coated steel to Vietnam; however, the aluminium zinc coated steel sold to Vietnam was found to be not the goods.

¹⁸ Ibid. The verification team had selected sales to Belgium and Canada for arms length testing as these two countries comprised the largest proportion of Baosteel's export sales volume.

¹⁹ As stipulated in subsection 269TAB(2E), which specifies that a decision referred to in subsection 269TAB(2D) must be made in the prescribed time period.

²⁰ Refer [ADN No. 2017/63](#).

²¹ Refer [ADN No. 2017/48](#).

Consideration of an appropriate third country

In determining whether a third country is an appropriate third country (in accordance with subsection 269TAB(2F)), the Commission may have regard to the following matters:

- (a) whether the volume of trade from China to the third country is similar to the volume of trade from China to Australia;²²
- (b) whether the nature of the trade in goods concerned between China and the third country is similar to the nature of trade between China and Australia.²³

Subsection 269TAB(2F) does not limit the matters that may be taken into account in determining whether a third country is an appropriate third country. Therefore, the Commission also had regard to other matters, such as market conditions for aluminium zinc coated steel.

The Commission has examined all third countries to which Baosteel sold like goods in arms length transactions. For the reasons set out below, the Commission considers that Belgium is an appropriate third country for the purpose of determining an export price under subsection 269TAB(2B)(b).

Volume of trade

Under subsection 269TAB(2F)(a), the Commission may have regard to the volume of trade from China to the third country, and China to Australia. Although subsection 269TAB(2F)(a) is not limited to a consideration of like goods, the Commission has reliable information concerning the volume of trade of like goods and has therefore limited its analysis to aluminium zinc coated steel.

The Commission compared the volume of imports of aluminium zinc coated steel from China (for all exporters, as a proportion of total imports) for Australia and the relevant third countries from 2011 to 2016 and does not consider the volumes to be similar (refer Figure 2).

²² Subsection 269TAB(2F)(a).

²³ Subsection 269TAB(2F)(b).

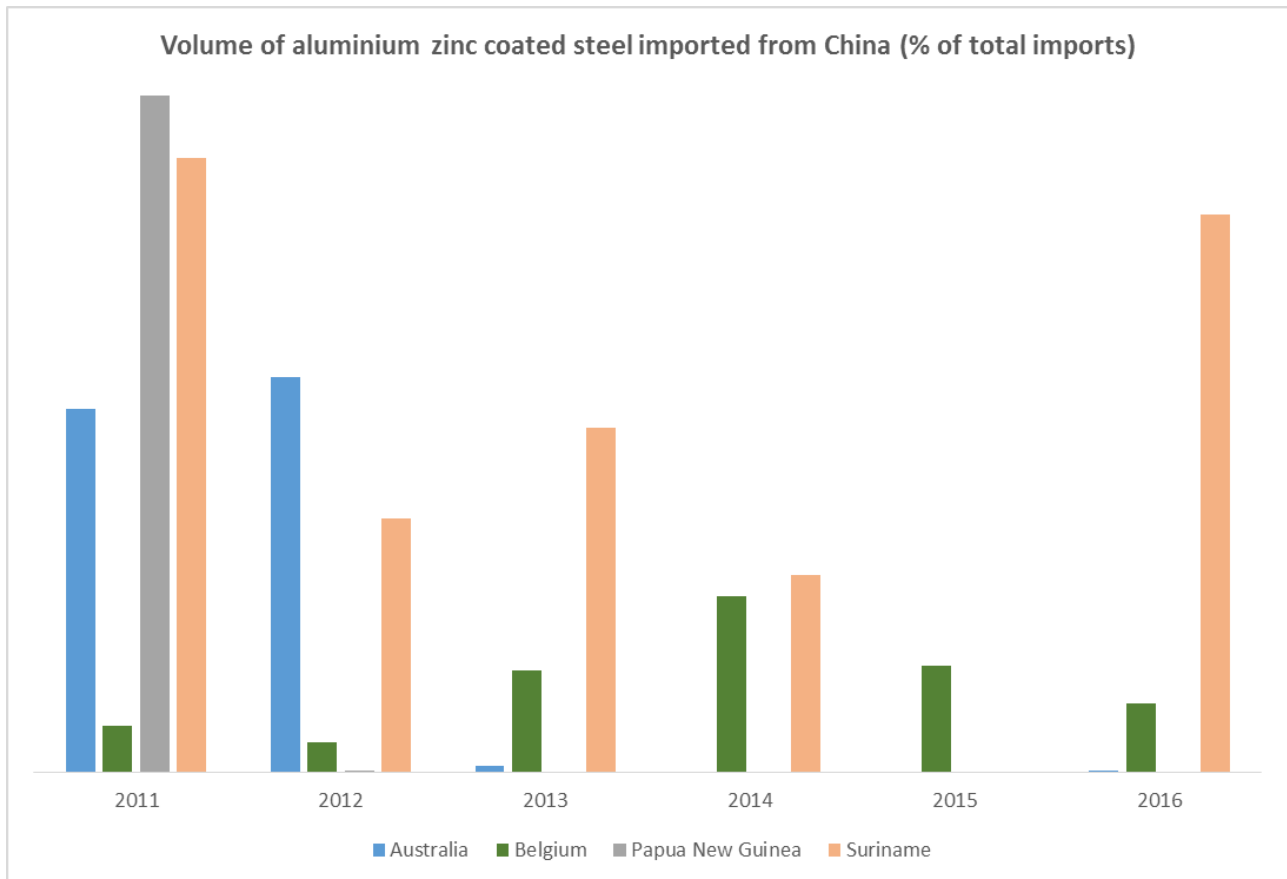


Figure 2: Imports of aluminium zinc coated steel²⁴ from China (2011 - 2016)
 (Source: UN Comtrade Database; Australian Border Force import database)

Nature of trade

In accordance with subsection 269TAB(2F)(b), the Commission has considered whether the nature of the trade in goods concerned between China and the third country is similar to the nature of the trade between China and Australia. Although subsection 269TAB(2F)(b) is not limited to a consideration of like goods, the Commission has reliable information concerning the volume of trade of like goods and has therefore limited its analysis to aluminium zinc coated steel.

In comparing the nature of the trade, the Commission has considered the terms of trade, such as commercial trade terms including delivery and credit terms, and the level of trade.

The Commission has compared the terms of trade of Baosteel's transactions to Australia during the original investigation period and the terms of trade of Baosteel's transactions to Belgium during the review period and found that the terms were identical.

The Commission also found that the level of trade of Baosteel's final customers in Belgium²⁵ is similar to the level of trade of the final customers in Australia during the original investigation period, and is also similar to the level of trade of the majority of customers in the Australian aluminium zinc coated steel market.

The Commission has no other information to indicate that the nature of the trade in goods between China and Belgium, and between China and Australia, differs.

²⁴ Goods classified to tariff subheading 7210.61.00.

²⁵ Sold via Baosteel's related intermediary in transactions found to be at arms length.

Therefore, the Commission considers that the nature of the trade in the goods exported from China to Belgium is similar to the nature of the trade from China to Australia.

Other matters taken into account

In considering whether Belgium is an appropriate third country for the purposes of determining an export price of the goods exported by Baosteel, the Commission also had regard to the following matters:

- domestic production of like goods in the third country;
- the characteristics and specifications of products exported to third countries and products sold in the Australian market;
- the end-use applications and demand for aluminium zinc coated steel in the third country; and
- import tariffs.

In having regard to each of the matters listed above, the Commission considered whether the relevant factors were sufficiently similar to conclude that the market conditions in Belgium are reasonably similar to the market conditions in Australia, and therefore, whether the export price of like goods sold by Baosteel to Belgium would be a suitable proxy for the export price of the goods had Baosteel exported the goods to Australia.

Domestic production of like goods

In Investigation No. 190, the Commission found that aluminium zinc coated steel produced by the Australian industry directly competes with imports in the Australian market. The Commission considers that, given the close level of price competition found in Investigation No. 190, competition between domestically produced goods and imported goods is relevant to determining whether the export price in a third country is a suitable proxy for the export price of goods exported to Australia. Therefore, the Commission considered whether there are any domestic manufacturers that produce and sell like goods in the third country domestic market.

The Commission is aware that there are at least two steel manufacturers in Belgium producing like goods.²⁶ The Commission is also aware that Belgium's domestic market is supplemented by imports from other countries in the European Union,²⁷ given that there are no barriers to trade between member countries and that aluminium zinc coated steel is produced in other neighbouring countries in the European Union.

The Commission considers that the market structure for aluminium zinc coated steel in Belgium and Australia is broadly similar to the extent that, in both markets, imports compete with domestically produced goods.

Similarity of products sold

The Commission has found that Baosteel's exports of aluminium zinc coated steel to Belgium have similar product characteristics and specifications (such as coating mass,

²⁶ Refer ArcelorMittal's [website](#) and Societe Europeenne de Galvanisation (Segal) SA's [website](#). ArcelorMittal has four production facilities in Belgium with galvanising and coating lines. Segal has one production facility in Belgium specialising in producing coated steel products for the automotive sector.

²⁷ In 2016, imports of aluminium zinc coated steel (classified to tariff subheading 7210.61.00) from Luxembourg made up the greatest proportion (by value and volume) of total imports into Belgium (refer [United Nations \(UN\) Comtrade database](#)).

base metal thickness and width) to the aluminium zinc coated steel products sold in the Australian market.²⁸

Given the similarity of the characteristics and specifications of the aluminium zinc coated steel sold by Baosteel to Belgium and the aluminium zinc coated steel sold in the Australian market, and given that product characteristics and specifications are one determinant of price, the Commission considers that the export price of like goods sold by Baosteel to Belgium would be a suitable proxy for the export price of the goods had Baosteel exported the goods to Australia.

End-use applications and demand

The Commission found that most of the aluminium zinc coated steel sold by Baosteel to Belgium is a general and commercial grade of steel, suitable for forming, pressing and drawing applications. Baosteel also sold a relatively smaller volume of aluminium zinc coated steel of a structural grade of steel, predominantly used in the building and construction sector.

The Commission found that the end-use application (based on the steel grade) of the like goods sold by Baosteel to Belgium is similar to the end-use applications of goods sold in the Australian market (**Confidential Attachment 2** refers).

The Commission also compared the apparent consumption of (or demand for) coated steel products²⁹ for each country on a per capita basis. The Commission found that the apparent quantity consumed per capita in Australia is more comparable to that of Belgium than Suriname and Papua New Guinea, which have a very low level of consumption (**Confidential Attachment 3** refers).

Given that demand is one determinant of price, the Commission considers that the export price of like goods sold by Baosteel to Belgium would be a suitable proxy for the export price of the goods had Baosteel exported the goods to Australia.

Import tariffs

During the review period, aluminium zinc coated steel³⁰ exported to Belgium from China was subject to a zero per cent rate of duty.³¹

For most of the review period, aluminium zinc coated steel exported to Australia from China was subject to a 3 per cent rate of duty.³²

²⁸ Australian market sales information provided by Australian importers of aluminium zinc coated steel, selected exporters and Australian industry as part of continuation inquiry no. 450 and review no. 456 (**Confidential Attachment 2** refers).

²⁹ Apparent consumption calculated as production quantity less net exports (where exports greater than imports) of metal coated flat steel products, using production data obtained from the World Steel Association and trade data obtained from UN Comtrade Database. Metal coated steel products include galvanised steel, aluminium zinc coated steel and other metal coated flat steel products. Given the similar end-use applications of metal coated flat steel products, the Commission considers this is the best available information and therefore is a good proxy for consumption of aluminium zinc coated steel.

³⁰ Goods classified to tariff subheading 7210.61.00.

³¹ Belgium is a member of the European Union, therefore, the import duty that applies is common to all European Union members.

³² Under the *China-Australia Free Trade Agreement*, from 1 January 2016, the rate of duty applying to aluminium zinc coated steel (classified to tariff subheading 7210.61.00) exported to Australia from China was 3 per cent, and from 1 January 2017, the rate of duty was 2 per cent.

The Commission considers that Belgium has a comparable tariff rate to Australia, and therefore, the market structure for aluminium zinc coated steel in Belgium and Australia would be broadly similar to the extent that, in both markets, the level of imports and domestic prices would be relatively unaffected by import tariffs.

The Commission's consideration - appropriate third country

In having regard to each of the matters listed above, the Commission considers that Belgium is an appropriate third country for the purpose of determining an export price under subsection 269TAB(2B)(b) because Belgium has a comparable domestic market for the goods to Australia (being a market that is comprised of imports and domestic production), similar end uses and product specifications and with a similar tariff on imports.

Accordingly, Baosteel's sales to Belgium are a suitable proxy for the export price of the goods had Baosteel exported the goods to Australia during the review period.

PROPOSED RECOMMENDATION - EXPORT PRICE

The Commissioner proposes to recommend to the Parliamentary Secretary that, in accordance with subsection 269TAB(2B)(b), the export price of aluminium zinc coated steel exported to Australia from China by Baosteel is the price paid or payable for like goods sold by Baosteel in arms length transactions for exportation from China to Belgium. The export price was calculated at Free on Board (FOB) terms.

The Commission found that the resulting ascertained export price for Baosteel in respect of aluminium zinc coated steel has changed since Investigation 190.

The export price calculation is at **Confidential Attachment 4**.

Adjustments to exports - subsection 269TAB(2G)

The Commission did not make an adjustment to Baosteel's exports to Belgium (on which the export price is based)³³ for the following reasons:

- Baosteel exported aluminium zinc coated steel to Belgium during the review period, therefore, there is information available in relation to the price paid or payable for like goods sold by Baosteel during the period of review; and
- Baosteel's exports of aluminium zinc coated steel to Belgium have comparable product specifications and characteristics (such as coating mass, base metal thickness and width) to the aluminium zinc coated steel products sold in the Australian market³⁴ (**Confidential Attachment 2** refers).

The Commission therefore considers that the determined export price (which is based on Baosteel's exports to Belgium) is a reasonable estimate of what the export price of the goods exported to Australia would have been had there not been an absence of exports.

³³ In accordance with subsection 269TAB(2G).

³⁴ Australian market sales information provided by Australian importers of aluminium zinc coated steel and Australian industry as part of continuation inquiry no. 450 and review no. 456.

PROPOSED RECOMMENDATION - NORMAL VALUE

As a result of the revised ascertained export price for Baosteel, the Commission also revised the corresponding normal value to allow a comparison of the export price and normal value for the purpose of subsection 269TACB(2)(a).

The Commission has verified cost of production data relating to the specific models upon which the export price is based; therefore, in constructing a normal value in accordance with subsection 269TAC(2)(c),³⁵ the Commission used this data to revise the normal value. However, the Commission's approach in determining the normal value (in accordance with subsection 269TAC(2)(c)) has not changed from the approach outlined in SEF no. 409 and 410.

The normal value calculations are at **Confidential Attachment 5** and **Confidential Attachment 6**.

Adjustments to normal value

In order to ensure the normal value is properly comparable with the export price of the goods, the Commission adjusted Baosteel's normal value in accordance with subsection 269TAC(9).

The Commission made an upward adjustment for export inland freight and port charges (the export price was calculated at FOB), and export bank charges.

The Commission also made an upward adjustment to account for the difference in the amount of residual value-added tax (VAT) liability that would apply to export sales of aluminium zinc coated steel. The residual amount has been calculated at the rate of 4 per cent, which is the full VAT rate of 17 per cent less the 13 per cent VAT rebate that applies to exports of flat-rolled products of iron or non-alloy steel plated or coated with aluminium-zinc alloys.

DUMPING MARGIN

The Commission has calculated a dumping margin based on the revised variable factors.

For the purpose of this review, the dumping margin has been assessed by comparing the quarterly weighted average export prices with the quarterly weighted average of corresponding normal values over the whole of the review period in accordance with subsection 269TACB(2)(a).

In comparing the quarterly weighted average export prices with the quarterly weighted average corresponding normal value, the Commission has had regard to model matching.

The dumping margin in respect of aluminium zinc coated steel exported to Australia from China by Baosteel for the review period is **23.4 per cent**.

The dumping margin calculation is at **Confidential Attachment 7**.

³⁵ In constructing a normal value in accordance with subsection 269TAC(2)(c), the Commission uses the cost of production of the goods, plus an amount for profit and selling, general and administrative expenses.

PROPOSED FORM OF DUTY

The Commissioner proposes to recommend to the Parliamentary Secretary that the interim dumping duty (IDD) payable on the goods the subject of the dumping duty notice is an amount which will be worked out in accordance with the combination duty method pursuant to subsection 5(2) of the *Customs Tariff (Anti-Dumping) Regulation 2013*, consistent with Investigation 190 and the form of measures currently imposed.³⁶

The measures will consist of a fixed rate of IDD (ad valorem, equal to the dumping margin), plus a variable amount of IDD where the actual export price is below the ascertained export price which is a specified (confidential) amount per tonne.

The Commissioner further proposes to recommend to the Parliamentary Secretary that, in accordance with subsection 10(3B)(a) of the *Customs Tariff (Anti-Dumping) Act 1975* (Dumping Duty Act), the amount of interim countervailing duty (ICD) payable on the goods the subject of the countervailing duty notice be ascertained as a proportion of the export price of the goods.³⁷

In accordance with subsection 10(3E)(a) of the Dumping Duty Act, the rate of ICD applying to Baosteel shall be 0.1 per cent.

³⁶ The proposed form of measures differs to that recommended in SEF no. 409 and 410.

³⁷ This recommendation has not changed from the recommendation outlined in SEF no. 409 and 410.