



**Australian Government**  
**Anti-Dumping Commission**

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**CUSTOMS ACT 1901 - PART XVB**

**REPORT**  
**NO. 272 & 273**

**REVIEW OF ANTI-DUMPING MEASURES**  
**ALUMINIUM ZINC COATED STEEL &**  
**ZINC COATED GALVANISED STEEL**  
**EXPORTED FROM THE REPUBLIC OF KOREA BY**  
**DONGBU STEEL CO LTD**

**30 June 2015**

**Report 272 & 273 Aluminium Zinc Coated Steel & Zinc Coated Galvanised Steel**

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### ABBREVIATIONS

ADN	Anti-Dumping Notice
ACBPS	Australian Customs Border Protection Service
ADRP	Anti-Dumping Review Panel
BlueScope	BlueScope Steel Limited
CON 272	Consideration Report 272
CON 273	Consideration Report 273
Dongbu	Dongbu Steel Co. Ltd
FOB	Free on board
NIP	Non-Injurious Price
REP 190	International Trade Remedies Branch Report 190
REP 193	International Trade Remedies Branch Report 193
SEF	Statement of Essential Facts
the Act	<i>Customs Act 1901</i>
the Commission	the Anti-Dumping Commission
the Commissioner	the Commissioner of the Anti-Dumping Commission
the goods	the goods to which the anti-dumping measures apply
the Minister	the Minister for Industry and Science
the Parliamentary Secretary	the Parliamentary Secretary to the Minister for Industry and Science

# 1 SUMMARY AND RECOMMENDATIONS

## 1.1 Summary

These reviews are in response to applications from Dongbu Steel Co Ltd (Dongbu) to review the anti-dumping measures as they apply to aluminium zinc coated steel and zinc coated galvanised steel<sup>1</sup> exported to Australia from the Republic of Korea (Korea) by Dongbu.

The applications for review were based on a change in the variable factors. The variable factors relevant to the reviews are the normal value, export price and non-injurious price (NIP). The applications state that the normal value and export price have changed.

Due to the close nature of these products and common interested parties, findings from both reviews of the anti-dumping measures, as they apply to aluminium zinc coated steel and zinc coated galvanised steel, are detailed in this one report.

Exporter-specific rates of dumping duty apply to aluminium zinc coated steel and zinc coated galvanised steel exported to Australia from Korea by Dongbu. The basis for the calculation of the Dongbu dumping margin and for the existing dumping duty rates applying to aluminium zinc coated steel and zinc coated galvanised steel exported to Australia by Dongbu are specified in International Trade Remedies Branch Report No. 190 (REP 190), which is available at the following link: <http://www.adcommission.gov.au/cases/Documents/142-REP190.pdf>.

## 1.2 Applicable law

Division 5 of Part XVB of the *Customs Act 1901* (the Act)<sup>2</sup> enables affected parties to apply for a review of anti-dumping measures. The Division, among other matters:

- sets out the procedures to be followed by the Commissioner of the Anti-Dumping Commission (Commissioner) in dealing with applications or requests and preparing reports for the Parliamentary Secretary<sup>3</sup> to the Minister for Industry and Science (Parliamentary Secretary); and
- empowers the Parliamentary Secretary, after consideration of such reports, to leave the measures unaltered or to modify them as appropriate.

After conducting a review of anti-dumping measures, the Commissioner must give the Parliamentary Secretary a report containing recommendations.

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<sup>1</sup> Full descriptions of the goods are at section 3.3.

<sup>2</sup> A reference in this report to a provision of legislation, unless otherwise specified, is a reference to the *Customs Act 1901*.

<sup>3</sup> On 25 September 2013, responsibility for anti-dumping matters was transferred to the Minister for Industry and Science. The Minister for Industry and Science subsequently delegated responsibility for anti-dumping matters to the Parliamentary Secretary to the Minister for Industry and Science.

### **1.3 Findings and conclusions**

The Commissioner has conducted reviews of the anti-dumping measures and is satisfied that the variable factors relevant to the taking of the measures in relation to aluminium zinc coated steel and in relation to zinc coated galvanised steel exported to Australia from Korea by Dongbu have changed.

### **1.4 Recommendations**

The Commissioner recommends to the Parliamentary Secretary that:

- the dumping duty notice in relation to aluminium zinc coated steel have effect in relation to Dongbu, as if different variable factors had been ascertained; and
- the dumping duty notice in relation to zinc coated galvanised steel have effect in relation to Dongbu, as if different variable factors had been ascertained.

## 2 BACKGROUND

### 2.1 Initiation

#### 2.1.1 Aluminium Zinc Coated Steel

On 1 October 2014, Dongbu lodged an application requesting a review of the anti-dumping measures, as they apply to Dongbu's exports of aluminium zinc coated steel to Australia from Korea, under Division 5 of Part XVB of the Act. Dongbu claims that certain variable factors relevant to the taking of the anti-dumping measures have changed.

The Anti-Dumping Commission (the Commission) examined the application and the Commissioner decided not to reject the application. A notice was published in *The Australian* newspaper on 28 October 2014 detailing the initiation of the review. Anti-Dumping Notice (ADN) No. 2014/114 and Consideration Report 272 (CON 272) are available on the Commission's website and describe the goods under review and the Commission's consideration of the application.

Dongbu's application sought to review the variable factors pertaining to Dongbu only and did not seek the review to be extended to other exporters of aluminium zinc coated steel from Korea.

The review period for the purpose of this review is from 1 October 2013 to 30 September 2014.

#### 2.1.2 Zinc Coated Galvanised Steel

On 1 October 2014, Dongbu lodged an application requesting a review of the anti-dumping measures, as they apply to Dongbu's exports of zinc coated galvanised steel to Australia from Korea, under Division 5 of Part XVB of the Act. Dongbu claims that certain variable factors relevant to the taking of the anti-dumping measures have changed.

The Commission examined the application and the Commissioner decided not to reject the application. A notice was published in *The Australian* newspaper on 31 October 2014 detailing the initiation of the review. Anti-Dumping Notice (ADN) No. 2014/120 and Consideration Report 273 (CON 273) are available on the Commission's website and describe the goods under review and the Commission's consideration of the application.

Dongbu's application sought to review the variable factors pertaining to Dongbu only and did not seek the review to be extended to other exporters of zinc coated galvanised steel from Korea.

The review period for the purpose of this review is from 1 October 2013 to 30 September 2014.

## **2.2 Previous cases**

### **2.2.1 Aluminium Zinc Coated Steel**

On 5 September 2012, a dumping investigation into aluminium zinc coated steel exported from the People's Republic of China (China), Korea and Taiwan was initiated following an application by BlueScope Steel Limited (BlueScope). The investigation, as outlined in International Trade Remedies Branch Report 190 (REP 190),<sup>4</sup> found that:

- aluminium zinc coated steel exported to Australia was dumped. For China the dumping margins were between 5.5% to 19.3%. For Korea the dumping margins were between a negligible rate and 7.7%. The investigation was terminated in relation to Taiwan;<sup>5</sup>
- the dumped exports caused material injury to the Australian industry producing like goods; and
- continued dumping may cause further material injury to the Australian industry.

In REP 190 Dongbu was found to have a dumping margin of 5.8%. The investigation determined that the free on board (FOB) non-injurious price (NIP) for each exporter was the price equal to the respective normal value. As such, the lesser duty rate did not apply and dumping duties imposed were at the full level of the dumping margin found.

The Attorney-General (the decision maker at that time) imposed interim dumping duty on the goods exported from China and Korea on 5 August 2013. Notice of the Attorney-General's decision was given in Anti-Dumping Notice No. 2013/66.<sup>6</sup>

The Attorney-General's decision was referred to the Anti-Dumping Review Panel (ADRP) for review in relation to certain findings made in REP 190 relating to the dumping investigation into aluminium zinc coated steel exported from Korea. On 21 February 2014, the Parliamentary Secretary decided to vary the dumping duty notice with effect from 5 August 2013 by excluding from the description of the goods unchromated products of aluminium zinc coated steel exported from Korea.<sup>7</sup>

### **2.2.2 Zinc Coated Galvanised Steel**

On 5 September 2012, a dumping investigation into zinc coated galvanised steel exported from China, Korea and Taiwan was initiated following an application by BlueScope. The investigation, as outlined in International Trade Remedies Branch Report 190 (REP 190),<sup>8</sup> found that:

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

5 ADN 2013/32 notifies and explains the termination of the investigation in relation to aluminium zinc coated steel exported to Australia from Taiwan.

6 ADN 2013/66 outlines the details of the interim dumping duty applicable to galvanised steel and aluminium zinc coated steel exported to Australia from China, Korea and Taiwan.

7 ADN 2014/13 outlines that on 21 February 2014, the Parliamentary Secretary accepted the recommendation of the ADRP and varied the dumping duty notice by excluding unchromated products exported from Korea from the description of the goods.

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

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- zinc coated galvanised steel exported to Australia was dumped. For China the dumping margins were between 6.8% and 62.9%. For Korea the dumping margins were between a negligible rate and 28.5% and for Taiwan the dumping margins were between a negligible rate and 8.6%;
- the dumped exports caused material injury to the Australian industry producing like goods; and
- continued dumping may cause further material injury to the Australian industry.

In REP 190 Dongbu was found to have a dumping margin of 3.2%. The investigation determined that the FOB non-injurious price for each exporter was the price equal to the respective normal value. As such, the lesser duty rule did not apply and dumping duties imposed were at the full level of the dumping margin found.

The Attorney-General (the decision maker at that time) imposed interim dumping duty on the goods exported from China, Korea and Taiwan on 5 August 2013. Notice of the Attorney-General's decision was given in Anti-Dumping Notice No. 2013/66.<sup>9</sup>

### 2.3 Review process

If anti-dumping measures have been taken in respect of certain goods, an affected party may consider it appropriate to review those measures as they affect a particular exporter or exporters generally. Accordingly, the affected party may apply for, or the Parliamentary Secretary may request that the Commission conduct, a review of those measures if one or more of the variable factors has changed. The Parliamentary Secretary may initiate a review at any time; however, a review application may not be lodged earlier than twelve months after publication of the notice implementing the original anti-dumping measures or the notice(s) declaring the outcome of the last review.<sup>10</sup>

If an application for a review of anti-dumping measures is received and not rejected, the Commissioner must, within 110 days of the initiation, or such longer time as the Parliamentary Secretary may allow, place on the public record a statement of essential facts (SEF) on which he proposes to base recommendations to the Parliamentary Secretary concerning the review of the anti-dumping measures.<sup>11</sup> The Commissioner must, after conducting a review of anti-dumping measures and within 155 days, or such longer time as the Parliamentary Secretary may allow, conduct a review and report to the Parliamentary Secretary on the review of the measures.<sup>12</sup>

During the review, the Commission sought approval for extensions of time to issue the SEFs in order to properly analyse the information submitted by the exporter to establish whether the variable factors relevant to the taking of anti-dumping measures have changed. The Parliamentary Secretary approved an 87 day extension for the review in relation to zinc coated galvanised steel, and a 90 day extension for the review in relation to aluminium zinc coated steel. As a result, the SEFs were published for both reviews on

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<sup>9</sup> ADN 2013/66 outlines the details of the interim dumping duty applicable to zinc coated galvanised steel and aluminium zinc coated steel exported to Australia from China, Korea and Taiwan.

<sup>10</sup> Section 269ZA of the Act

<sup>11</sup> Section 269ZD of the Act

<sup>12</sup> Section 269ZDA of the Act



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18 May 2015.<sup>13</sup> The final reports and recommendations consequently became due by 30 June 2015.

In making recommendations in his final report to the Parliamentary Secretary, the Commissioner must have regard to:<sup>14</sup>

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

The Commissioner may also have regard to any other matter he considers to be relevant to the review.<sup>15</sup>

During the course of these reviews, the Commission examined whether the variable factors have changed. Variable factors in this context are a reference to:<sup>16</sup>

- the ascertained export price;
- the ascertained normal value; and
- the non-injurious price.

At the conclusion of a review, in respect of a dumping duty notice, the Commissioner must provide a recommendation to the Parliamentary Secretary that the dumping duty notice:<sup>17</sup>

- remain unaltered; or
- be revoked in its application to a particular exporter or to a particular kind of goods or revoked generally; or
- have effect in relation to a particular exporter or to exporters generally, as if different variable factors had been ascertained.

Following the Parliamentary Secretary's decision, a notice will be published advising interested parties of the decision.

### **2.4 Submissions in response to the SEF**

On 18 May 2015, the Commissioner placed on the public record SEF 272 & 273 to inform all interested parties of the facts on which the Commissioner proposed to base his recommendations to the Parliamentary Secretary in relation to these reviews of anti-dumping measures.

The Commission received two submissions<sup>18</sup> in response to SEF 272 & 273.

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<sup>13</sup> The actual due date for both SEFs was 16 May 2015; however, as this fall on a Saturday, the SEFs were published 18 May 2015.

<sup>14</sup> Subsection 269ZDA(3)(a) of the Act

<sup>15</sup> Subsection 269ZDA(3)(b) of the Act

<sup>16</sup> Subsection 269T(4E) of the Act

<sup>17</sup> Subsection 269ZDA(1)(a) of the Act

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The submission from Dongbu dated 29 May 2015 requests that the Commission backdates the operation of the changed variable factors for aluminium zinc coated steel and zinc coated galvanised steel, to the date the notice to initiate the reviews was published in *The Australian*.<sup>19</sup> The dates of initiation for the reviews of anti-dumping measures applying to aluminium zinc coated steel and zinc coated galvanised steel were 28 October 2014 and 31 October 2014 respectively. Dongbu's submission is discussed further in section 4.8 of this report.

The submission from BlueScope dated 1 June 2015 expressed concerns that the Commission did not undertake a verification visit to verify the data in relation to Dongbu's exporter questionnaire responses. The reliability of the data supplied by Dongbu is discussed in section 4.3 of the report. In addition, BlueScope expressed its opposition to backdating the measures for aluminium zinc coated steel and zinc coated galvanised steel to the date of initiation. This is discussed further in section 4.8 of the report.

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<sup>18</sup> Submission from Dongbu dated 29 May 2015 and BlueScope dated 1 June 2015 are available at:

<http://www.adcommission.gov.au/cases/Pages/CurrentCases/EPR272.aspx> and  
<http://www.adcommission.gov.au/cases/Pages/CurrentCases/EPR273.aspx>

<sup>19</sup> In accordance with Sections 269ZDB(1)(a)(iii) and 269ZDB(6).

## 3 THE GOODS AND LIKE GOODS

### 3.1 Finding

The Commission considers there is an Australian industry that produces aluminium zinc coated steel and zinc coated galvanised steel that have characteristics closely resembling those of the goods under consideration, and therefore, aluminium zinc coated steel and zinc coated galvanised steel manufactured by the Australian industry are considered like goods.<sup>20</sup>

### 3.2 Legislative framework

The Commissioner must be satisfied that the “like” goods are in fact produced in Australia. Subsection 269T(2) of the Act specifies that for goods to be regarded as being produced in Australia, they must be wholly or partly manufactured in Australia. In accordance with subsection 269T(3) of the Act, for 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.

### 3.3 The goods

#### 3.3.1 Aluminium Zinc Coated Steel

The goods the subject of the aluminium zinc coated steel anti-dumping measures are:

*flat rolled products of iron and non-alloy steel of a width equal to or greater than 600mm, plated or coated with aluminium-zinc alloys, not painted whether or not including resin coating.*

The amount of aluminium zinc coating on the steel is described as its coating mass and is nominated in grams per square metre with the prefix being AZ (Aluminium Zinc). Common coating masses used are: AZ200, AZ150, AZ100, and AZ70.

A full description and clarification of the goods is available in Australian Customs Dumping Notice No. 2012/62 which is available on the Commission’s website at [www.adcommission.gov.au](http://www.adcommission.gov.au).

The following additional information is provided to clarify the goods covered by the measures:

- **Product treatment**

The 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),<sup>21</sup> resin coated or not resin coated (often

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<sup>20</sup> In terms of section 269T.

<sup>21</sup> ADN 2014/13 outlines that on 21 February 2014, the Parliamentary Secretary accepted the recommendation of the ADRP and varied the dumping duty notice by excluding unchromated products exported from Korea from the description of the goods.

referred to as Anti Finger Print (AFP) or not AFP), oiled or not oiled, skin passed or not skin passed.

- **Excluded goods**

Painted aluminium zinc coated steel and pre-painted aluminium zinc coated steel were not covered by the original investigation.

As mentioned under section 2.2.1, following an application for a review to the ADRP in relation to certain findings made in REP 190, the Parliamentary Secretary decided to vary the dumping duty notice by excluding unchromated products of aluminium zinc coated steel exported from Korea,<sup>22</sup> from the description of the goods.

### **3.3.2 Zinc Coated Galvanised Steel**

The goods the subject of the zinc coated galvanised steel anti-dumping measures are:

*Flat rolled products of iron and non-alloy steel of a width less than 600mm and equal to or greater than 600mm, plated or coated with zinc.*

Zinc coated steel is commonly referred to as galvanised steel.

The amount of zinc coating on the steel is described as its coating mass and is nominated in grams per meter squared (g/m<sup>2</sup>) 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.

A full description and clarification of the goods is available in Australian Customs Dumping Notice No. 2012/62 which is available on the Commission's website [www.adcommission.gov.au](http://www.adcommission.gov.au).

The following additional information is provided to clarify the goods covered by the measures:

- **Product treatment**

The application covers zinc coated 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).

- **Excluded goods**

Painted galvanised steel, pre-painted galvanised steel, electro-galvanised plate steel and corrugated galvanised steel are not covered by the application and subsequent investigation.

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<sup>22</sup> ADN 2014/13.

### **3.4 Tariff classification**

#### **3.4.1 Aluminium Zinc Coated Steel**

Aluminium zinc coated steel is classified to tariff subheading 7210.61.00 (statistical codes 60, 61, and 62) in Schedule 3 to the *Customs Tariff Act 1995*.

The goods exported to Australia from Korea under this tariff subheading are subject to a five per cent rate of duty.

#### **3.4.2 Zinc Coated Galvanised Steel**

Zinc coated galvanised steel is classified to tariff subheadings 7210.49.00 (statistical codes 55, 56, 57 and 58) and 7212.30.00 (statistical code 61) of Schedule 3 to the *Customs Tariff Act 1995*.

The goods exported to Australia from Korea under this tariff subheading are subject to a five per cent rate of duty.

### **3.5 Australian industry producing like goods**

During the original investigation, the Australian Customs Border Protection Service<sup>23</sup> (ACBPS) found that:

- there was an Australian industry producing like goods;
- a substantial process of the manufacture was carried out in Australia in producing the like goods; and
- the like goods were wholly manufactured in Australia.

The Commissioner remains satisfied that there is an Australian industry producing like goods, which are wholly manufactured in Australia

### **3.6 Like goods produced and sold in Korea by Dongbu**

Based on the information provided by Dongbu, the Commission is satisfied that the aluminium zinc coated steel and zinc coated galvanised steel it sold on the domestic market in Korea in the review period possesses similar physical characteristics, has similar uses, and has similar manufacturing processes to the goods subject to the dumping duty notices.

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<sup>23</sup> On 1 July 2013, the International Trade Remedies Branch of the Australian Customs and Border Protection Service became the Anti-Dumping Commission.

## 4 VARIABLE FACTORS

### 4.1 Finding

The Commissioner finds that the variable factors relevant to the determination of duty payable under the *Customs Tariff (Anti-Dumping) Act 1975* (Dumping Duty Act), as they apply to aluminium zinc coated steel and zinc coated galvanised steel exported to Australia from Korea by Dongbu, have changed.

### 4.2 Dongbu's exporter questionnaire response

Dongbu submitted exporter questionnaire responses detailing its domestic sales, export sales to Australia, and cost to make and sell (CTMS) for aluminium zinc coated steel and zinc coated galvanised steel. The Commission is satisfied that the information provided by Dongbu is sufficient to determine an export price and a normal value for the purposes of the review.

### 4.3 Reliability of data supplied by Dongbu

For the purpose of this review, the Commission elected not to conduct an on-site verification of the information and data provided in Dongbu's exporter questionnaire responses. Dongbu was visited by the ACBPS in December 2012 for on-site verification during the original investigation. Dongbu was fully cooperative in that investigation and in the related on-site verification exercise. In that investigation, the dumping margins assessed for aluminium zinc coated steel and zinc coated galvanised steel were based on that verified data.

Although the Commission has not undertaken an on-site verification of Dongbu's data for this review, it is important to note the Commission has various other means for testing the accuracy, reliability and relevance of data to a satisfactory level. A number of tests have been undertaken on Dongbu's data for the purposes of this review. Based on these testing methods, the Commission is satisfied as to the accuracy of the information supplied by Dongbu upon which the findings of this review are based.

The Commission has tested the data provided by Dongbu for relevance and reliability by:

- benchmarking key variables (such as costs, normal values and adjustments) to verified data in the original investigation;
- comparing the Dongbu export price data to information contained in the ACBPS import database; and
- comparing Dongbu's data to other independent sources of information.

### **Comparisons to Dongbu data verified on site during investigation 190**

The Commission has undertaken a detailed comparison of data provided by Dongbu for this review and data that was verified on-site with Dongbu during the original investigation. In doing so, the Commission has sought to:

- maintain consistent approaches to its assessment of variable factors; and
- ensure the two data sets are, where relevant, satisfactorily similar in composition, proportion and amount.

For example, the Commission maintained a consistent approach to model matching when comparing export price and normal value. In terms of comparing the two data sets, an example of the Commission's testing is the analysis of relative values, ratios and proportions of CTMS data.

### **ACBPS database**

Export price data provided by Dongbu, including volumes and values over the review period have been tested against the ACBPS import database. Tests performed indicated the data provided by Dongbu in this review reconciled to data in the ACPBS database to acceptable levels. The analysis included reconciling volumes and values of export sales data provided by Dongbu.

### **Independent sources of information**

The Commission has made independent inquiries into the movements in price for hot rolled coil, which is the major raw feed material for aluminium zinc coated steel and zinc coated galvanised steel. The Commission compared the prevailing East Asian prices for hot rolled coil with the raw material costs for Dongbu and found that the movements since the original investigation period to the review period showed a significant correlation.

The Commission also examined the relationship between the prevailing East Asian prices for hot rolled coil and the domestic selling prices of aluminium zinc coated steel and zinc coated galvanised steel by Dongbu. It did so for the original investigation period and for the review period. The Commission observed that the movements in these independent variables were in the same direction.

These analyses supported the relevance and reliability of Dongbu's data submitted for the purpose of the review.

#### **4.4 Export price**

For both aluminium zinc coated steel and zinc coated galvanised steel, the Commission considers that:

- the goods have been exported to Australia otherwise than by the importer and have been purchased by the importer from the exporter; and
- the purchases of the goods by the importer were arms length transactions.

As such, export prices were established pursuant to subsection 269TAB(1)(a), using Dongbu's export invoice prices, excluding any part of that price that related to post-exportation charges.

The resulting ascertained export prices for aluminium zinc coated steel and zinc coated galvanised steel exported by Dongbu have changed since the original investigation.

The export prices established for this review have decreased when compared with the export prices that were ascertained following the original investigation.

#### **4.5 Normal value**

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

Adjustments to the normal value were made under subsection 269TAC(8) to ensure fair comparison with the export price. Adjustments made for the review of measures were consistent with the approach undertaken in respect of Dongbu at the time of the original dumping investigation.<sup>24</sup>

The resulting ascertained normal values for aluminium zinc coated steel and zinc coated galvanised steel exported by Dongbu have changed since the original investigation.

The normal values established for this review have decreased when compared with the normal values that were ascertained following the original investigation.

#### **4.6 Dumping margin**

The Commission compared the quarterly weighted average of export prices over the whole of the review period with the quarterly weighted average of corresponding normal values over the whole of that period, in accordance with subsection 269TACB(2)(a) of the Act.

The weighted average dumping margin for aluminium zinc coated steel exported to Australia by Dongbu in the review period was less than zero.

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<sup>24</sup> Page 28, Dongbu Steel Co., Ltd, Exporter Visit Report, December 2012,

<http://www.adcommission.gov.au/cases/Documents/065-VerificationReport-Exporter-DongbuSteelCoLtd.pdf>



The weighted average dumping margin for zinc coated galvanised steel exported to Australia by Dongbu in the review period was less than zero.

A summary of the export price, normal value and dumping margin calculations is at **confidential appendix 1**.

## **4.7 Non-injurious price**

### **4.7.1 General**

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

Under section 8 of the *Customs Tariff (Anti-Dumping) Act 1975*,<sup>25</sup> the Parliamentary Secretary must have regard to the desirability of ensuring that the amount of dumping duty is not greater than is necessary to prevent injury or a recurrence of the injury. Subsection 269TACA(a) of the Act identifies the NIP of the goods exported to Australia as the minimum price necessary to remove the injury caused by the dumping.

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

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

### **4.7.2 Submissions**

In its submission of 8 December 2014, BlueScope stated:<sup>26</sup>

*In Trade Measures Report No. 190, the Commission concluded that the non-injurious price ("NIP") should be based on the full margin of dumping. Whereas it is BlueScope's preference for a NIP to be based upon a different methodology, BlueScope is pragmatic to understand that any measures cannot exceed the full margin of dumping. BlueScope anticipates the Commission will again recommend (as it did in the original investigation) that the NIP in the review will also be at the full margin of dumping.*

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<sup>25</sup> Subsection 8(5BA) of the Customs Tariff (Anti-Dumping) Act 1975

<sup>26</sup> Electronic Public Record, Case No. 272, record number 5.

### **4.7.3 Assessment of NIP**

In REP 190, the ACBPS expressed the view that in a market unaffected by dumping, it is reasonable to expect that BlueScope would be able to achieve, as a minimum, selling prices that reflected undumped import parity pricing. Accordingly, the ACBPS considered that the NIP (expressed at FOB delivery terms) for each exporter is a price equal to the respective normal value. In establishing the NIP at the same level as the normal value, the lesser duty rule did not come into effect and duties were imposed at the full margin of dumping.

The Commission considers that the approach to determining the NIP in REP 190 remains valid for the purpose of this review. Therefore, the Commission has again established the NIP as an amount that is equal to the normal value.

### **4.8 Submission to backdate the measures**

Dongbu requested that the new variable factors take effect as of the date that each notice to initiate the reviews was published in *The Australian*.<sup>27</sup> The dates of initiation for the reviews of anti-dumping measures applying to aluminium zinc coated steel and zinc coated galvanised steel were 28 October 2014 and 31 October 2014 respectively.

Dongbu argues that it was not dumping in the period of review. As such, it claims that no dumping duty liability should apply to imports of its goods and for this reason, the new variable factors should take effect from the earliest date allowable under the Act. In addition, Dongbu claims that the extension of time<sup>28</sup> granted to the Commission to complete the review of measures will penalise Dongbu and its customers if the effect of the new variable factors is taken from the date concluding this investigation.

Although the Commission has determined that the variable factors have changed and that no dumping was found during the review period, it should be noted that for the purposes of this review, the Commission's assessment has, in accordance with its normal practice, been limited to the review period of 1 October 2013 to 30 September 2014. The request to backdate the measures to the date of initiation is outside the review period and no assessment of the actual export price or normal value has been undertaken in relation to goods exported in the period after 30 September 2014.

While the Commission can, for the period after 30 September 2014, obtain certain export price data from the ACBPS import database, it has no means to establish accurate normal values for that period. Therefore, the Commission cannot be satisfied as to whether Dongbu was dumping, or not dumping, aluminium zinc coated steel or zinc coated galvanised steel that was exported to Australia after 30 September 2014. Accordingly, the Commissioner considers it is not appropriate to recommend to the Parliamentary Secretary that the new variable factors take effect as at the date that each notice to initiate the reviews was published.

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<sup>27</sup> In accordance with Sections 269ZDB(1)(a)(iii) and 269ZDB(6).

<sup>28</sup> The Parliamentary Secretary under section 269ZHI(3) of the Act extended the deadline for publication of the SEF by 87 days for the review of measures into zinc coated galvanised steel and 90 days for the review of measures into aluminium zinc coated steel.

## **PUBLIC RECORD**

The Commission notes that importers of the goods exported by Dongbu can apply for a dumping duty assessment that enables a reconciliation of interim duty already paid by an importer, and the importer's final duty liability.<sup>29</sup> The final duty liability will be determined by assessing the actual normal value and export price (and therefore the dumping margin, if any) for each consignment of goods imported during a particular period. Where it is determined that the importer has paid more in interim dumping duty than the final duty payable, the importer will receive a refund.

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<sup>29</sup> Division 4 of Part XVB of the Act

## 5 EFFECT OF THE REVIEW

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

- the ascertained export price has decreased;
- the ascertained normal value has decreased;
- the NIP has decreased; and
- the dumping margin was less than zero.

The Commissioner recommends that the ascertained normal values for aluminium zinc coated steel and zinc coated galvanised steel be set in accordance with the respective weighted average normal values used to calculate the dumping margins for the review. The Commissioner also recommends that the ascertained export prices and ascertained NIPs for aluminium zinc coated steel and zinc coated galvanised steel be set in accordance with the respective weighted average normal values used to calculate the dumping margins for the review.

The Commissioner recommends to the Parliamentary Secretary that the interim dumping duty payable is an amount which will be worked out in accordance with the combination of fixed and variable duty method pursuant to subregulation 5(2) of the *Customs Tariff (Anti-Dumping) Regulation 2013*. This is consistent with the method used in the original dumping duty notice. Therefore, the dumping duty payable comprises a fixed component that is zero, and a variable component that will be payable if the actual export price is below the ascertained export price which is a specified (confidential) amount per tonne.

## 6 RECOMMENDATION

The Commissioner recommends that the Parliamentary Secretary consider this report, and if agreed, sign the attached public notices (**Attachment 1**) to **declare**, under s. 269ZDB, that, for the purposes of the *Act* and the *Customs Tariff (Anti-Dumping) Act 1975*, the dumping duty notices applicable to aluminium zinc coated steel and zinc coated galvanised steel are to be taken to have effect in relation to the goods exported by Dongbu as if different variable factors had been ascertained.

**7 APPENDICES AND ATTACHMENTS**

<b>Confidential appendix 1</b>	Export price, normal value and dumping margin summary.
<b>Attachment 1</b>	Public notices under s. 269ZDB