STATEMENT OF ESSENTIAL FACTS
NOS. 456 and 457

REVIEW OF THE 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

REVIEW OF THE ANTI-DUMPING MEASURES APPLYING TO ALUMINIUM ZINC COATED STEEL EXPORTED TO AUSTRALIA FROM THE PEOPLE’S REPUBLIC OF CHINA AND THE REPUBLIC OF KOREA

30 April 2018
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SEF 456 and 457 – Galvanised Steel and Aluminium Zinc Coated Steel
ABBREVIATIONS

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</tr>
</thead>
<tbody>
<tr>
<td>the Act</td>
<td><em>Customs Act 1901</em></td>
</tr>
<tr>
<td>ADN</td>
<td>Anti-Dumping Notice</td>
</tr>
<tr>
<td>ADRP</td>
<td>Anti-Dumping Review Panel</td>
</tr>
<tr>
<td>ABF</td>
<td>Australian Border Force</td>
</tr>
<tr>
<td>Angang</td>
<td>Angang Steel Ltd</td>
</tr>
<tr>
<td>the Assistant Minister¹</td>
<td>the Assistant Minister for Science, Jobs and Innovation</td>
</tr>
<tr>
<td>BlueScope</td>
<td>BlueScope Steel Limited</td>
</tr>
<tr>
<td>China</td>
<td>the People’s Republic of China</td>
</tr>
<tr>
<td>CIF</td>
<td>cost, insurance and freight</td>
</tr>
<tr>
<td>the Commission</td>
<td>the Anti-Dumping Commission</td>
</tr>
<tr>
<td>the Commissioner</td>
<td>the Commissioner of the Anti-Dumping Commission</td>
</tr>
<tr>
<td>Commissioner’s Steel Report</td>
<td><em>Analysis of Steel and Aluminium Markets Report to the Commissioner of the Anti-Dumping Commission August 2016</em></td>
</tr>
<tr>
<td>CTMS</td>
<td>cost to make and sell</td>
</tr>
<tr>
<td>the Direction</td>
<td><em>Customs (Extensions of Time and Non-cooperation) Direction 2015</em></td>
</tr>
<tr>
<td>Duke Centre</td>
<td>Duke Centre on Globalisation, Governance &amp; Competitiveness</td>
</tr>
<tr>
<td>Dumping Duty Act</td>
<td><em>Customs Tariff (Anti-Dumping) Act 1975</em></td>
</tr>
<tr>
<td>EPR</td>
<td>electronic public record</td>
</tr>
<tr>
<td>EXW</td>
<td>ex works</td>
</tr>
<tr>
<td>FOB</td>
<td>Free on Board</td>
</tr>
<tr>
<td>GAAP</td>
<td>generally accepted accounting principles</td>
</tr>
<tr>
<td>the goods</td>
<td>the goods subject of the anti-dumping measures (also referred to as the goods under consideration)</td>
</tr>
<tr>
<td>GOC</td>
<td>Government of China</td>
</tr>
<tr>
<td>GOC Advice</td>
<td><em>Advice on Addressing Excessive Capacity and Relieving Hardship for the Steel industry</em></td>
</tr>
<tr>
<td>GOC Opinions</td>
<td><em>The Opinions of the State Council on Reducing Overcapacity in the Iron and Steel Industry</em></td>
</tr>
<tr>
<td>Guanzhou Dingxin</td>
<td>Shandong Guanzhou Dingxin Plate Technology Co. Ltd</td>
</tr>
</tbody>
</table>

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.
<table>
<thead>
<tr>
<th>Term</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>the Guidance</td>
<td><em>Guidance on the Promotion of Central Enterprises Restructuring and Reorganisation</em></td>
</tr>
<tr>
<td>the Guidelines</td>
<td><em>Guidelines on the Application of Forms of Dumping Duty</em></td>
</tr>
<tr>
<td>ICD</td>
<td>interim countervailing duty</td>
</tr>
<tr>
<td>IDD</td>
<td>interim dumping duty</td>
</tr>
<tr>
<td>Korea</td>
<td>the Republic of Korea</td>
</tr>
<tr>
<td>the Manual</td>
<td><em>Dumping and Subsidy Manual</em></td>
</tr>
<tr>
<td>NDRC</td>
<td>National Development and Reform Commission</td>
</tr>
<tr>
<td>NIP</td>
<td>non-injurious price</td>
</tr>
<tr>
<td>OCOT</td>
<td>ordinary course of trade</td>
</tr>
<tr>
<td>Platts</td>
<td>Platts Steel Business Briefing</td>
</tr>
<tr>
<td>the Regulation</td>
<td><em>Customs (International Obligations) Regulation 2015</em></td>
</tr>
<tr>
<td>REP 177</td>
<td><em>International Trade Remedies Branch Report No. 177</em></td>
</tr>
<tr>
<td>REP 190</td>
<td><em>International Trade Remedies Branch Report No. 190</em></td>
</tr>
<tr>
<td>REQ</td>
<td>response to the exporter questionnaire</td>
</tr>
<tr>
<td>the review period</td>
<td>1 October 2016 to 30 September 2017</td>
</tr>
<tr>
<td>RMB</td>
<td>Chinese Yuan</td>
</tr>
<tr>
<td>SG&amp;A</td>
<td>selling, general and administrative</td>
</tr>
<tr>
<td>SOEs</td>
<td>state owned and / or state invested enterprise</td>
</tr>
<tr>
<td>Synn Industrial</td>
<td>Synn Industrial Co. Ltd</td>
</tr>
<tr>
<td>the then Minister</td>
<td>the then Assistant Minister for Industry, Innovation and Science and the Parliamentary Secretary to the Minister for Industry, Innovation and Science</td>
</tr>
<tr>
<td>VAT</td>
<td>Value Added Tax</td>
</tr>
<tr>
<td>WTO</td>
<td>World Trade Organization</td>
</tr>
<tr>
<td>YPC</td>
<td>Yieh Phui (China) Technomaterial Co. Ltd</td>
</tr>
<tr>
<td>Zongcheng</td>
<td>Jiangyin Zongcheng Steel Co Ltd</td>
</tr>
</tbody>
</table>
1 SUMMARY

1.1 Introduction

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

The first review 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 (review no. 457). The second review 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 (review no. 456). This report refers to galvanised steel and aluminium zinc coated steel, either singly or collectively depending on the context, as “the goods”.

Following a request by the then Assistant Minister for Industry, Innovation and Science and the Parliamentary Secretary to the Minister for Industry, Innovation and Science (the then Minister) to undertake reviews of these anti-dumping measures, the Commissioner initiated both reviews on 10 November 2017. At the same time, the Commissioner initiated continuation inquiries to examine whether the anti-dumping measures in respect of galvanised steel and aluminium zinc coated steel ought to be continued for a further five years after 5 August 2018.

1.2 Legislative framework

Division 5 of Part XVB of the *Customs Act 1901* (the Act) sets out, among other things, the procedures to be followed by the Commissioner when undertaking a review of anti-dumping measures.

As per Division 5, the Commissioner must, on receipt of a request from the Minister to undertake a review, publish a notice indicating that the Anti-Dumping Commission (the Commission) that it is proposed to review the measures covered by the request.

The Commissioner must, within 110 days after the publication of the notice or such longer period as the Assistant Minister allows, place on the public record a statement of essential facts on which the Commissioner proposes to base his recommendation to the Assistant Minister in relation to the review of anti-dumping measures.

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3 ADN Nos. 2017/159 and 2017/158 refer.
4 All references to legislation in this report are to the *Customs Act 1901*, unless otherwise specified.
5 Subsection 269ZC(5).
6 Subsection 269ZD(1).
1.3 Proposed recommendations

1.3.1 Galvanised steel

The Commissioner proposes to recommend to the Assistant Minister that the dumping duty notice (applying to exports from China, Korea and Taiwan) and the countervailing duty notice (applying to exports from China) have effect as if different variable factors had been ascertained.

1.3.2 Aluminium zinc coated steel

The Commissioner proposes to recommend to the Assistant Minister that the dumping duty notice (applying to exports from China and Korea) and the countervailing duty notice (applying to exports from China) have effect as if different variable factors had been ascertained.

1.4 Responding to this SEF

This SEF sets out the essential facts on which the Commissioner proposes to base his final recommendations to the Assistant Minister. The SEF represents an important stage in these reviews as it informs interested parties of the facts established and allows them to make submissions in response to the SEF.

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

Interested parties are invited to make submissions to the Commissioner in response to the SEF within 20 days of the SEF being placed on the public record. The due date to lodge written submissions in response to this SEF therefore is 20 May 2018.7

The Commissioner is not obliged to have regard to any submission made in response to the SEF received after this date if to do so would, in the opinion of the Commissioner, prevent the timely preparation of the report to the Assistant Minister.8

Submissions should preferably be emailed to investigations1@adcommission.gov.au. Alternatively, they may be posted to:

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

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7 As this day is a Sunday, the effective due date is 21 May 2018.
8 Subsection 269ZDA(4).
PUBLIC RECORD

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

The public record contains non-confidential submissions by interested parties, the non-confidential versions of the Commission’s verification reports and other publicly available documents on the Commission’s website.

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

1.5 Final report

The Commissioner’s final report and recommendations must be provided to the Assistant Minister within 155 days after the publication of a notice under subsection 269ZC(4), (5) or (6), or such longer period as the Assistant Minister allows.9

On 27 February 2018, the Commissioner approved an extension of time to the final report, in conjunction with the extension of time to the publishing of the SEF.10 The final report and recommendations must now be provided to the Assistant Minister on or before 14 June 2018 or within such longer period as may be allowed.

9 Subsection 269ZDA(1). It is noted that, on 14 January 2017, the powers and functions of the Minister under section 269ZHI were delegated to the Commissioner. Refer to ADN No. 2017/10 for further information.

10 ADN No. 2018/36 refers.
2 BACKGROUND

2.1 Initiation

On 2 November 2017, the then Minister requested that the Commissioner initiate a review 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 as they affect exporters of those goods generally, because the variable factors relevant to the taking of the measures in relation to those exporters may have changed.

Following the request by the then Minister, the Commissioner initiated reviews of the anti-dumping measures applying to galvanised steel exported to Australia from China, Korea and Taiwan and aluminium zinc coated steel exported to Australia from China and Korea. Notification of the initiation of these reviews was published on the Commission website on 10 November 2017.11

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;12 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 Steel Mill Co Ltd.

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


12 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.
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 electronic public record at www.adcommission.gov.au. A summary of these inquiries is set out in Table 1.

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

Table 1: Summary of past cases
## 2.2.1 Current measures – Galvanised steel

<table>
<thead>
<tr>
<th>Country</th>
<th>Exporter</th>
<th>Measure</th>
<th>IDD</th>
<th>ICD</th>
<th>Form of measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>ANSC-TKS Galvanizing Co Ltd also known as TAGAL</td>
<td>Interim dumping duty (IDD)</td>
<td>32.7%</td>
<td>N/A</td>
<td>Combination</td>
</tr>
<tr>
<td></td>
<td>Wuhan Iron and Steel Company Limited</td>
<td>IDD &amp; interim countervailing duty (ICD)</td>
<td>21.5%</td>
<td>12.5%</td>
<td>Combination</td>
</tr>
<tr>
<td></td>
<td>Benxi Iron and Steel (Group) International Economic and Trading Co.</td>
<td>IDD &amp; ICD</td>
<td>69.8%</td>
<td>22.8%</td>
<td>Combination</td>
</tr>
<tr>
<td></td>
<td>Angang</td>
<td>IDD</td>
<td>0%</td>
<td>N/A</td>
<td>Floor Price</td>
</tr>
<tr>
<td></td>
<td>YPC</td>
<td>IDD</td>
<td>0%</td>
<td>N/A</td>
<td>Floor Price</td>
</tr>
<tr>
<td></td>
<td>Zongcheng</td>
<td>IDD</td>
<td>7.9%</td>
<td>N/A</td>
<td>Combination</td>
</tr>
<tr>
<td></td>
<td>Shandong Guanzhou Dingxin Plate Technology Co. Ltd (Guanzhou Dingxin)</td>
<td>IDD</td>
<td>0%</td>
<td>0%</td>
<td>Floor Price</td>
</tr>
<tr>
<td></td>
<td>All other exporters</td>
<td>IDD &amp; ICD</td>
<td>69.8%</td>
<td>22.8%</td>
<td>Combination</td>
</tr>
<tr>
<td>Korea</td>
<td>Dongkuk Steel Mill Co Ltd</td>
<td>Exempt</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Dongbu Steel Co Ltd</td>
<td>IDD</td>
<td>0%</td>
<td>N/A</td>
<td>Floor Price</td>
</tr>
<tr>
<td></td>
<td>POSCO</td>
<td>IDD</td>
<td>9.1%</td>
<td>N/A</td>
<td>Combination</td>
</tr>
<tr>
<td></td>
<td>All other exporters</td>
<td>IDD</td>
<td>28.5%</td>
<td>N/A</td>
<td>Combination</td>
</tr>
<tr>
<td>Taiwan</td>
<td>Ta Fong Steel Co Ltd</td>
<td>Exempt</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sheng Yu Steel Co Ltd</td>
<td>Exempt</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Chung Hung Steel Corporation</td>
<td>IDD</td>
<td>0%</td>
<td>N/A</td>
<td>Floor Price</td>
</tr>
<tr>
<td></td>
<td>Yieh Phui Enterprise Co Ltd (YPE)</td>
<td>IDD</td>
<td>0%</td>
<td>N/A</td>
<td>Floor Price</td>
</tr>
<tr>
<td></td>
<td>Synn Industrial Co. Ltd (Synn Industrial)</td>
<td>IDD</td>
<td>0%</td>
<td>N/A</td>
<td>Floor Price</td>
</tr>
<tr>
<td></td>
<td>All other exporters</td>
<td>IDD</td>
<td>8.6%</td>
<td>N/A</td>
<td>Combination</td>
</tr>
</tbody>
</table>

### Table 2: Anti-dumping measures applying to galvanised steel
2.2.2 Current measures – Aluminium zinc coated steel

<table>
<thead>
<tr>
<th>Country</th>
<th>Exporter</th>
<th>Measure</th>
<th>IDD</th>
<th>ICD</th>
<th>Form of measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>Union Steel China Co., Ltd</td>
<td>IDD</td>
<td>8.6%</td>
<td>7.9%</td>
<td>Combination</td>
</tr>
<tr>
<td></td>
<td>Angang</td>
<td>IDD</td>
<td>0%</td>
<td>N/A</td>
<td>Floor Price</td>
</tr>
<tr>
<td></td>
<td>YPC</td>
<td>IDD</td>
<td>0%</td>
<td>N/A</td>
<td>Floor Price</td>
</tr>
<tr>
<td></td>
<td>Zongcheng</td>
<td>IDD</td>
<td>0%</td>
<td>N/A</td>
<td>Floor Price</td>
</tr>
<tr>
<td></td>
<td>All other Exporters</td>
<td>IDD &amp; ICD</td>
<td>19.3%</td>
<td>21.7%</td>
<td>Combination</td>
</tr>
<tr>
<td>Korea</td>
<td>Dongkuk Steel Mill Co Ltd</td>
<td></td>
<td></td>
<td></td>
<td>Exempt</td>
</tr>
<tr>
<td></td>
<td>Dongbu</td>
<td>IDD</td>
<td>0%</td>
<td>N/A</td>
<td>Floor Price</td>
</tr>
<tr>
<td></td>
<td>All other exporters</td>
<td>IDD</td>
<td>7.7%</td>
<td>N/A</td>
<td>Combination</td>
</tr>
</tbody>
</table>

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

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 anti-dumping measures as they affect a particular exporter or exporters generally. Accordingly, the affected party may apply for, or the Minister may request that the Commissioner conduct, a review of those anti-dumping measures if one or more of the variable factors has changed.

The Minister may initiate a review at any time. However, a review application must not be lodged earlier than 12 months after publication of the notice imposing the original anti-dumping measures or the notice(s) declaring the outcome of the last review.

If a review of measures is initiated, the Commissioner has up to 155 days, or such longer time as the Minister may allow, to conduct a review and report to the Minister on the review of the anti-dumping measures.

During the course of a review, the Commissioner will examine whether the variable factors have changed. The Commission will examine the period from 1 October 2016 to 30 September 2017 (the review period) to establish the variable factors for these reviews.

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13 Subsection 269ZA(1).
14 Subsection 269ZA(3).
15 Subsection 269ZA(2)(a).
16 Subsection 269ZDA(1).
Variable factors are a reference to:

- the ascertained export price;
- the ascertained normal value;
- the non-injurious price (NIP); and
- the amount of countervailable subsidy received in respect of the goods (in relation to China only).\(^\text{17}\)

Within 110 days of the initiation of a review, or such longer time as allowed, the Commissioner must place on the public record a SEF on which he proposes to base recommendations to the Assistant Minister concerning the review of the anti-dumping measures.\(^\text{18}\)

For these reviews, in making recommendations in his final report to the Assistant Minister, the Commissioner must have regard to:

- the request for a review of the anti-dumping measures;
- any submission relating generally to the reviews to which the Commissioner has had regard for the purpose of formulating the SEF in relation to the reviews;
- this SEF; and
- any submission made in response to this SEF that is received by the Commissioner within 20 days after the placing of the SEF on the public record.\(^\text{19}\)

The Commissioner may also have regard to any other matter considered to be relevant to these reviews.\(^\text{20}\)

At the conclusion of these reviews, the Commissioner must provide a final report to the Assistant Minister. In his final report, the Commissioner must make a recommendation to the Assistant Minister that the dumping duty notice and/or the countervailing duty notice:

- remain unaltered; or
- have effect, in relation to a particular exporter or to exporters generally, as if different variable factors had been ascertained.\(^\text{21}\)

The Assistant Minister must make a declaration within 30 days of receiving the report or, if the Assistant Minister considers there are special circumstances that prevent the declaration being made within that period, such longer period as the Assistant Minister considers appropriate.\(^\text{22}\)

\(^{17}\) Subsection 269T(4E).
\(^{18}\) Subsection 269ZD(1).
\(^{19}\) Subsection 269ZDA(3)(a).
\(^{20}\) Subsection 269ZDA(3)(b).
\(^{21}\) Subsection 269ZDA(1)(a).
\(^{22}\) Subsection 269ZDB(1A).
2.4 Australian industry

In connection with the two continuation inquiries being undertaken in respect of galvanised steel and aluminium zinc coated steel, the Commission conducted a verification visit to BlueScope Steel Limited (BlueScope) in November 2017. The report of that visit is available on the public record.\textsuperscript{23}

As a result of the visit and based on the Commission’s understanding of the market, the Commissioner is satisfied that BlueScope is the only manufacturer of galvanised steel and aluminium zinc coated steel in Australia and represents the Australian industry producing like goods to the goods covered by the measures.

2.5 Importers

The Commission identified several importers in the Australian Border Force (ABF) import database that imported galvanised steel and aluminium zinc coated steel during the review period from the countries subject to the measures. The Commission forwarded questionnaires to the major importers and received five completed importer questionnaires (from the importers responsible for approximately 71 per cent of imports of non-exempt galvanised steel and 96 per cent of imports of non-exempt aluminium zinc coated steel from the subject countries during the review period).

The Commission conducted verification visits to four cooperating importers, and reports of three of these visits are available on the public record.\textsuperscript{24}

2.6 Exporters

The Commission identified more than twenty exporters of galvanised steel from China, Korea and Taiwan in the ABF import database, 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 review period. Thirteen complete responses to the exporter questionnaire (REQs) were received (nine for galvanised steel and four for aluminium zinc coated steel). These accounted for approximately 65 per cent of exports of non-exempt galvanised steel and 46 per cent of exports of non-exempt aluminium zinc coated steel during the review period.

The Commission completed onsite verification of the data submitted by five of these exporters. See chapters 4 and 5 for the verification activities relating to the exporters the subject of the inquiries.

\textsuperscript{23} Initiation of the continuation inquiries is referred to in ADN Nos. 2017/159 and 2017/158; the visit report is published on the electronic public record (EPR) for cases 449 (document 004) and 450 (document 003).
\textsuperscript{24} Document numbers. 010 and 011 on EPR 456 and document numbers 011, 015 and 016 on EPR 457. No importer visit report has been published for an importer visit to Commercial Metals Company due to an incomplete verification.
2.7 Submissions received from interested parties

The following submissions have been received from interested parties:

<table>
<thead>
<tr>
<th>Interested Party</th>
<th>Date</th>
<th>Case</th>
</tr>
</thead>
<tbody>
<tr>
<td>BlueScope</td>
<td>1 December 2017</td>
<td>Review for galvanised steel and aluminium zinc coated steel</td>
</tr>
<tr>
<td>BlueScope</td>
<td>7 December 2017</td>
<td>Review for galvanised steel and aluminium zinc coated steel</td>
</tr>
<tr>
<td>Guanzhou Dingxin</td>
<td>26 February 2017</td>
<td>Review for galvanised steel</td>
</tr>
</tbody>
</table>

Table 4: Submissions received

The matters raised in each of these submissions have been addressed in the relevant sections of this SEF.

25 All submissions are available on the Commission website for the relevant case(s).
3.1 The goods subject to the measures – Galvanised steel

The imported goods the subject of the galvanised steel review of measures are described as:

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
- 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/m²) with the prefix being Z (Zinc) or ZF (Zinc converted to a Zinc/Iron alloy coating). Common coating masses used for zinc coating are: Z350, Z275, Z200, Z100, and for zinc/iron alloy coating are: ZF100, ZF80 and ZF30 or equivalents based on international standards and naming conventions.

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.

3.1.1 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).
3.1.2 Excluded goods

Painted galvanised steel, pre-painted galvanised steel, electro-galvanised plate steel and corrugated galvanised steel are not subject to the measures.

3.2 The goods subject to the measures – Aluminium zinc coated steel

The imported goods the subject of the aluminium zinc coated steel application are described as:

*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.

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.

3.2.1 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.

3.2.2 Excluded goods

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

3.3 Tariff classification

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 these reviews. 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 relevant goods description regarding goods the subject of these reviews.

3.4 Like 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.”

The definition of like goods is relevant in the context of these reviews in determining the normal value of goods exported to Australia, the NIPs and the goods subject to the dumping duty notices and countervailing duty notices. The Commission’s framework for assessing like goods is outlined in Chapter 2 of the Commission’s Dumping and Subsidy Manual (the Manual).26

26 Available on the Commission website.
4 VARIABLE FACTORS – DUMPING DUTY NOTICES

4.1 Finding

The Commissioner finds that the variable factors relevant to the determination of dumping duty payable under the *Customs Tariff (Anti-Dumping) Act 1975* (Dumping Duty Act) have changed in respect of both galvanised steel and aluminium zinc coated steel.

The Commissioner proposes to recommend to the Assistant Minister that the relevant dumping duty notices have effect as if different variable factors had been ascertained. The revised variable factors have resulted in different dumping margins relevant to the taking of IDD.

4.2 Calculation of dumping margins

For all dumping margins calculated for the purposes of these reviews, the Commission compared the weighted average export prices over the whole of the review period with the weighted average corresponding normal values over the whole of that period, in accordance with subsection 269TACB(2)(a).

4.2.1 Uncooperative exporters

Subsection 269T(1) provides that an exporter is an “uncooperative exporter”, where the Commissioner is satisfied that an exporter did not give the Commissioner information that the Commissioner considered to be relevant to the investigation, within a period the Commissioner considered to be reasonable, or where the Commissioner is satisfied that an exporter significantly impeded the investigation.

The *Customs (Extensions of Time and Non-cooperation) Direction 2015* (the Direction) states at section 8 that the Commissioner must determine an exporter to be an uncooperative exporter, on the basis that no relevant information was provided in a reasonable period, if that exporter fails to provide a response or fails to request a longer period to do so within the legislated period. After having regard to the Direction, the Commissioner has determined that all exporters which did not provide a response to the exporter questionnaire, or which did not request a longer period to provide a response within the legislated period (being 37 days, concluding on 17 December 2017), are uncooperative exporters for the purposes of these reviews.

As provided for in subsection 269TACAB(1), for uncooperative exporters, export price and normal value were worked out in accordance with subsection 269TAB(3) and subsection 269TAC(6) respectively by having regard to all relevant information.

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27 As this was a Sunday, submissions were due by the next business day, 18 December 2017.
4.3 Particular market situation – China

The Commission has previously found that, in line with subsection 269TAC(2)(a)(ii), a situation exists in the domestic Chinese galvanised steel and aluminium coated steel markets that renders domestic selling prices in those markets unsuitable for the purposes of determining normal values for the goods under subsection 269TAC(1). The Commission has examined again whether a particular market situation exists for these goods.

In line with its legislative requirements, the Commission’s market situation assessments are undertaken at the level of the goods being investigated. In undertaking this assessment the Commission has also given consideration to conditions within the Chinese hot rolled coil (HRC) market, as HRC is estimated by the Commission to account for above 80 per cent of the cost to make for each of galvanised steel and aluminium zinc coated steel, and thus is a key determinant of the domestic price of galvanised steel and aluminium zinc coated steel in China. The Commission has not undertaken an assessment of conditions within the Chinese iron ore, coking coal and coke markets, as it considers that any distortions within these markets would contribute to and be reflected in conditions within the Chinese HRC market.

In the course of conducting these reviews and the related continuation inquiries, the Commission conducted an analysis of the market for galvanised steel and aluminium zinc coated steel in China. The Commission has concluded that the Government of China (GOC) materially influenced conditions within the galvanised steel and aluminium zinc coated steel markets during the review period. The GOC was able to exert this influence through its directives and oversight, subsidy programs, taxation arrangements and the significant number of state owned enterprises and state invested enterprises (in this report, referred to collectively as SOEs).

The Commission also concludes that because of the significance of this influence over the Chinese galvanised steel and aluminium zinc coated steel market, the domestic price for Chinese galvanised steel and aluminium zinc coated steel was substantially different to what it would have been in the absence of these interventions. Based on this analysis, the Commission has determined that during the review period the domestic price for Chinese galvanised steel and aluminium zinc coated steel was influenced by the GOC to a degree which makes domestic sales unsuitable for use in determining normal values under subsection 269TAC(1).

Appendix A contains the Commission’s detailed analysis.

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29 Estimate based on verified information for exporters visited as part of these reviews.
4.3.1 Constructed normal value

As a result of the market situation findings, the Commission has constructed normal values for all cooperating Chinese exporters under subsection 269TAC(2)(c), which provides that normal values be calculated as the cost of production of the exported goods plus, on the assumption that the goods, instead of being exported, had been sold on the domestic market, the selling, general and administrative (SG&A) expenses associated with the sale of those goods, and an amount for profit.

4.3.2 Approach to replacing HRC costs

In REP 190 it was determined that, in determining the cost of manufacture of the goods in China, the records of Chinese exporters of the goods did not reasonably reflect competitive market costs associated with the production or manufacture of those goods, for the purposes of the then equivalent to section 43 of the Customs (International Obligations) Regulation 2015 (the Regulation).

After analysing the cost to make and sell (CTMS) data of the Chinese exporters, the Commission has again found that HRC represents the majority of the cost to make galvanised steel and aluminium zinc coated steel. Noting the significant GOC influence in the China domestic steel market set out in Appendix A, the Commission has again concluded that, for the purpose of these reviews, the HRC prices recorded by the Chinese exporters do not reasonably reflect competitive market costs.

Using an appropriate benchmark for the replacement of costs is important to ensure normal value is ascertained fairly. The Commission considered three potential sources of a benchmark for this purpose, being private domestic prices of HRC in China, import prices of HRC in China, or an external benchmark.

The Commission considers that, for the same reasons as set out in Appendix A, domestic prices of steel in China do not reflect competitive market costs and therefore are not suitable for this purpose. The Commission also considers that HRC import prices in China do not reflect competitive market prices due to the lack of import penetration.

Accordingly, the Commission has had regard to an external benchmark. The Commission has relied on the verified domestic HRC purchase costs from the review period available for exporters in Korea and Taiwan for this purpose, on the basis that these markets are characterised by a number of producers, buyers and sellers of HRC in an environment which appears to be free from distortions caused by government or other interference.

The Commission collated all HRC purchases from these exporters during the review period and calculated a quarterly weighted average HRC purchase cost in Chinese Yuan (RMB). Chinese exporters’ domestic HRC purchase costs have been uplifted by the difference between the price actually paid by them for that product, and the price of the comparable competitive market benchmark. For fully integrated Chinese exporters, the HRC cost has been replaced in the exporters’ CTMS data.
4.4 Variable factors: Galvanised steel

4.4.1 Angang (China)

The Commission conducted onsite verification of the data submitted by Angang in its REQ.

4.4.1.1 Export price

The Commission is satisfied that:

- the goods have been exported to Australia otherwise than by the importer; and
- the purchases of the goods were arm’s length transactions.

However the Commission considers that the export price for these sales cannot be determined under subsection 269TAB(1)(a) as the goods have not been purchased directly from the exporter, Angang, but through an intermediary.

Based on the information obtained at the verification visit which confirms that the importer has not purchased the goods from the exporter, the verification team considers that the export price be determined under subsection 269TAB(1)(c), having regard to all the circumstances of the exportation.

Export prices were calculated at Free on Board (FOB) terms.

4.4.1.2 Normal value

The Commission is satisfied that due to a situation in the domestic market in China, domestic selling prices are not suitable for determining normal value under subsection 269TAC(1). The Commission has therefore constructed normal value under subsection 269TAC(2)(c) and, as required by subsections 269TAC(5A) and 269TAC(5B), in accordance with sections 43, 44 and 45 of the Regulation.

Subsection 43(2) of the Regulation requires that, if an exporter keeps records relating to the like goods which are in accordance with generally accepted accounting principles, and those records reasonably reflect competitive market costs associated with the production or manufacture of like goods, then the cost of production must be worked out using the exporter’s records.

As discussed in section 4.3.2, the Commission has determined that the costs relating to purchases of HRC during the inquiry period contained in Angang’s records do not reflect competitive market costs. The Commission has applied a cost replacement by reference to the benchmark discussed in section 4.3.2 and in accordance with the Regulation as described above.

The Commission has worked out an amount for SG&A costs under subsection 44(2) of the Regulation. The Commission calculated a weighted average SG&A cost using the information set out in Angang’s SG&A records relating to sales of like goods during the inquiry period.

The Commission has calculated an amount for profit under subsection 45(2) of the Regulation. The Commission calculated an amount of profit using actual amounts realised by Angang from the sale of like goods in the ordinary course of trade (OCOT).
4.4.1.3 Adjustments

The Commission is satisfied that there is sufficient and reliable information to justify the following adjustments, in accordance with subsection 269TAC(9) of the Act, and considers these adjustments are necessary to ensure a fair comparison of normal values and export prices:

<table>
<thead>
<tr>
<th>Adjustment Type</th>
<th>Deduction/addition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic inland transport</td>
<td>Deduct the cost of domestic inland transport</td>
</tr>
<tr>
<td>Export inland transport</td>
<td>Add the cost of export inland transport</td>
</tr>
<tr>
<td>Handling charges</td>
<td>Add the cost of export handling charges</td>
</tr>
<tr>
<td>Bank charges</td>
<td>Add the cost of export bank charges</td>
</tr>
<tr>
<td>Commission</td>
<td>Add the cost of export commission</td>
</tr>
<tr>
<td>Non-refundable Value Added Tax (VAT)</td>
<td>Add the non-refundable VAT amount of 4 per cent</td>
</tr>
</tbody>
</table>

Table 5 – Adjustments to Angang normal value

4.4.1.4 Dumping margin

The Commission has calculated a dumping margin in respect of the goods exported to Australia by Angang for the review period. The margin is 20.4 per cent.

The Commission’s calculations are included at Confidential Attachment 1.

4.4.2 YPC (China)

The Commission conducted onsite verification of the data submitted by YPC in its REQ.

4.4.2.1 Export price

The Commission is satisfied that:

- the goods have been exported to Australia otherwise than by the importer; and
- the purchases of the goods were arm’s length transactions.

However the Commission considers that the export price for these sales cannot be determined under subsection 269TAB(1)(a) as the goods have not been purchased directly from the exporter, YPC, but through an intermediary.

Based on the information obtained at the verification visit which confirms that the importer has not purchased the goods from the exporter, the verification team considers that the export price be determined under subsection 269TAB(1)(c), having regard to all the circumstances of the exportation.

Export prices were calculated at FOB terms.

4.4.2.2 Normal value

The Commission is satisfied that due to a situation in the domestic market in China, domestic selling prices are not suitable for determining normal value under subsection 269TAC(1). The Commission has therefore constructed normal value under subsection 269TAC(2)(c) and, as required by subsections 269TAC(5A) and 269TAC(5B), in accordance with sections 43, 44 and 45 of the Regulation.
Subsection 43(2) of the Regulation requires that, if an exporter keeps records relating to the like goods which are in accordance with generally accepted accounting principles, and those records reasonably reflect competitive market costs associated with the production or manufacture of like goods, then the cost of production must be worked out using the exporter’s records.

As discussed in section 4.3.2, the Commission has determined that the costs relating to purchases of HRC during the inquiry period contained in YPC’s records do not reflect competitive market costs. The Commission has applied a cost replacement by reference to the benchmark discussed in section 4.3.2 and in accordance with the Regulation as described above.

The Commission has worked out an amount for SG&A costs under subsection 44(2) of the Regulation. The Commission calculated a weighted average SG&A cost using the information set out in YPC’s SG&A records relating to sales of like goods during the inquiry period.

The Commission has calculated an amount for profit under subsection 45(2) of the Regulation. The Commission calculated an amount of profit using actual amounts realised by YPC from the sale of like goods in the OCOT.

### 4.4.2.3 Adjustments

The Commission is satisfied that there is sufficient and reliable information to justify the following adjustments, in accordance with subsection 269TAC(9) of the Act, and considers these adjustments are necessary to ensure a fair comparison of normal values and export prices:

<table>
<thead>
<tr>
<th>Adjustment Type</th>
<th>Deduction/addition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic inland transport</td>
<td>Deduct the cost of domestic inland transport</td>
</tr>
<tr>
<td>Domestic packaging</td>
<td>Deduct the cost of domestic packaging</td>
</tr>
<tr>
<td>Export inland transport</td>
<td>Add the cost of export inland transport</td>
</tr>
<tr>
<td>Export packaging</td>
<td>Add the cost of export packaging</td>
</tr>
<tr>
<td>Non-refundable VAT</td>
<td>Add the non-refundable VAT amount of 4 per cent</td>
</tr>
</tbody>
</table>

Table 6 – Adjustments to YPC normal value

### 4.4.2.4 Dumping margin

The Commission has calculated a dumping margin in respect of the goods exported to Australia by YPC for the review period. The margin is **6.7 per cent**.

The Commission’s calculations are included at [Confidential Attachment 1](#).

### 4.4.3 Zongcheng (China)

The Commission did not conduct an onsite verification of the data submitted by Zongcheng in its REQ. However, the Commission has previously undertaken an onsite verification of this exporter in the context of other cases, and the period examined substantially overlapped with the inquiry period.
4.4.3.1 Export price

The Commission is satisfied that in respect of Zongcheng’s Australian sales of galvanised steel, the export price be determined under paragraph 269TAB(1)(a), as the price paid by the importer to the exporter less transport and other costs arising after exportation.

Export prices were calculated at FOB terms.

4.4.3.2 Normal value

The Commission is satisfied that due to a situation in the domestic market in China, domestic selling prices are not suitable for determining normal value under subsection 269TAC(1). The Commission has therefore constructed normal value under subsection 269TAC(2)(c) and, as required by subsections 269TAC(5A) and 269TAC(5B), in accordance with sections 43, 44 and 45 of the Regulation.

Subsection 43(2) of the Regulation requires that, if an exporter keeps records relating to the like goods which are in accordance with generally accepted accounting principles, and those records reasonably reflect competitive market costs associated with the production or manufacture of like goods, then the cost of production must be worked out using the exporter’s records.

As discussed in section 4.3.2, the Commission has determined that the costs relating to purchases of HRC during the inquiry period contained in Zongcheng’s records do not reflect competitive market costs. The Commission has applied an uplift in the HRC cost using the benchmark as discussed in section 4.3.2 and in accordance with the Regulation as described above.

The Commission has worked out an amount for SG&A costs under subsection 44(2) of the Regulation. The Commission calculated a weighted average SG&A cost using the information set out in Zongcheng’s SG&A records relating to sales of like goods during the inquiry period.

The Commission has calculated an amount for profit under subsection 45(2) of the Regulation. The Commission calculated an amount of profit using actual amounts realised by Zongcheng from the sale of like goods in the OCOT.

4.4.3.3 Adjustments

The Commission is satisfied that there is sufficient and reliable information to justify the following adjustments, in accordance with subsection 269TAC(9) of the Act, and considers these adjustments are necessary to ensure a fair comparison of normal values and export prices:

<table>
<thead>
<tr>
<th>Adjustment Type</th>
<th>Deduction/addition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Export inland transport</td>
<td>Add the cost of export inland transport</td>
</tr>
<tr>
<td>Export packing cost</td>
<td>Add the cost of export packing cost</td>
</tr>
<tr>
<td>Export handling &amp; other fee</td>
<td>Add the cost of export terminal handling fee</td>
</tr>
<tr>
<td>Export commission</td>
<td>Add the cost of export commission</td>
</tr>
<tr>
<td>Export Inspection fee</td>
<td>Add the cost of export inspection fee</td>
</tr>
</tbody>
</table>

Table 7 – Adjustments to Zongcheng normal value
4.4.3.4 **Dumping margin**

The Commission has calculated a dumping margin in respect of the goods exported to Australia by Zoncheng for the review period. The margin is **22.2 per cent**.

The Commission’s calculations are included at Confidential Attachment 1.

4.4.4 **Guanzhou Dingxin (China)**

Guanzhou Dingxin provided a completed response to the Commission’s exporter questionnaire, although ultimately the Commission requested further information regarding certain cost data. As there was no on-site verification done for Guanzhou Dingxin, the Commission has tested the data for relevance and reliability by performing a desktop verification. The Commission notes that Guanzhou Dingxin has a significant number of domestic models, and additional time was granted in order to collate and provide the data in relation to these domestic models, the verification of which is still on foot. Noting this, the Commission has been unable to calculate a preliminary dumping margin for Guanzhou Dingxin in this SEF. Once a dumping margin is calculated, the Commission will publish a desktop verification report and allow sufficient time for submissions on this report, after the publication of this SEF.

4.4.5 **Dongbu (Korea)**

The Commission conducted an onsite verification of the data submitted by Dongbu in its REQ.

4.4.5.1 **Export price**

The Commission is satisfied that in respect of Dongbu’s Australian sales of galvanised steel, the export price be determined under paragraph 269TAB(1)(a), as the price paid by the importer to the exporter less transport and other costs arising after exportation.

Export prices were calculated at FOB terms.

4.4.5.2 **Normal value**

The Commission is satisfied that there were models with sufficient volumes of domestic sales of the goods, exported to Australia, that were arms length transactions and at prices that were within the OCOT. The Commission is therefore satisfied that the prices paid in respect of domestic sales of these models of the goods are suitable for assessing normal value under subsection 269TAC(1).

4.4.5.3 **Adjustments**

The Commission is satisfied that there is sufficient and reliable information to justify the following adjustments, in accordance with subsection 269TAC(8) of the Act, and considers these adjustments are necessary to ensure a fair comparison of normal values and export prices:
4.4.5.4 Dumping margin
The Commission has calculated a dumping margin in respect of the goods exported to Australia by Dongbu for the review period. The margin is 2.4 per cent.

The Commission’s calculations are included at Confidential Attachment 1.

4.4.6 POSCO (Korea)

The Commission conducted an onsite verification of the data submitted by POSCO in its REQ.

4.4.6.1 Export price
The Commission is satisfied that in respect of POSCO’s Australian sales of galvanised steel, the export price be determined under paragraph 269TAB(1)(a), as the price paid by the importer to the exporter less transport and other costs arising after exportation.

Export prices were calculated at FOB terms.

4.4.6.2 Normal value
The Commission is satisfied that there are some models with sufficient volumes of domestic sales of the goods, exported to Australia, that were arms length transactions and at prices that were within the OCOT. The Commission is therefore satisfied that the prices paid in respect of domestic sales of these models of the goods are suitable for assessing normal value under subsection 269TAC(1).

The Commission is satisfied that there are ten models with insufficient volumes of domestic sales of the goods, exported to Australia. The Commission considers that for these models, normal value will be calculated under subsection 269TAC(2)(c).

4.4.6.3 Adjustments
The Commission is satisfied that there is sufficient and reliable information to justify the following adjustments, in accordance with subsection 269TAC(8) and subsection 269TAC(9) of the Act, and considers these adjustments are necessary to ensure a fair comparison of normal values and export prices:

<table>
<thead>
<tr>
<th>Adjustment Type</th>
<th>Deduction/addition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic packing</td>
<td>Deduct the cost of domestic inland transport</td>
</tr>
<tr>
<td>Domestic inland freight</td>
<td>Deduct the cost of domestic inland freight</td>
</tr>
<tr>
<td>Domestic credit costs</td>
<td>Deduct the cost of domestic credit</td>
</tr>
<tr>
<td>Export inland freight</td>
<td>Add the cost of export inland freight</td>
</tr>
<tr>
<td>Export handling</td>
<td>Add the cost of the export handling</td>
</tr>
<tr>
<td>Export packing</td>
<td>Add the cost of export packing</td>
</tr>
<tr>
<td>Export bank charges</td>
<td>Add the cost of export bank charges</td>
</tr>
<tr>
<td>Export credit costs</td>
<td>Add the cost of export credit</td>
</tr>
</tbody>
</table>

Table 8 – Adjustments to Dongbu normal value
4.4.6.4 Dumping margin
The Commission has calculated a dumping margin in respect of the goods exported to Australia by POSCO for the review period. The margin is **negative 15.4 per cent**.

The Commission's calculations are included at **Confidential Attachment 1**.

4.4.7 YPE (Taiwan)

The Commission conducted an onsite verification of the data submitted by YPE in its REQ.

4.4.7.1 Export price

The Commission is satisfied that:

- the goods have been exported to Australia otherwise than by the importer; and
- the purchases of the goods were arm’s length transactions.

However the Commission considers that the export price for these sales cannot be determined under subsection 269TAB(1)(a) as the goods have not been purchased directly from the exporter, YPE, but through an intermediary.

Based on the information obtained at the verification visit which confirms that the importer has not purchased the goods from the exporter, the verification team considers that the export price be determined under subsection 269TAB(1)(c), having regard to all the circumstances of the exportation.

Export prices were calculated at FOB terms.

4.4.7.2 Normal value

The Commission is satisfied that there is sufficient volumes of domestic sales of like goods that were arms’ length transactions and at prices that were in the OCOT for 12 out of 26 of the models exported to Australia. The Commission is therefore satisfied that the prices paid in respect of those domestic sales of galvanised steel are suitable for assessing normal value under subsection 269TAC(1) for those 12 models.
For the remaining 14 export models, the Commission is satisfied that the normal value must be calculated under subsection 269TAC(2)(c)

4.4.7.3 Adjustments

The Commission is satisfied that there is sufficient and reliable information to justify the following adjustments, in accordance with subsection 269TAC(8) and subsection 269TAC(9) of the Act, and considers these adjustments are necessary to ensure a fair comparison of normal values and export prices:

<table>
<thead>
<tr>
<th>Adjustment Type</th>
<th>Deduction/addition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic packaging</td>
<td><strong>Deduct</strong> the cost of domestic packaging</td>
</tr>
<tr>
<td>Domestic inland freight</td>
<td><strong>Deduct</strong> the cost of domestic inland freight</td>
</tr>
<tr>
<td>Domestic credit</td>
<td><strong>Deduct</strong> the cost of domestic credit</td>
</tr>
<tr>
<td>Export packaging</td>
<td><strong>Add</strong> the cost of export packaging</td>
</tr>
<tr>
<td>Export inland freight</td>
<td><strong>Add</strong> the cost of export inland freight</td>
</tr>
<tr>
<td>Export handling</td>
<td><strong>Add</strong> the cost of export handling</td>
</tr>
<tr>
<td>Export port charges</td>
<td><strong>Add</strong> the cost of export port charges, including trade promotion fee, harbour construction fee, cargo certification fee, warehousing expense and cargo loading fees</td>
</tr>
<tr>
<td>Export credit</td>
<td><strong>Add</strong> the cost of export credit</td>
</tr>
</tbody>
</table>

Table 10 – Adjustments to YPE normal value

4.4.7.4 Dumping margin

The Commission has calculated a dumping margin in respect of the goods exported to Australia by YPE for the review period. The margin is **2.4 per cent**.

The Commission’s calculations are included at Confidential Attachment 1.

4.4.8 Synn Industrial (Taiwan)

The Commission did not conduct an onsite verification of the data submitted by Synn Industrial in its REQ. The Commission compared the data submitted by Synn Industrial to other exporters in Taiwan and similar data obtained from Synn Industrial in previous cases and was satisfied that the information provided was complete, accurate and reliable.

4.4.8.1 Export price

The Commission is satisfied that in respect of Synn Industrial’s Australian sales of galvanised steel, the export price be determined under paragraph 269TAB(1)(a), as the price paid by the importer to the exporter less transport and other costs arising after exportation.

Export prices were calculated at FOB terms.
4.4.8.2 Normal value
The Commission is satisfied that there is sufficient volumes of domestic sales of like goods that were arms’ length transactions and at prices that were in the OCOT for one out of five of the models exported to Australia. The verification team is therefore satisfied that the prices paid in respect of those domestic sales of galvanised steel are suitable for assessing normal value under subsection 269TAC(1) for that one model.

For the remaining four export models, the verification team constructed the normal value under subsection 269TAC(2)(c)

4.4.8.3 Adjustments
The Commission is satisfied that there is sufficient and reliable information to justify the following adjustments, in accordance with subsection 269TAC(8) and subsection 269TAC(9) of the Act, and considers these adjustments are necessary to ensure a fair comparison of normal values and export prices:

<table>
<thead>
<tr>
<th>Adjustment Type</th>
<th>Deduction/addition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic inland transport</td>
<td>Deduct the cost of domestic inland transport</td>
</tr>
<tr>
<td>Domestic credit cost</td>
<td>Deduct the cost of domestic credit costs</td>
</tr>
<tr>
<td>Domestic packing cost</td>
<td>Deduct the cost of packing expenses</td>
</tr>
<tr>
<td>Export inland transport</td>
<td>Add the cost of export inland transport</td>
</tr>
<tr>
<td>Export packing cost</td>
<td>Add the cost of export packing cost</td>
</tr>
<tr>
<td>Export handling &amp; other fee</td>
<td>Add the cost of export terminal handling fee</td>
</tr>
<tr>
<td>Export Customs brokerage fee</td>
<td>Add the cost of export Customs brokerage fee</td>
</tr>
<tr>
<td>Export harbour service fee</td>
<td>Add the cost of export harbour service fee</td>
</tr>
<tr>
<td>Export trade promotion fee</td>
<td>Add the cost of export trade promotion fee</td>
</tr>
<tr>
<td>Export commission</td>
<td>Add the cost of export commission</td>
</tr>
<tr>
<td>Export documentation fee</td>
<td>Add the cost of export documentation fee</td>
</tr>
</tbody>
</table>

Table 11 – Adjustments to Synn Industrial normal value

4.4.8.4 Dumping margin
The Commission has calculated a dumping margin in respect of the goods exported to Australia by Synn Industrial for the review period. The margin is 6.0 per cent.

The Commission’s calculations are included at Confidential Attachment 1.

4.4.9 Chung Hung (Taiwan)

The Commission conducted an onsite verification of the data submitted by Chung Hung in its REQ. The Commission compared the data submitted by Chung Hung to other exporters in Taiwan and similar data obtained from Chung Hung in previous cases and was satisfied that the information provided was complete, accurate and reliable.
4.4.9.1 Export price

The Commission is satisfied that in respect of Chung Hung’s Australian sales of galvanised steel, the export price be determined under paragraph 269TAB(1)(a), as the price paid by the importer to the exporter less transport and other costs arising after exportation.

The majority of Chung Hung’s exports to Australia are subject to a goods exemption and are therefore not considered in the calculation of the export price.

Export prices were calculated at FOB terms.

4.4.9.2 Normal value

The Commission is satisfied that there were models with sufficient volumes of domestic sales of the goods, exported to Australia, that were arms length transactions and at prices that were within the OCOT. The Commission is therefore satisfied that the prices paid in respect of domestic sales of these models of the goods are suitable for assessing normal value under subsection 269TAC(1).

4.4.9.3 Adjustments

The Commission is satisfied that there is sufficient and reliable information to justify the following adjustments, in accordance with subsection 269TAC(8) of the Act, and considers these adjustments are necessary to ensure a fair comparison of normal values and export prices:

<table>
<thead>
<tr>
<th>Adjustment Type</th>
<th>Deduction/addition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic inland transport</td>
<td>Deduct the cost of domestic inland transport</td>
</tr>
<tr>
<td>Domestic credit cost</td>
<td>Deduct the cost of domestic credit costs</td>
</tr>
<tr>
<td>Domestic packing cost</td>
<td>Deduct the cost of packing expenses</td>
</tr>
<tr>
<td>Export inland transport</td>
<td>Add the cost of export inland transport</td>
</tr>
<tr>
<td>Export packing cost</td>
<td>Add the cost of export packing cost</td>
</tr>
<tr>
<td>Export handling &amp; other fee</td>
<td>Add the cost of export terminal handling fee</td>
</tr>
<tr>
<td>Export survey fee</td>
<td>Add the cost of export survey fee</td>
</tr>
<tr>
<td>Export Customs brokerage fee</td>
<td>Add the cost of export Customs brokerage fee</td>
</tr>
<tr>
<td>Export harbour service fee</td>
<td>Add the cost of export harbour service fee</td>
</tr>
<tr>
<td>Export trade promotion fee</td>
<td>Add the cost of export trade promotion fee</td>
</tr>
<tr>
<td>Export commission</td>
<td>Add the cost of export commission</td>
</tr>
<tr>
<td>Export service fee</td>
<td>Add the cost of export service fee</td>
</tr>
<tr>
<td>Export other charges</td>
<td>Add the cost of export other charges</td>
</tr>
</tbody>
</table>

Table 12 – Adjustments to Chung Hung normal value

4.4.9.4 Dumping margin

The Commission has calculated a dumping margin in respect of the goods exported to Australia by Chung Hung for the review period. The Commission has excluded export sales with a goods exemption from the calculation. The margin is 8.4 per cent.
The Commission's calculations are included at Confidential Attachment 1.

4.4.10 Uncooperative and all other exporters

4.4.10.1 China

For all other exporters from China, the Commission has calculated export price and normal value (and subsequently a dumping margin) by reference to all relevant information. The Commission has done this by comparing the highest weighted average normal value calculated for the cooperating exporters and compared it to the lowest weighted average export price calculated for cooperating exporters. The margin for all other exporters of the goods from China is 25.4 per cent.

The Commission's calculations are included at Confidential Attachment 1.

4.4.10.2 Korea

For all other exporters from Korea, the Commission has calculated export price and normal value (and subsequently a dumping margin) by reference to all relevant information. The Commission has done this by comparing the highest normal value calculated for the cooperating exporters and compared it to the lowest export price calculated for cooperating exporters. The margin for all other exporters of the goods from Korea is 13.7 per cent.

The Commission's calculations are included at Confidential Attachment 1.

4.4.10.3 Taiwan

For all other exporters from Taiwan, the Commission has calculated export price and normal value (and subsequently a dumping margin) by reference to all relevant information. The Commission has done this by comparing the highest normal value calculated for the cooperating exporters and compared it to the lowest export price calculated for cooperating exporters. The margin for all other exporters of the goods from Taiwan is 27.0 per cent.

The Commission's calculations are included at Confidential Attachment 1.

4.5 Variable factors: Aluminium zinc coated steel

4.5.1 YPC (China)

The Commission conducted onsite verification of the data submitted by YPC in its REQ.

4.5.1.1 Export price

The Commission is satisfied that:

- the goods have been exported to Australia otherwise than by the importer; and
- the purchases of the goods were arm’s length transactions.

However the Commission considers that the export price for these sales cannot be determined under subsection 269TAB(1)(a) as the goods have not been purchased directly from the exporter, YPC, but through an intermediary.
Based on the information obtained at the verification visit which confirms that the importer has not purchased the goods from the exporter, the verification team considers that the export price be determined under subsection 269TAB(1)(c), having regard to all the circumstances of the exportation.

Export prices were calculated at FOB terms.

4.5.1.2 Normal value

The Commission is satisfied that due to a situation in the domestic market in China, domestic selling prices are not suitable for determining normal value under subsection 269TAC(1). The Commission has therefore constructed normal value under subsection 269TAC(2)(c) and, as required by subsections 269TAC(5A) and 269TAC(5B), in accordance with sections 43, 44 and 45 of the Regulation.

Subsection 43(2) of the Regulation requires that, if an exporter keeps records relating to the like goods which are in accordance with generally accepted accounting principles, and those records reasonably reflect competitive market costs associated with the production or manufacture of like goods, then the cost of production must be worked out using the exporter’s records.

As discussed in section 4.3.2, the Commission has determined that the costs relating to purchases of HRC during the inquiry period contained in YPC’s records do not reflect competitive market costs. The Commission has applied a cost replacement by reference to the benchmark discussed in section 4.3.2 and in accordance with the Regulation as described above.

The Commission has worked out an amount for SG&A costs under subsection 44(2) of the Regulation. The Commission calculated a weighted average SG&A cost using the information set out in YPC’s SG&A records relating to sales of like goods during the inquiry period.

The Commission has calculated an amount for profit under subsection 45(2) of the Regulation. The Commission calculated an amount of profit using actual amounts realised by YPC from the sale of like goods in the OCOT.

4.5.1.3 Adjustments

The Commission is satisfied that there is sufficient and reliable information to justify the following adjustments, in accordance with subsection 269TAC(9) of the Act, and considers these adjustments are necessary to ensure a fair comparison of normal values and export prices:

<table>
<thead>
<tr>
<th>Adjustment Type</th>
<th>Deduction/addition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic inland transport</td>
<td><strong>Deduct</strong> the cost of domestic inland transport</td>
</tr>
<tr>
<td>Domestic packaging</td>
<td><strong>Deduct</strong> the cost of domestic packaging</td>
</tr>
<tr>
<td>Export inland transport</td>
<td><strong>Add</strong> the cost of export inland transport</td>
</tr>
<tr>
<td>Export packaging</td>
<td><strong>Add</strong> the cost of export packaging</td>
</tr>
<tr>
<td>Non-refundable VAT</td>
<td><strong>Add</strong> the non-refundable VAT amount of 4 per cent</td>
</tr>
</tbody>
</table>

Table 13 – Adjustments to YPC normal value
4.5.1.4 **Dumping margin**

The Commission has calculated a dumping margin in respect of the goods exported to Australia by YPC for the review period. The margin is **27.6 per cent**.

The Commission’s calculations are included at Confidential Attachment 1.

4.5.2 **Zongcheng (China)**

The Commission did not conduct an onsite verification of the data submitted by Zongcheng in its REQ. However, the Commission has previously undertaken an onsite verification of this exporter in the context of other cases, and the period examined substantially overlapped with the inquiry period.

4.5.2.1 **Export price**

The Commission is satisfied that in respect of Zongcheng’s Australian sales of aluminium zinc coated steel, the export price be determined under paragraph 269TAB(1)(a), as the price paid by the importer to the exporter less transport and other costs arising after exportation.

Export prices were calculated at FOB terms.

4.5.2.2 **Normal value**

The Commission is satisfied that due to a situation in the domestic market in China, domestic selling prices are not suitable for determining normal value under subsection 269TAC(1). The Commission has therefore constructed normal value under subsection 269TAC(2)(c) and, as required by subsections 269TAC(5A) and 269TAC(5B), in accordance with sections 43, 44 and 45 of the Regulation.

Subsection 43(2) of the Regulation requires that, if an exporter keeps records relating to the like goods which are in accordance with generally accepted accounting principles, and those records reasonably reflect competitive market costs associated with the production or manufacture of like goods, then the cost of production must be worked out using the exporter’s records.

As discussed in section 4.3.2, the Commission has determined that the costs relating to purchases of HRC during the inquiry period contained in Zongcheng’s records do not reflect competitive market costs. The Commission has applied an uplift in the HRC cost using the benchmark as discussed in section 4.3.2 and in accordance with the Regulation as described above.

The Commission has worked out an amount for SG&A costs under subsection 44(2) of the Regulation. The Commission calculated a weighted average SG&A cost using the information set out in Zongcheng’s SG&A records relating to sales of like goods during the inquiry period.

The Commission has calculated an amount for profit under subsection 45(2) of the Regulation. The Commission calculated an amount of profit using actual amounts realised by Zongcheng from the sale of like goods in the OCOT.
4.5.2.3 Adjustments

The Commission is satisfied that there is sufficient and reliable information to justify the following adjustments, in accordance with subsection 269TAC(9) of the Act, and considers these adjustments are necessary to ensure a fair comparison of normal values and export prices:

<table>
<thead>
<tr>
<th>Adjustment Type</th>
<th>Deduction/addition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Export inland transport</td>
<td>Add the cost of export inland transport</td>
</tr>
<tr>
<td>Export packing cost</td>
<td>Add the cost of export packing cost</td>
</tr>
<tr>
<td>Export handling &amp; other fee</td>
<td>Add the cost of export terminal handling fee</td>
</tr>
<tr>
<td>Export commission</td>
<td>Add the cost of export commission</td>
</tr>
<tr>
<td>Export Inspection fee</td>
<td>Add the cost of export inspection fee</td>
</tr>
</tbody>
</table>

Table 14 – Adjustments to Zongcheng normal value

4.5.2.4 Dumping margin

The Commission has calculated a dumping margin in respect of the goods exported to Australia by Zoncheng for the review period. The margin is **10.7 per cent**.

The Commission’s calculations are included at Confidential Attachment 1.

4.5.3 Angang (China)

The Commission conducted onsite verification of the data submitted by Angang in its REQ.  

4.5.3.1 Export price

Angang did not export any volumes of aluminium zinc coated steel to Australia during this review period. Angang did, however, export aluminium zinc coated steel to Australia during the original investigation, which was used in the calculation of a dumping margin.

The Commission has considered whether the requirements of subsection 269TAB(2A) have been met, and therefore, whether Angang’s export price is to be determined under subsection 269TAB(2B). Subsection 269TAB(2A) specifies that the export price of the goods exported to Australia 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.

The Commission has considered these elements as set out above in regards to Angang.
Previous volumes of exports by Angang – subsection 269TAB(2A)(b)(i)

Angang has previously exported aluminium zinc coated steel prior to the review period, during the original investigation period (1 July 2011 to 30 June 2012).

The Commission has compared previous export volumes to those volumes in the current review period and find that Angang is exporting aluminium zinc coated steel to Australia in lower volumes than previously.

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

The Commission has examined exports of aluminium zinc coated steel to Australia from all sources. This examination indicates that, despite a decline in imports of aluminium zinc coated steel from Angang, demand for aluminium zinc coated steel persists in the Australian domestic market generally, and there does not appear to have been a marked decline in overall volume of aluminium zinc coated steel exports to Australia.

In addition, other exporters the subject of this review have exported aluminium zinc coated steel to Australia in consistent volumes. The Commission therefore considers that Angang’s low volume of exports to Australia during the review period, does not pertain to an absence of exports, or low volume of exports, to Australia generally.

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

The Commission notes that the explanatory memorandum for these provisions 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 found that Angang manufactured and sold like goods on the domestic market and to third countries during the review period (see exporter verification report on the public record). 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 Angang that are affecting trade for like goods.

Commission’s consideration – subsection 269TAB(2A)

Having regard to the above, the Commission considers that, for Angang, there is insufficient or unreliable information to ascertain an export price due to a low volume of exports to Australia. Angang previously exported the goods to Australia in higher volumes and, despite the reduction in exports from Angang, imports of aluminium zinc coated steel overall have not similarly declined. In addition, Angang has not demonstrated that there are factors affecting the patterns of trade that are beyond its control.

Therefore, the Commission considers it appropriate to ascertain export prices under subsection 269TAB(2B). Pursuant to this subsection, the Commission is able to determine an export price having regard to any of the following:

30 Refer page 31 of the explanatory memorandum to the Customs Amendment (Anti-Dumping Measures) Bill 2017.
• a previous export price for the goods exported to Australia by Angang, established in accordance with subsection 269TAB(1), for a decision of a kind mentioned in subsection 269TAB(2D);\textsuperscript{31}
• the price paid or payable for like goods sold by Angang in arms length transactions for exportation from China to a third country determined by the Minister to be an appropriate third country;\textsuperscript{32} or
• an 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).\textsuperscript{33}

**Previous export price – subsection 269TAB(2B)(a)**

An export price for Angang was determined under subsection 269TAB(1) for the purposes of publishing the notice under subsections 269TG(1) and (2) with respect to the original investigation. The decisions to publish notices under subsections 269TG(1) and (2) are decisions referred to in subsection 269TAB(2D). Therefore subsection 269TAB(2B)(a) is available for determining the export price.

**Third country export price – subsection 269TAB(2B)(b)**

Angang indicated in its REQ that it did export to third countries during the review period. The Commission confirmed third country exports by Angang during an onsite verification visit. The Commission did not find any evidence to suggest exports to third countries were not at arms length. Therefore subsection 269TAB(2B)(b) is available for determining the export price.

**Another exporter’s export price – subsection 269TAB(2B)(c)**

Yieh Phui (China) and Zongcheng both exported the goods to Australia and are also subject to this review. Subsection 269TAB(2E) provides that, for the purposes of subsection 269TAB(2B)(c), a decision, as listed in subsection 269TAB(2D), must be (a) made not more than 2 years before the day the Commissioner published a notice of the review, and (b) made by the day the notice of review is published under subsection 269ZDB. Both exporters will have their export price determined under subsection 269TAB(1). Therefore subsection 269TAB(2B)(c) is available for determining Angang’s export price.

**Commission’s consideration – subsection 269TAB(2B)**

All three methodologies set out under subsection 269TAB(2B) are available for determining Angang’s export price. The Commission considers that the export prices of other exporters in the review period, being established in accordance with subsection 269TAB(1) in this review, reflect current market conditions and market prices of the goods exported to Australia from China.

\textsuperscript{31} Subsection 269TAB(2B)(a).
\textsuperscript{32} Subsection 269TAB(2B)(b).
\textsuperscript{33} Subsection 269TAB(2B)(c).
The Commission’s view is that these prices most reasonably reflect the export prices that Angang would have achieved if it had exported during the review period, and therefore is the most appropriate basis on which to determine Angang’s export price.

The Commission established export prices for Angang using the weighted average export prices of YPC and Zongcheng during the review period.

Angang’s export price calculations are at Confidential Attachment 1.

4.5.3.2 Normal value

The Commission is satisfied that due to a situation in the domestic market in China, domestic selling prices are not suitable for determining normal value under subsection 269TAC(1). The Commission has therefore constructed normal value under subsection 269TAC(2)(c) and, as required by subsections 269TAC(5A) and 269TAC(5B), in accordance with sections 43, 44 and 45 of the Regulation.

Subsection 43(2) of the Regulation requires that, if an exporter keeps records relating to the like goods which are in accordance with generally accepted accounting principles, and those records reasonably reflect competitive market costs associated with the production or manufacture of like goods, then the cost of production must be worked out using the exporter’s records.

As discussed in section 4.3.2, the Commission has determined that the costs relating to purchases of HRC during the inquiry period contained in Angang’s records do not reflect competitive market costs. The Commission has applied a cost replacement by reference to the benchmark discussed in section 4.3.2 and in accordance with the Regulation as described above.

The Commission has worked out an amount for SG&A costs under subsection 44(2) of the Regulation. The Commission calculated a weighted average SG&A cost using the information set out in Angang’s SG&A records relating to sales of like goods during the inquiry period.

The Commission has calculated an amount for profit under subsection 45(2) of the Regulation. The Commission calculated an amount of profit using actual amounts realised by Angang from the sale of like goods in the OCOT.

4.5.3.3 Adjustments

The Commission is satisfied that there is sufficient and reliable information to justify the following adjustments, in accordance with subsection 269TAC(9) of the Act, and considers these adjustments are necessary to ensure a fair comparison of normal values and export prices:
**Adjustment Type** | **Deduction/addition**
--- | ---
Domestic inland transport | **Deduct** the cost of domestic inland transport
Export inland transport | **Add** the cost of export inland transport
Handling charges | **Add** the cost of export handling charges
Bank charges | **Add** the cost of export bank charges
Commission | **Add** the cost of export commission
Non-refundable VAT | **Add** the non-refundable VAT amount of 4 per cent

Table 15 – Adjustments to Angang normal value

### 4.5.3.4 Dumping margin

The Commission has calculated a dumping margin in respect of the goods exported to Australia by Angang for the review period. The margin is **32.3 per cent**.

The Commission’s calculations are included at Confidential Attachment 1.

### 4.5.4 Dongbu (Korea)

The Commission conducted an onsite verification of the data submitted by Dongbu in its REQ.

#### 4.5.4.1 Export price

Dongbu exported a small volume of aluminium zinc coated steel to Australia in the review period when compared to the volume it exported to Australia in the original investigation period (REP 190). The Commission has considered whether the requirements of subsection 269TAB(2A) have been met, and therefore, whether Dongbu’s export price is to be determined under subsection 269TAB(2B).

Subsection 269TAB(2A) specifies that the export price of the goods exported to Australia 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.

The Commission has considered these elements as set out above in regards to Dongbu as follows:
Previous volumes of exports by Dongbu – subsection 269TAB(2A)(b)(i)

Dongbu has previously exported the goods prior to the current review period, during the original investigation period (1 July 2011 to 30 June 2012). Since the original investigation, Dongbu has applied for two Reviews. It was observed that Dongbu’s exports of aluminium zinc coated steel during Review 272 was substantially lower than the original investigation and for Review 385, no exports of aluminium zinc coated were observed during the review period.

The Commission has compared previous export volumes to those volumes in the current review period and finds that Dongbu is exporting aluminium zinc coated steel to Australia in significantly lower volumes than previously.

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

The Commission has examined exports of Dongbu to Australia from all sources. This examination indicates that, despite a decline in imports of aluminium zinc coated steel from Dongbu, demand for aluminium zinc coated steel persists in the Australian domestic market generally, and there does not appear to have been a marked decline in overall volume of aluminium zinc coated steel exports to Australia. In addition, non-subject exporters from Korea have continued to export aluminium zinc coated steel to Australia.

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

The Commission notes that the explanatory memorandum for these provisions 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 found that Dongbu manufactured and sold like goods on the domestic market and to third countries during the review period (see exporter verification report on the public record). 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 Dongbu that are affecting trade for like goods.

Commission’s consideration – subsection 269TAB(2A)

Having regard to the above, the Commission considers that, for Dongbu, there is insufficient or unreliable information to ascertain an export price due to a low volume of exports to Australia. Dongbu previously exported the goods to Australia in higher volumes and, despite the reduction in exports from Dongbu, imports of aluminium zinc coated steel overall have not similarly declined. In addition, Dongbu has not demonstrated that there are factors affecting the patterns of trade that are beyond its control.

Therefore, the Commission considers it appropriate to ascertain export prices under subsection 269TAB(2B). Pursuant to this subsection, the Commission is able to determine an export price having regard to any of the following:

34 Refer page 31 of the explanatory memorandum to the Customs Amendment (Anti-Dumping Measures) Bill 2017.
• a previous export price for the goods exported to Australia by Dongbu, established in accordance with subsection 269TAB(1), for a decision of a kind mentioned in subsection 269TAB(2D);\(^\text{35}\)
• the price paid or payable for like goods sold by Dongbu in arms length transactions for exportation from Korea to a third country determined by the Minister to be an appropriate third country;\(^\text{36}\) or
• an export price for like goods exported to Australia from Korea by another exporter or exporters established in accordance with subsection 269TAB(1) for a decision mentioned in subsection 269TAB(2D).\(^\text{37}\)

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

An export price for Dongbu was determined under subsection 269TAB(1) for the purposes of publishing the notice under subsections 269TG(1) and (2) with respect to the original investigation. Subsequently, Review 272 and 273 also determined an export price as per subsection 269TAB(1). The decisions to publish notices under subsections 269TG(1) and (2) and subsection 269ZDB(1) are decisions referred to in subsection 269TAB(2D). Therefore subsection 269TAB(2B)(a) is available for determining the export price.

Third country export price – subsection 269TAB(2B)(b)

Dongbu indicated in its REQ that it exported to third countries during the review period. The Commission confirmed third country exports by Dongbu during an onsite verification visit. The Commission did not find any evidence to suggest exports to third countries were not at arms length. Therefore subsection 269TAB(2B)(b) is available for determining the export price.

Another exporter’s export price – subsection 269TAB(2B)(c)

Subsection 269TAB(2B)(c) is not available for determining Dongbu’s export price as there is no other exporter with a subsection 269TAB(1) export price available from Korea.

Commission’s consideration – subsection 269TAB(2B)

Two of the methodologies set out under subsection 269TAB(2B) are available for determining Dongbu’s export price. The Commission considers third country sales as per subsection 269TAB(2B)(c) to be the most appropriate methodology for calculating an export price from Dongbu for the following reasons:

• models sold in previous subsection 269TAB(1) export price determinations, as per notices published under subsection 269TAB(2D) for Dongbu, are not like models to those sold in the domestic and export markets currently;
• Dongbu 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 Dongbu during the period of review;

\(^{35}\) Subsection 269TAB(2B)(a)
\(^{36}\) Subsection 269TAB(2B)(b).
\(^{37}\) Subsection 269TAB(2B)(c).
under subsection 269TAB(2F)(a), the Commission may have regard to the volume of trade from Korea to the third country. The Commission has analysed the volume of trade of like goods from Dongbu to Belgium, and observes that these volumes are similar to the volumes that were exported to Australia by Dongbu during the original investigation period;

under subsection 269TAB(2F)(b), the Commission has considered whether the nature of the trade in goods exported between Korea and the third country is similar to the nature of the trade between Korea and Australia. For the reasons set out in Anti-Dumping Commission Report Nos. 409 and 410, also concerning aluminium zinc coated steel, the Commission considers that the nature of trade between Korea and Belgium is similar to the nature of trade between Korea and Australia; and

Dongbu’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 market by other exporters generally.

The Commission therefore considers that the determined export price (which is based on Dongbu’s exports to Belgium) is a reasonable estimate of what the export price of the goods exported to Australia would have been had volumes of exports from Dongbu not been deemed to be low or no volume exports of aluminium zinc coated steel to Australia from Dongbu.

Dongbu’s export price calculations are at Confidential Appendix 1.

4.5.4.2 Normal value

The Commission is satisfied that there were models with sufficient volumes of domestic sales of the goods, exported to Australia, that were arms length transactions and at prices that were within the OCOT. The Commission is therefore satisfied that the prices paid in respect of domestic sales of these models of the goods are suitable for assessing normal value under subsection 269TAC(1).

4.5.4.3 Adjustments

The Commission is satisfied that there is sufficient and reliable information to justify the following adjustments, in accordance with subsection 269TAC(8) of the Act, and considers these adjustments are necessary to ensure a fair comparison of normal values and export prices:

---

38 Available on the Commission website.
### Table 16 – Adjustments to Dongbu normal value

<table>
<thead>
<tr>
<th>Adjustment Type</th>
<th>Deduction/addition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic packing</td>
<td><strong>Deduct</strong> the cost of domestic inland transport</td>
</tr>
<tr>
<td>Domestic inland freight</td>
<td><strong>Deduct</strong> the cost of domestic inland freight</td>
</tr>
<tr>
<td>Domestic credit costs</td>
<td><strong>Deduct</strong> the cost of domestic credit</td>
</tr>
<tr>
<td>Export inland freight</td>
<td><strong>Add</strong> the cost of export inland freight</td>
</tr>
<tr>
<td>Export handling</td>
<td><strong>Add</strong> the cost of the export handling</td>
</tr>
<tr>
<td>Export packing</td>
<td><strong>Add</strong> the cost of export packing</td>
</tr>
<tr>
<td>Export bank charges</td>
<td><strong>Add</strong> the cost of export bank charges</td>
</tr>
<tr>
<td>Export credit costs</td>
<td><strong>Add</strong> the cost of export credit</td>
</tr>
</tbody>
</table>

#### 4.5.4.4 Dumping margin

The Commission has calculated a dumping margin in respect of the goods exported to Australia by Dongbu for the review period. The margin is **17.7 per cent**.

The Commission’s calculations are included at [Confidential Attachment 1](#).

#### 4.5.5 Uncooperative and all other exporters

##### 4.5.5.1 China

For all other exporters from China, the Commission has calculated export price and normal value (and subsequently a dumping margin) by reference to all relevant information. The Commission has done this by comparing the highest normal value calculated for the cooperating exporters and compared it to the lowest export price calculated for cooperating exporters. The margin for all other exporters of the goods from China is **34.5 per cent**.

The Commission’s calculations are included at [Confidential Attachment 1](#).

##### 4.5.5.2 Korea

For all other exporters from Korea, the Commission has calculated export price and normal value (and subsequently a dumping margin) by reference to all relevant information. The Commission has had regard to Dongbu's weighted average export price and its weighted average normal value (exclusive of favourable adjustments) for this purpose. The margin for all other exporters of the goods from Korea is **24.8 per cent**.

The Commission’s calculations are included at [Confidential Attachment 1](#).
5 VARIABLE FACTORS – COUNTERVAILING NOTICES

5.1 Findings

The Commissioner finds that the variable factors relevant to the determination of ICD under the Dumping Duty Act have not changed.

The Commissioner proposes to recommend to the Assistant Minister that the countervailing duty notices remain unchanged.

5.2 Relevant information

As noted in Chapter 2, the countervailing duty notice in respect of galvanised steel applies to all exporters from China other than Angang, ANSC-TKS Galvanizing, YPC and Zongcheng. The countervailing duty notice in respect of aluminium zinc coated steel applies to all exporters from China other than Angang, Zongcheng, Union Steel China and YPC.

The only exporter that is subject to a countervailing duty notice in these reviews that provided relevant information to the Commission is Guanzhou Dingxin.

The Commission has not received a Government of China (GOC) questionnaire response 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. Appendix B sets out the Commission’s analysis of these programs.

5.3 Countervailing margin: Galvanised steel

After assessing all relevant information provided by Guanzhou Dingxin, the Commission found that no subsidies have been received in respect of galvanised steel manufactured by Guanzhou Dingxin. As such, the subsidy margin applicable to Guanzhou Dingxin is zero per cent.

5.3.1 Uncooperative and all other exporters

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

5.4 Countervailing margin: Aluminium zinc coated steel

The Commission has not received a response from any exporters subject to the 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 NON-INJURIOUS PRICE

6.1 Non-Injurious Price

The NIP is defined in section 269TACA as “the minimum price necessary to prevent the injury, or a recurrence of the injury” caused by the dumped or subsidised goods the subject of a dumping duty notice or a countervailing duty notice. The NIP is ordinarily determined by having regard to the Australian industry’s selling prices from a period where the industry is not affected by dumping.

6.2 Lesser Duty Rule

The calculation of the NIP is relevant for the purposes of the lesser duty rule under the Dumping Duty Act.\(^{39}\) The level of dumping duty imposed by the Assistant Minister cannot exceed the margin of dumping, but, where the NIP of the goods is less than the normal value of the goods, the Assistant Minister must also have regard to the desirability of fixing a lesser amount of duty.

However, pursuant to subsection 8(5BAA) of the Dumping Duty Act, the Assistant Minister is not required to have regard to the desirability of fixing a lesser amount of duty in certain circumstances. As a particular market situation exists in China, the Assistant Minister is not required to have regard to the desirability of fixing a lesser amount of duty for China. The Assistant Minister is required to have regard to the desirability of fixing a lesser amount of duty in certain circumstances for Korea and Taiwan.

6.3 Calculation of the NIP

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.

The Commission’s preferred approach to establishing unsuppressed selling prices is set out in chapter 23 of the Manual and observes the following hierarchy:

- industry selling prices at a time unaffected by dumping;
- constructed industry prices – the Australian industry CTMS, plus profit; or
- selling prices of undumped and unsubsidised imports.

Having calculated the unsuppressed selling price, the Commission then calculates a NIP by deducting the costs incurred in getting the goods from the export FOB point (or another point if appropriate) to the relevant level of trade in Australia. The deductions normally include overseas freight, insurance, into-store costs and amounts for importer expenses and profit.

\(^{39}\) Subsection 8(5B) of the Dumping Duty Act.
6.4 Discussion

During the original investigation (REP 190), the unsuppressed selling price was based on the Australian industry’s CTMS for the investigation period plus an amount for profit during the period. The NIP was then calculated by deducting amounts for post exportation costs.

BlueScope has submitted\(^{40}\) that it supports establishing the NIP at the normal value for each exporter. BlueScope sees no need to alter this methodology, which was used in REP 365 et al.

For the purpose of this inquiry, an unsuppressed selling price for galvanised steel and for aluminium zinc coated steel has been established by reference to BlueScope’s CTMS, plus an amount of profit actually realised during the review period for each of the goods. The Commission has then made deductions for the profit obtained and the SG&A expenses and into store costs incurred by the most efficient importer amongst those verified during each review in respect of each of the goods.

The Commission’s calculation of the NIP applying to each exporting country is contained in Confidential Attachment 2.

\(^{40}\) EPR 456 Document 003 and EPR 457 Document 003.
7 PROPOSED MEASURES

7.1 Findings

The Commissioner finds that, 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 for all exporters generally during the review period:

- the ascertained export price has changed;
- the ascertained normal value has changed; and
- the amount of countervailable subsidy has not changed.

7.2 Forms of duty available – dumping

The forms of duty available to the Assistant Minister when imposing anti-dumping measures are prescribed in the Customs Tariff (Anti-Dumping) Regulation 2013. In relation to IDD, the forms of duty are:

- fixed duty method ($X per tonne);
- floor price duty method;
- combination duty method; or
- ad valorem duty method (i.e. a percentage of the export price).\(^{41}\)

The various forms of dumping duty all have the purpose of removing the injurious effects of dumping. However, in achieving this purpose, certain forms of duty will better suit particular circumstances more so than others. In considering which form of duty to recommend to the Assistant Minister, the Commissioner will have regard to the Guidelines on the Application of Forms of Dumping Duty (the Guidelines)\(^{42}\) and relevant factors in the market for the goods.

The Commission notes that measures with both a fixed and variable element are currently imposed in the form of combination duty method. The Commission considers that the combination duty method continues to be the most appropriate form of duty in the current circumstances.

7.3 Forms of duty available – Countervailing

In relation to interim countervailing duty, duty may be calculated:

- as a proportion of the export price of the goods;
- by reference to a measure of the quantity of those particular goods; or
- by reference to a combination of the above two methods.

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\(^{41}\) Section 5 of the Customs Tariff (Anti-Dumping) Regulation 2013.

\(^{42}\) The Guidelines are available on the Commission website.
7.4 Proposed recommendations

The Commissioner proposes to recommend to the Assistant Minister that the dumping duty notice in respect of exports of galvanised steel exported from China, Korea and Taiwan and of aluminium zinc coated steel exported from China and Korea have effect as if different variable factors had been ascertained.

The Commissioner proposes to recommend to the Assistant Minister that the countervailing duty notice in respect of exports of galvanised steel and aluminium zinc coated steel exported from China is to remain unchanged.

The Commissioner recommends that duties be calculated:

- in respect of any ICD that may become payable, as a proportion of the export price of the goods;\(^{43}\) and
- in respect of any IDD that may become payable, using the combination of fixed and variable duty method.\(^{44}\)

The tables below set out the proposed anti-dumping measures that will apply.

---

\(^{43}\) In accordance with subsection 10(3B)(a) of the Dumping Duty Act.

\(^{44}\) Pursuant to subsection 5(2) of the Customs Tariff (Anti-Dumping) Regulation 2013.
### 7.4.1 Galvanised steel

<table>
<thead>
<tr>
<th>Country</th>
<th>Exporter</th>
<th>Measure</th>
<th>IDD</th>
<th>ICD</th>
<th>Form of measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>Angang</td>
<td>IDD</td>
<td>20.4%</td>
<td>N/A</td>
<td>Combination</td>
</tr>
<tr>
<td></td>
<td>YPC</td>
<td>IDD</td>
<td>6.7%</td>
<td>N/A</td>
<td>Combination</td>
</tr>
<tr>
<td></td>
<td>Zongcheng</td>
<td>IDD</td>
<td>22.7%</td>
<td>N/A</td>
<td>Combination</td>
</tr>
<tr>
<td></td>
<td>ANSC-TKS Galvanizing Co Ltd also known as TAGAL</td>
<td>IDD</td>
<td>25.4%</td>
<td>N/A</td>
<td>Combination</td>
</tr>
<tr>
<td></td>
<td>Guanzhou Dingxin</td>
<td>IDD</td>
<td>TBC</td>
<td>TBC</td>
<td>TBC</td>
</tr>
<tr>
<td></td>
<td>All other exporters</td>
<td>IDD &amp; ICD</td>
<td>25.4%</td>
<td>22.8%</td>
<td>Combination</td>
</tr>
<tr>
<td>Korea</td>
<td>Dongkuk Steel Mill Co Ltd</td>
<td>Exempt</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Dongbu</td>
<td>IDD</td>
<td>2.4%</td>
<td>N/A</td>
<td>Combination</td>
</tr>
<tr>
<td></td>
<td>POSCO</td>
<td>IDD</td>
<td>0%</td>
<td>N/A</td>
<td>Floor price</td>
</tr>
<tr>
<td></td>
<td>All other exporters</td>
<td>IDD</td>
<td>13.7%</td>
<td>N/A</td>
<td>Combination</td>
</tr>
<tr>
<td>Taiwan</td>
<td>Ta Fong Steel Co Ltd</td>
<td>Exempt</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sheng Yu Steel Co Ltd</td>
<td>Exempt</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Chung Hung</td>
<td>IDD</td>
<td>8.4%</td>
<td>N/A</td>
<td>Combination</td>
</tr>
<tr>
<td></td>
<td>YPE</td>
<td>IDD</td>
<td>2.4%</td>
<td>N/A</td>
<td>Combination</td>
</tr>
<tr>
<td></td>
<td>Synn Industrial</td>
<td>IDD</td>
<td>6.0%</td>
<td>N/A</td>
<td>Combination</td>
</tr>
<tr>
<td></td>
<td>All other exporters</td>
<td>IDD</td>
<td>27.0%</td>
<td>N/A</td>
<td>Combination</td>
</tr>
</tbody>
</table>

Table 17: Proposed measures applying to galvanised steel
# Aluminium zinc coated steel

<table>
<thead>
<tr>
<th>Country</th>
<th>Exporter</th>
<th>Measure</th>
<th>IDD</th>
<th>ICD</th>
<th>Form of measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>Angang</td>
<td>IDD</td>
<td>32.3%</td>
<td>N/A</td>
<td>Combination</td>
</tr>
<tr>
<td></td>
<td>YPC</td>
<td>IDD</td>
<td>27.6%</td>
<td>N/A</td>
<td>Combination</td>
</tr>
<tr>
<td></td>
<td>Zongcheng</td>
<td>IDD</td>
<td>10.7%</td>
<td>N/A</td>
<td>Combination</td>
</tr>
<tr>
<td></td>
<td>All other exporters</td>
<td>IDD &amp; ICD</td>
<td>34.5%</td>
<td>21.7%</td>
<td>Combination</td>
</tr>
<tr>
<td>Korea</td>
<td>Dongkuk Steel Mill Co Ltd</td>
<td>Exempt</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Dongbu Steel Co Ltd</td>
<td>IDD</td>
<td>17.7%</td>
<td>N/A</td>
<td>Combination</td>
</tr>
<tr>
<td></td>
<td>All other exporters</td>
<td>IDD</td>
<td>24.8%</td>
<td>N/A</td>
<td>Combination</td>
</tr>
</tbody>
</table>

Table 18: Proposed measures applying to aluminium zinc coated steel
## 8 APPENDICES AND ATTACHMENTS

<table>
<thead>
<tr>
<th>Appendix/Attachment</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appendix A</td>
<td>Market situation assessment</td>
</tr>
<tr>
<td>Appendix B</td>
<td>Countervailable subsidies assessment</td>
</tr>
<tr>
<td>Confidential Attachment 1</td>
<td>Dumping margin calculations</td>
</tr>
<tr>
<td>Confidential Attachment 2</td>
<td>NIP calculations</td>
</tr>
<tr>
<td>Confidential Attachment 3</td>
<td>Comparison of Platts HRC prices with HRC purchases of cooperating Chinese exporters</td>
</tr>
<tr>
<td>Confidential Attachment 4</td>
<td>Comparison of prices for galvanised steel and aluminium zinc coated steel</td>
</tr>
</tbody>
</table>
A1  Introduction

This appendix sets out the Commission’s assessment of the applicant’s claims that there was a situation in the Chinese aluminium zinc coated steel and galvanised steel markets during the review period, such that sales in these markets were not suitable for determining normal values under subsection 269TAC(1).

A1.1  Applicant’s claims

BlueScope claims that, during the review period, a particular market situation in the Chinese aluminium zinc coated steel and galvanised steel markets made sales in those markets unsuitable for determining normal values under subsection 269TAC(1).

In support of this view, BlueScope cited the Commission’s previous findings that domestic selling prices for HRC in China are artificially low and that, as a consequence, domestic selling prices for aluminium zinc coated steel and galvanised steel are also lower than they otherwise would be in the absence of GOC influence.45

A2  Assessment framework and information relied upon

A2.1  Commission’s framework for assessing market situation claims

Subsection 269TAC(2) provides for circumstances where the normal value of goods cannot be ascertained under subsection 269TAC(1) “because the situation in the market of the country of export is such that sales in that market are not suitable for use in determining a price under subsection 269TAC(1)”.46 If a market situation exists in a country, normal values may instead be constructed under subsection 269TAC(2)(c) or determined by reference to prices from a third country under subsection 269TAC(2)(d).

The Act does not prescribe what is required to reach a finding of market situation, however, it is clear that a market situation will arise when there is some factor or factors impacting the relevant market in the country of export generally with the effect that sales in that market are not suitable for use in determining normal value.

In considering whether sales are not suitable for use in determining a normal value under subsection 269TAC(1) because of the situation in the market of the country of export, the Commission may have regard to factors such as:

- whether the prices are artificially low; or
- whether there are other conditions in the market that render sales in that market not suitable for use in determining prices under subsection 269TAC(1).

45 BlueScope's applications are document 001 on the EPR for cases 449 and 450.

46 Section 269TAC(2)(a)(ii) is Australia’s implementation of Article 2.2 of the World Trade Organization (WTO) Anti-Dumping Agreement.
Government influence on prices or input costs could be one cause of artificially low pricing. Such government influence could come from any level of government.

In assessing whether a market situation exists due to government influence, the Commission will assess whether government involvement in the domestic market has materially distorted market conditions. If market conditions have been materially distorted, then domestic prices may be artificially low or not substantially the same as they would be in a competitive market.

Prices may also be artificially low or lower than they would otherwise be due to government influence on the costs of inputs. The Commission looks at the effect of any such influence on market conditions and the extent to which domestic prices can no longer be said to prevail in a normal competitive market. Government influence on costs will disqualify the associated sales if those costs are shown to affect domestic prices.

The Manual provides further guidance on the circumstances in which the Commission will find that a market situation exists.47

A2.2 Evidentiary threshold

When relevant and reasonably reliable prima facie evidence supporting the proposition that there is a market situation is set out in the application, and an investigation is initiated, the Commission will:

- notify relevant governments and exporters of the claims and of the evidence provided and further information will be sought from such governments and exporters; and
- if the relevant government or exporters fail to respond, or do not provide probative evidence in response, all available evidence is weighed up, including prima facie evidence contained in the application.48

A2.3 Information relied upon to undertake the Commission’s assessment

In undertaking this assessment, the Commission considered the following:

- BlueScope’s application for a continuation of the dumping duty notice and countervailing duty notice;
- previous market situation assessments undertaken by the Commission;
- responses to the exporter questionnaire by selected exporters; and
- desktop research, including information obtained from departmental resources and third party information providers.

The Commission did not receive a response to the government questionnaire from the GOC for these reviews. This impeded the Commission’s ability to undertake its assessment.

A2.4 Commission’s approach

In line with its legislative requirements, the Commission’s market situation assessments are undertaken at the level of the goods being investigated.

The main raw material identified for galvanised steel and aluminium zinc coated steel is HRC. This HRC is further processed to convert it to cold rolled coil (CRC). Galvanised steel and aluminium zinc coated steel is manufactured using either HRC or CRC as the base steel. HRC or CRC account for approximately 80 per cent of the weighted average cost to make for aluminium zinc coated steel and galvanised steel products, and therefore the Commission considers that distortions in the HRC market have a substantial impact on the prices paid for these goods.

Accordingly, in undertaking this assessment the Commission has also considered conditions within the Chinese HRC market. The Commission has not undertaken an assessment of conditions within the Chinese markets for the raw materials used to produce HRC (being iron ore, coking coal and coke), as any distortions within these markets would contribute to and be reflected in conditions within the Chinese HRC market.

The Commission has also given consideration to conditions within the broader Chinese steel industry. This approach was adopted because of the lack of available information concerning certain aspects of the Chinese aluminium zinc coated steel, galvanised steel and HRC markets, which was, in part, due to the GOC’s decision not to provide the Commission with a response to the government questionnaire. Noting that HRC was the most exported steel product worldwide, accounting for more than 18 per cent of all global steel exports between 2011 and 2016 and is a key input into the production of a number of different steel products, the Commission considers that conditions within the broader Chinese steel industry are likely to be representative of conditions affecting the HRC market.49

In this assessment, “GOC” refers to all levels of government in China, unless otherwise specified. Similarly, the Commission has referred to Chinese state owned enterprises and state invested enterprises collectively as SOEs. The Commission has adopted this approach as it considers the GOC has the ability to directly influence decision making in a similar fashion within these two types of entities.

A3 Context

The Chinese steel industry is the largest in the world, accounting for approximately 49 per cent of the total global crude steelmaking capacity between 2013 and 2016, with actual volumes remaining relatively stable throughout this period.50

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49 World Steel in Figures 2017, p.25
50 The Organisation for Economic Co-operation and Development (OECD), Recent Developments in Steelmaking Capacity.
In the three years to 2017, global production has increased whilst capacity has decreased, resulting in improvements to capacity utilisation overall (as per Figures 1 and 2).

![Figure 1: Global crude steelmaking capacity and crude steel production](image1)

![Figure 2: Global crude steelmaking capacity utilisation](image2)
A3.1 Previous Market Situation Findings

A number of past cases have made market situation findings concerning steel products in China. The following cases are particularly relevant, as the products examined utilise HRC as the chief raw material input:

- Case No. 116 (2006) Hollow Structural Sections
- Case No. 144 (2010) Hollow Structural Sections
- Case No. 177 (2012) Hollow Structural Sections
- Case No. 190 (2013) Galvanised and Aluminium Zinc Coated Steel
- Case No. 203 (2013) Hollow Structural Sections
- Case No. 379 (2017) Hollow Structural Sections

A4 GOC influence in Chinese steel markets

The Commission considers the GOC’s involvement within and influence over the steel industry to be a primary cause of the prevailing structural imbalances within both the broader steel industry and the HRC market. This involvement includes the issuing of planning guidelines and directives along with provisions of direct and indirect financial support. These are discussed in further detail below.

A4.1 Role and operation of SOEs

Between 2010 and 2015, SOEs accounted for 44 per cent of total Chinese steel production, however this may have been as high as 60 per cent. The World Bank has found that “state enterprises have close connections with the Chinese government. SOEs are more likely to enjoy preferential access to bank finance and other important inputs, privileged access to business opportunities, and even protection against competition.”

While the Commission does not consider that the presence of these entities alone causes markets to be distorted, it does consider that the presence of these entities is likely to result in the GOC’s plans and directives being adhered to. The Commission also considers that the support provided to these entities by the GOC has enabled many of them to be operated on non-commercial terms for extended periods, significantly impacting supply and pricing conditions within the domestic Chinese market.

51 Support measures include stimulus programs, land and energy subsidies and soft lending policies.
54 Platts Steel Business Briefing (Platts), Global Market Outlook, January 2016, p14.
56 Anti-Dumping Commission, Analysis of Steel and Aluminium Markets Report to the Commissioner of the Anti-Dumping Commission August 2016 (Commissioner’s Steel Report), p47.
Examples of these support mechanisms include government subsidies, support from associated enterprises (through direct subsidy, interest-free loans or provision of loan guarantees) and loans from state-owned banks. \(^{57}\)

The Commission considers these mechanisms have supported the rapid expansion of steel production capacity in the SOE segment, in spite of repeated attempts by the Central Government to reduce the scale of steel production. It is also the Commission’s view that these support mechanisms have created rigidities in the way recipient firms respond to price and profit signals and hence have significantly contributed to the excessive investment in capacity, excess steel production and distorted prices.

The significance of SOEs to the broader Chinese economy, including the steel industry, is also reflected in the State Council of China’s recent *Guidance on the Promotion of Central Enterprises Restructuring and Reorganisation* (the *Guidance*). \(^{58}\) In introducing the *Guidance*, the State Council notes the important role of SOEs in actively promoting structural adjustment, optimisation of structural layout and quality improvement within the Chinese economy. The *Guidance* also indicates that the State Council will deepen reform of SOE policies and arrangements to optimise state owned capacity allocation, promote transformation and upgrading. Details concerning the promotion of central enterprises restructuring and reorganisation include the ‘safeguard measures’ theme, the strengthening of the organisation and leadership of SOEs, strengthening of industry guidance, increased policy support and improved support measures more generally.

### A4.2 Initiatives influencing Chinese steel markets

Specific initiatives announced in recent years to address imbalances in the Chinese steel markets include the Central Government’s supply-side reform initiatives, *Advice on Addressing Excessive Capacity and Relieving Hardship for the Steel industry* (GOC Advice) and *The Opinions of the State Council on Reducing Overcapacity in the Iron and Steel Industry* (GOC Opinions).

The GOC Advice proposes that SOE capacity be reduced by 100 to 150 million tonnes by 2020, via the banning of new steel projects and elimination of what are colloquially known as “zombie mills”. \(^{59}\) The Central Government has also pledged a RMB 100 billion fund for employee compensation, social security payments and plant closure incentives in the coal and steel sectors. \(^{60}\)

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\(^{59}\) Liu. H & Song. L, 2016, pp338-339. AME Group, Steel 2016: June Quarter. Strategic Market Study. 2016, Q2. p9. These mills would be shut down under normal competitive market conditions, due to either poor profitability or insolvency.

\(^{60}\) Duke Centre, op cit, p38.
The **GOC Opinions** strictly forbids the registration of new production capacity in any form and demands that any production that does not meet environmental, energy consumption, quality, safety or technical standards be taken offline.\(^{61}\)

The Commission recognises the GOC’s recent attempts to restructure and reorganise the industry to manage excess capacity, oversupply and environmental concerns. Examples of these capacity management measures announced include tightening bank lending to smaller mills, industry consolidation through mergers and acquisitions and use of stricter environmental requirements to forcibly shut down capacity.\(^ {62}\) While noting these efforts are targeted at correcting current imbalances and resulting distortions, the Commission considers them to be evidence of the extent of the GOC’s involvement within and influence over the broader steel industry during the review period.

The key concern with zombie mills is that they reflect capacity that is idle rather than capacity that has been removed from the market permanently. This means that, while the temporary removal of this capacity has helped support competitive market conditions, those same plants are likely to return to production when higher steel prices prevail, leading to further distortions.\(^ {63}\) The extent of this issue is reflected in the concern that a significant amount of the capacity removed in 2016 was already idle, and that the real capacity permanently removed is estimated to be in the range of 12 million to 20 million tonnes per year, compared to the reported 65 million tonnes.\(^ {64}\) As at April 2017, it was reported that China had an estimated 650 million tonnes of overcapacity, and favourable market conditions would likely extend the lifespan of zombie companies, delaying the GOC’s steel industry reforms.\(^ {65}\)

The effectiveness of the GOC’s attempts to address overcapacity through mergers and acquisitions have been constrained by its desire to promote:

- the replacement of older mills with new larger and more efficient mills; and
- closing smaller mills to offset the commissioning of new larger mills.

While this is likely to improve the industry’s structure over the longer term, its impact to date has been to increase production and exacerbate the existing structural imbalances. For example, the announcement of the creation of the BAOWU Steel Group indicated that it would decommission 2.5 million tonnes of capacity to address overcapacity, however, it also commissioned nine million tonnes of new capacity at its Zhanjiang facility.\(^ {66}\)

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\(^{64}\) Ibid.

\(^{65}\) DBS Asian Insights, China’s steel sector supply reform, April 2017, p5

In citing the GOC’s ongoing interventions within the domestic steel industry, it is the Commission’s view that these attempts to address existing structural imbalances have had limited success to date. Constraints in the effectiveness of these initiatives not only relate to the extent of the existing imbalances in the industry, but also difficulties in coordinating activities between central, provincial and local levels of government. The resistance of provincial and local governments to closing down mills relates to their role as major employers, sources of tax revenue and providers of social services within their respective regions.67 Specific examples of these issues include the reliance of their tax systems on business revenue (including production based VAT) and gross domestic product (GDP) oriented performance measures which encourage over-investment.68

A4.3 Industry planning guidelines and directives

China adopted its 13th Five-Year Plan for National Economic and Social Development (the Plan) on 15 March 2016. The Plan outlines China’s goals, principles and targets for infrastructure, the environment, financial services, health and social and economic development for the five years to 2020. The Plan has a strong emphasis on supply-side structural reform that promotes the upgrade of industrial structures, strengthening market oriented reforms, reducing industrial capacity, inventory, financial leverage and costs, and correcting structural shortcomings.69

To support the Chinese steel industry’s development in line with the Plan, the Iron and Steel Industry Adjustment and Upgrade Plan (2016-2020) was developed. It aims to raise the average annual growth rate of industrial added value from 5.4 per cent in 2015 to 6 per cent by 2020, raise the capacity utilisation rate from 70 per cent in 2015 to 80 per cent by 2020, and raise the industrial concentration in top ten producers from 34.2 per cent in 2015 to 60 per cent by 2020.70 Examples of industry’s response to these directives is reflected in the restructuring of Baosteel Group and Wuhan Iron and Steel Group, two large centrally controlled SOEs whose merger created the China Baowu Steel Group Corporation (BAOWU Steel Group). In 2016, BAOWU Steel Group was the largest producer of crude steel in China and the second largest worldwide.71

There have been a number of GOC policies, plans and initiatives relevant to the China steel industry published over many years, including the National Steel Industry Development Policy (2005), the Blueprint for the Adjustment and Revitalisation of the Steel Industry (2009) and the 2011-2015 Development Plan for the Steel Industry (2011).72 The Commission’s view is that these have been largely superseded by other policies and plans.

68 Duke Centre, op cit, p29.
69 KPMG, op cit, p3.
70 King & Spalding, China Issues 13th Five Year Plan for the Steel Industry, Yan, Linga, November 22, 2016.
71 Statista, Steel producers worldwide based on production volume 2016, June 2017.
72 In noting that some of the listed documents are now dated, the Commission considers that this further demonstrates long term involvement of the GOC within the Chinese steel industry.
Some of the key themes and objectives of major GOC planning guidance and directives used to influence the structure of the Chinese steel industry include:

1. **Steel Industry Adjustment Policy (2015 Revision)**
   - Upgrading product mix.
   - Rationalising steel production capacity.
   - Adjustments to improving organisational structures.
   - Energy conservation, emission reductions, environmental protection.
   - Production Distribution.
   - Supervision and administration.
   - Guiding market exit.
   - Methods of, orientation and oversight of mergers and reorganisations.
   - Consolidate number of steel companies.
   - Lift capacity utilisation rates to 80 per cent by 2017.

2. **Circular of the State Council on Accelerating the Restructuring of the Sectors with Production Capacity Redundancy**
   - Promoting of economic restructuring to prevent inefficient expansion of industries that have resulted from blind expansion.
   - Intensify the implementation of industrial policies related to the iron and steel sector to strengthen the examination thereof and to improve them in practice

3. **State Council Guidance on the Promotion of Central Enterprises Restructuring and Reorganisation**
   - SOEs restructuring and reorganisation should serve national strategies, respect market rules, combine with reforms, follow laws and regulations, and stick to a coordinated approach.
   - State-owned capital should support SOEs, whose core businesses are involved in national and economic security and major national programmes, to strengthen their operations, and allow non state-owned capital to play a role, while ensuring the state-owned capital’s leading position.
   - Related departments and industries requested to steadily promote restructuring of enterprises in fields such as equipment manufacturing, construction engineering, electric power, steel and iron, non-ferrous metal, shipping, construction materials, tourism and aviation services, to efficiently cut excessive overcapacity and encourage restructuring of SOEs.

   - Removal of 100 to 150 million tonnes of capacity between 2016 and 2020.
   - Raising of capacity utilisation rates to 80 per cent by 2020.
   - Further industry consolidation leading to 10 largest producers accounting for 60 per cent of production by 2020.
In addition, broader industrial restructuring and reorganising directives of the GOC have an impact on the China steel industry.\textsuperscript{73}

In assessing the relevance of these planning guidelines and directives, the Commission notes the importance of the GOC’s national five year plans which provide the overarching framework for the industry and local government plans. Regarding industry specific planning guidelines and directives, the Commission notes, but does not agree with, the GOC’s previously expressed view that they are for guidance and are not enforceable.\textsuperscript{74} Mechanisms through which the Commission considers the GOC is able to enforce these guidelines and directives include the presence and role of SOEs within the broader steel industry, the role of the National Development and Reform Commission (NDRC) and explicit enforcement mechanisms. The GOC, where it is also the the majority owner of an SOE, can exert its influence through the appointment of board directors and chief executives.\textsuperscript{75}

SOEs’ significant share of total Chinese steel production, and propensity to follow government guidance and directives, ensures that the GOC is able to influence broader trends in industry capacity and steel production. Similarly, the NDRC, through its dual role of developing planning guidelines and directives and approving large scale investment projects, has the capacity to ensure that the broader objectives of the central government are implemented. Explicit enforcement mechanisms detailed within directives, such as the State Council notice on Further Strengthening the Elimination of Backward Production Capabilities and Guidelines, includes a range of sanctions, such as revocation of pollutant discharge permits, restrictions on the provision of new credit support, restrictions on the approval of new investment projects, and restrictions on the issuing of new and cancelling of existing production licenses.\textsuperscript{76}

A further example of the GOC’s use of planning guidelines and policy directives to achieve its objective can be seen in the GOC’s Standard Conditions of Production and Operation of the Iron and Steel Industry. It is the Commission’s understanding that this document sets out the minimum requirements for production and operation in the Chinese steel industry. Firms are incentivised to comply with the standard conditions, as doing so provides the basis for policy support. In contrast, firms that do not conform are required to reform, and if they still fail to conform, must gradually exit the market.\textsuperscript{77}

\textsuperscript{73}For example, Notice of Several Opinions on Curbing Overcapacities and Redundant Constructions in Certain Industries and Guiding the Healthy Development of Industries (2009), Guiding Opinions on Pushing Forward Enterprise M&A and Reorganisation in Key Industries (2013), Guiding Opinions on Resolving Serious Excess Capacity Contradictions (2013) and Directory Catalogue on Readjustment of Industrial Structure (2013 Amendment).

\textsuperscript{74}International Trade Remedies Branch Report No. 177 (REP 177), p123 refers.


\textsuperscript{76}REP 177, p128 refers.

\textsuperscript{77}Announcement on the Standard Conditions of Production and Operation of the Iron and Steel Industry. Included in the context of REP 177 on the EPR for that case.
The Commission therefore considers that the GOC’s historic and continued involvement within the Chinese steel industry, through its policies, planning guidelines, plans and directives, materially contributed to the steel industry’s overcapacity, oversupply and distorted structure during the review period. It is the Commission’s view that the prices of HRC (and therefore galvanised steel and aluminium zinc coated steel) would be substantially different in a market not characterised by GOC influence.

A4.4 Direct and indirect financial support

Examples of specific support programs provided to Chinese steel producers by the GOC, as identified by the American Iron and Steel Institute and the Steel Manufacturers Association, include preferential loans and directed credit, equity infusions and/or debt-to-equity swaps, access to land at little or no cost, government mandated mergers (permitting acquisition at little or no cost) and direct cash grants for specific steel construction projects. Similar programs have been previously identified by the Commission in respect of the Chinese steel industry. It is the Commission’s view that these programs have directly contributed to conditions within the Chinese steel industry during the review period by providing direct financial support to recipient steel producers.

However, the Commission notes that, in respect of these reviews, countervailable subsidies have only been received by exporters referred to as “uncooperative exporters” from China (Chapter 5 refers). These subsidies and tax concessions reduce the operating costs of Chinese steel enterprises, confer a competitive advantage through the ability to offer steel products at lower prices, and increase the profitability of steel production. It supports unprofitable producers, delaying or preventing their timely exit from the industry.

A4.5 Taxation arrangements

The Commission has previously identified evidence of export taxes and export quotas on a number of key inputs in the steel making process including coking coal, coke, iron ore and scrap steel in Anti-Dumping Commission Report No. 198. The Commission found that these measures would keep input prices artificially low and create significant incentives for exporters to redirect these products into the domestic market, increasing domestic supply and reducing domestic prices to a level below what would have prevailed under normal competitive market conditions.

The GOC has traditionally operated, amongst other taxation arrangements, a VAT and a VAT rebate system for certain exports. Under the Chinese VAT system, a 17 per cent tax is paid on consumption of goods, including the inputs used in the production of steel. For goods produced and sold within China, the tax is ultimately paid by the final consumers of the particular good. Because it is difficult for exporters to pass these taxes on, some steel exporters have traditionally been compensated for VAT paid during the production process through VAT rebates.

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78 Duke Centre, op cit, p25.
79 Commissioner’s Steel Report, p45.
80 Concerning hot rolled plate steel exported from China, the Republic of Indonesia, Japan, the Republic of Korea and Taiwan; pp. 41-43.
Through altering the VAT rebates and taxes applied to steel exports, the GOC is able to alter the relative profitability of different types of steel exports and of exports compared to domestic sales. For example, by either reducing VAT rebates or increasing export taxes on steel exports, the GOC is able to reduce the relative profitability of exports to domestic sales and hence provide significant incentives for traditional exporters to redirect their product into the domestic Chinese market. By using these mechanisms to alter the relative supply of particular steel products in the domestic market, the GOC is also able to influence the domestic price for those products.

During the review period, the applicable VAT rebate rate for aluminium zinc coated steel and galvanised steel was 13 per cent, resulting in a 4 per cent applied VAT rate. While this differential would have created an incentive to export aluminium zinc coated steel and galvanised steel, export taxes may apply to these goods. However, in the absence of a response to the government questionnaire from the GOC, the Commission is unable to further comment on this issue.

A5 Conditions in the China HRC market

Between 2010 and 2017, Chinese production of HRC and related products increased by 37 per cent. Over the same period, Chinese HRC prices showed great volatility, decreasing by almost 51 per cent between 2010 and 2015 before increasing by approximately 116 per cent by the end of the review period.

![HRC prices RMB](image)

Figure 3, HRC prices, Shanghai ex works (EXW), exclusive of VAT

Source: Platts

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82 Based on Chinese HRC prices (excluding VAT) sourced from Platts.
During the review period Chinese HRC prices rose by 18 per cent. The Commission compared the verified Chinese domestic HRC purchase data for cooperating exporters with the HRC prices sourced from Platts. It found that the data from Chinese exporters cooperating with these reviews was comparable, within a 1 per cent variance over the review period. The analysis can be seen at Confidential Attachment 3.

The Commission has undertaken a comparative analysis of the purchase prices of domestically produced HRC in China with purchase prices of domestically produced HRC in Korea and Taiwan. The Commission considers Korean and Taiwanese exporters of galvanised steel and aluminium zinc coated steel to be operating in competitive markets. The data was sourced from cooperating exporters in these reviews.

The Commission found that HRC domestic purchase prices in China were, on average, 14 per cent lower than HRC domestic purchase prices in Korea and Taiwan. The analysis can be seen at Confidential Attachment 3.

### A5.1 Analysis of galvanised steel and aluminium zinc coated steel prices

To analyse the influence that HRC prices have on the aluminium zinc coated steel and galvanised steel markets, the Commission completed a comparative analysis of the price of domestically sold aluminium zinc coated steel and galvanised steel in China with those sold domestically in Korea and Taiwan. The data was sourced from cooperating exporters in these Reviews.

The analysis found that for the majority of the review period, Chinese domestic selling prices of aluminium zinc coated steel remained approximately 13 per cent lower than Korean domestic selling prices at ex works (EXW). Chinese domestic selling prices of galvanised steel were at least 17 per cent lower than domestic selling prices in Korea at EXW and 5 per cent below the domestic selling prices in Taiwan at EXW. The analysis can be seen at Confidential Attachment 4.

The Commission observes the correlation between HRC costs and domestic selling prices of aluminium zinc coated steel and galvanised steel (Figure 4 refers) and is satisfied that the lower HRC cost in China over the review period has resulted in domestic selling prices of aluminium zinc coated steel and galvanised steel in China being lower than Korean aluminium zinc coated steel and Korean and Taiwanese galvanised steel products. The analysis can be seen at Confidential Attachment 4.
Figure 4, Comparison of HRC prices with the goods, Shanghai, exclusive of VAT
Source: Platts and domestic selling prices from cooperative exporters in RMB at EXW

A6 Assessment of particular market situation

The Commission has determined that the GOC has exerted influence on the Chinese steel industry, which has substantially distorted competitive market conditions in the steel industry in China. The GOC was able to exert this influence through its directives and oversight, subsidy programs, taxation arrangements and the significant number of SOEs.

The Commission’s assessment and analysis of the available information indicates that the GOC materially influenced conditions within the Chinese HRC markets during the review period and because of that influence, the domestic price for Chinese aluminium zinc coated steel and galvanised steel was substantially different to those in competitive market conditions.

The Commission considers that GOC influences in the Chinese steel industry have created a ‘market situation’ in the domestic aluminium zinc coated steel and galvanised steel markets, such that sales of aluminium zinc coated steel and galvanised steel in China are not suitable for determining normal value under subsection 269TAC(1).
APPENDIX B – ASSESSMENT OF COUNTERVAILABLE SUBSIDIES

B1 Finding

After assessing all relevant information available, the Commission has found that financial benefits\(^{83}\) were conferred to galvanised steel and aluminium zinc coated steel producers in respect of the goods via countervailable subsidy programs.

B2 Relevant legislation

Subsection 269T(1) of the Act defines a ‘subsidy’ as follows:

**subsidy**, in respect of goods exported to Australia, means:

(a) a financial contribution:
   (i) by a government of the country of export or country of origin of the goods; or
   (ii) by a public body of that country or a public body of which that government is a member; or
   (iii) by a private body entrusted or directed by that government or public body to carry out a governmental function;

that involves:

(iv) a direct transfer of funds from that government or body; or
(v) the acceptance of liabilities, whether actual or potential, by that government or body; or
(vi) the forgoing, or non-collection, of revenue (other than an allowable exemption or remission) due to that government or body; or
(vii) the provision by that government or body of goods or services otherwise than in the course of providing normal infrastructure; or
(viii) the purchase by that government or body of goods or services; or

(b) any form of income or price support as referred to in Article XVI of the General Agreement on Tariffs and Trade 1994 that is received from such a government or body;

if that financial contribution or income or price support confers a benefit (whether directly or indirectly) in relation to the goods exported to Australia.

Section 269TAAC defines a countervailable subsidy as follows:

(1) For the purposes of this Part, a subsidy is a **countervailable subsidy** if it is specific.

(2) Without limiting the generality of the circumstances in which a subsidy is specific, a subsidy is specific:

(a) if, subject to subsection (3), access to the subsidy is explicitly limited to particular enterprises; or
(b) if, subject to subsection (3), access is limited to particular enterprises carrying on business within a designated geographical region that is within the jurisdiction of the subsidising authority; or
(c) if the subsidy is contingent, in fact or in law, and whether solely or as one of several conditions, on export performance; or

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\(^{83}\) Subsections 269TACC(2)(a) and (b) refer.
(d) if the subsidy is contingent, whether solely or as one of several conditions, on the use of domestically produced or manufactured goods in preference to imported goods.

(3) Subject to subsection (4), a subsidy is not specific if:

(a) eligibility for, and the amount of, the subsidy are established by objective criteria or conditions set out in primary or subordinate legislation or other official documents that are capable of verification; and

(b) eligibility for the subsidy is automatic; and

(c) those criteria or conditions are neutral, do not favour particular enterprises over others, are economic in nature and are horizontal in application; and

(d) those criteria or conditions are strictly adhered to in the administration of the subsidy.

(4) The Minister may, having regard to:

(a) the fact that the subsidy program benefits a limited number of particular enterprises; or

(b) the fact that the subsidy program predominantly benefits particular enterprises; or

(c) the fact that particular enterprises have access to disproportionately large amounts of the subsidy; or

(d) the manner in which a discretion to grant access to the subsidy has been exercised;

determine that the subsidy is specific.

(5) In making a determination under subsection (4), the Minister must take account of:

(a) the extent of diversification of economic activities within the jurisdiction of the subsidising authority; and

(b) the length of time during which the subsidy program has been in operation.

Section 269TACC directs how the Assistant Minister determines whether a financial contribution or income or price support confers a benefit, and is therefore a countervailable subsidy. Section 269TACD provides how the amount of this benefit is determined.

B3 Information considered by the Commission

In assessing the alleged subsidy programs, the Commission has considered information provided in the REQs and verification activities. This includes information provided by exporters regarding whether these exporters were in receipt of any previously investigated or new countervailable subsidies and, if so, the value of any benefits received. The Commission did not receive a response to the government questionnaire from the GOC for these reviews.

The Commission has also considered information contained in a submission made by Austube Mills Pty Ltd on 30 March 2017 regarding another investigation (concerning hollow structural sections of steel) and previous findings of the Commission.

84 Document 044 on EPR 379 refers.
B4 Subsidy programs considered

The Commission examined 36 subsidy programs identified in the original investigation as part of this inquiry and found 34 of these to be countervailable.

B4.1 Existing programs

The Commission provided the GOC with a government questionnaire to gather evidence for the purposes of determining whether the existing programs are still countervailable in relation to galvanised steel and aluminium zinc coated steel exported to Australia from China. The GOC did not provide a response to the government questionnaire.

In accordance with subsection 269TAACA(1) of the Act, because the GOC has not given the Commission information considered to be relevant to the inquiry, in determining whether a countervailable subsidy has been received in respect of the goods, the Commission has acted on the basis of all the facts available to the Commission and made such assumptions as considered reasonable. The Commission’s consideration of the facts available in relation to the existing programs is outlined in the table below.

<table>
<thead>
<tr>
<th>No.</th>
<th>Program name</th>
<th>Type</th>
<th>Evidence that program is still countervailable</th>
<th>Still countervailable</th>
</tr>
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<tbody>
<tr>
<td>1</td>
<td>Preferential Tax Policies for Enterprises with Foreign Investment Established in the Coastal Economic Open Areas and Economic and Technological Development Zones</td>
<td>Tax</td>
<td>Countervailed by the Commission in 2017 in relation to hollow structural sections (Program 1).&lt;sup&gt;85&lt;/sup&gt;</td>
<td>Yes</td>
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<td></td>
<td></td>
<td></td>
<td>-Canada Semi-annual report to WTO in G/SCM/N/321/CAN (2017).&lt;sup&gt;86&lt;/sup&gt;</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Preferential Tax Policies for Foreign Invested Enterprises– Reduced Tax Rate for Productive Foreign Invested Enterprises scheduled to operate for a period of not less than 10 years</td>
<td>Tax</td>
<td>Countervailed by the Commission in 2017 in relation to hollow structural sections (Program 10).</td>
<td>Yes</td>
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<sup>85</sup> *Anti-Dumping Commission Report No. 379 refers.*

<sup>86</sup> Canada [semi-annual report](#) to WTO.
<table>
<thead>
<tr>
<th>No.</th>
<th>Description</th>
<th>Type</th>
<th>Details</th>
<th>Countervailed</th>
<th>Result</th>
</tr>
</thead>
</table>
| 3   | Preferential Tax Policies for Enterprises with Foreign Investment Established in Special Economic Zones (excluding Shanghai Pudong area) | Tax  | Countervailed by the Commission in 2017 in relation to hollow structural sections (Program 11)  
- Notified by the GOC to the WTO in G/SCM/N/220/CHN  
- Canada Semi-annual report to WTO in G/SCM/N/321/CAN (2017) | Yes        |        |
| 4   | Preferential Tax Policies for Enterprises with Foreign Investment Established in Pudong area of Shanghai | Tax  | Countervailed by the Commission in 2017 in relation to hollow structural sections (Program 12)  
- Notified by the GOC to the WTO in G/SCM/N/220/CHN | Yes        |        |
| 5   | Preferential Tax Policies in the Western Regions | Tax  | Countervailed by the Commission in 2017 in relation to hollow structural sections (Program 13) | Yes        |        |
| 6   | Land Use Tax Deduction | Tax  | Countervailed by the Commission in 2017 in relation to hollow structural sections (Program 29) | Yes        |        |
| 7   | Preferential Tax Policies for High and New Technology Enterprises | Tax  | Countervailed by the Commission in 2017 in relation to hollow structural sections (Program 35)  
- Notified by the GOC to the WTO in G/SCM/N/220/CHN | Yes        |        |
| 8   | Tariff and value-added tax (VAT) Exemptions on Imported Materials and Equipments | Tariff and VAT | Countervailed by the Commission in 2017 in relation to hollow structural sections (Program 14) | Yes        |        |

87 WTO document number G/SCM/N/220/CHN.
<table>
<thead>
<tr>
<th>No.</th>
<th>Category</th>
<th>Grant Type</th>
<th>Status</th>
<th>Notes</th>
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<tr>
<td>9</td>
<td>One-time Awards to Enterprises Whose Products Qualify for ‘Well-Known Trademarks of China’ and ‘Famous Brands of China’</td>
<td>Grant</td>
<td>Countervailed by the Commission in 2017 in relation to hollow structural sections (Program 2)</td>
<td>Yes</td>
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<tr>
<td>10</td>
<td>Matching Funds for International Market Development for Small and Medium Enterprises</td>
<td>Grant</td>
<td>Countervailed by the Commission in 2017 in relation to hollow structural sections (Program 5)</td>
<td>Yes</td>
</tr>
<tr>
<td>11</td>
<td>Superstar Enterprise Grant</td>
<td>Grant</td>
<td>Countervailed by the Commission in 2017 in relation to hollow structural sections (Program 6)</td>
<td>Yes</td>
</tr>
<tr>
<td>12</td>
<td>Research &amp; Development (R&amp;D) Assistance Grant</td>
<td>Grant</td>
<td>Countervailed by the Commission in 2017 in relation to hollow structural sections (Program 7)</td>
<td>Yes</td>
</tr>
<tr>
<td>13</td>
<td>Patent Award of Guangdong Province</td>
<td>Grant</td>
<td>Countervailed by the Commission in 2017 in relation to hollow structural sections (Program 8)</td>
<td>Yes</td>
</tr>
<tr>
<td>14</td>
<td>Innovative Experimental Enterprise Grant</td>
<td>Grant</td>
<td>Countervailed by the Commission in 2017 in relation to hollow structural sections (Program 15)</td>
<td>Yes</td>
</tr>
<tr>
<td>15</td>
<td>Special Support Fund for Non State-Owned Enterprises</td>
<td>Grant</td>
<td>Countervailed by the Commission in 2017 in relation to hollow structural sections (Program 16)</td>
<td>Yes</td>
</tr>
<tr>
<td>16</td>
<td>Venture Investment Fund of Hi-Tech Industry</td>
<td>Grant</td>
<td>Countervailed by the Commission in 2017 in relation to hollow structural sections (Program 17)</td>
<td>Yes</td>
</tr>
<tr>
<td>17</td>
<td>Grants for Encouraging the Establishment of Headquarters and Regional Headquarters with Foreign Investment</td>
<td>Grant</td>
<td>Countervailed by the Commission in 2017 in relation to hollow structural sections (Program 18)</td>
<td>Yes</td>
</tr>
<tr>
<td>18</td>
<td>Grant for key enterprises in equipment manufacturing industry of Zhongshan</td>
<td>Grant</td>
<td>Countervailed by the Commission in 2017 in relation to hollow structural sections (Program 19)</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>Description</td>
<td>Type</td>
<td>Countervailed by the Commission in 2017 in relation to hollow structural sections (Program)</td>
<td></td>
</tr>
<tr>
<td>---</td>
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</tr>
<tr>
<td>19</td>
<td>Water Conservancy Fund Deduction</td>
<td>Grant</td>
<td>Countervailed by the Commission in 2017 in relation to hollow structural sections (Program 21)</td>
<td>Yes</td>
</tr>
<tr>
<td>20</td>
<td>Wuxing District Freight Assistance</td>
<td>Grant</td>
<td>Countervailed by the Commission in 2017 in relation to hollow structural sections (Program 22)</td>
<td>Yes</td>
</tr>
<tr>
<td>21</td>
<td>Huzhou City Public Listing Grant</td>
<td>Grant</td>
<td>Countervailed by the Commission in 2017 in relation to hollow structural sections (Program 23)</td>
<td>Yes</td>
</tr>
<tr>
<td>22</td>
<td>Huzhou City Quality Award</td>
<td>Grant</td>
<td>Countervailed by the Commission in 2017 in relation to hollow structural sections (Program 27)</td>
<td>Yes</td>
</tr>
<tr>
<td>23</td>
<td>Huzhou Industry Enterprise Transformation &amp; Upgrade Development Fund</td>
<td>Grant</td>
<td>Countervailed by the Commission in 2017 in relation to hollow structural sections (Program 28)</td>
<td>Yes</td>
</tr>
<tr>
<td>24</td>
<td>Wuxing District Public List Grant</td>
<td>Grant</td>
<td>Countervailed by the Commission in 2017 in relation to hollow structural sections (Program 30)</td>
<td>Yes</td>
</tr>
<tr>
<td>25</td>
<td>Anti-dumping Respondent Assistance</td>
<td>Grant</td>
<td>Countervailed by the Commission in 2017 in relation to hollow structural sections (Program 31)</td>
<td>Yes</td>
</tr>
<tr>
<td>26</td>
<td>Technology Project Assistance</td>
<td>Grant</td>
<td>Countervailed by the Commission in 2017 in relation to hollow structural sections (Program 32)</td>
<td>Yes</td>
</tr>
<tr>
<td>27</td>
<td>Hot rolled steel provided by government at less than fair market value</td>
<td>Remuneration</td>
<td>Countervailed by the Commission in 2017 in relation to hollow structural sections (Program 20)</td>
<td>Yes</td>
</tr>
<tr>
<td>28</td>
<td>Coking coal provided by government at less than adequate remuneration</td>
<td>Remuneration</td>
<td></td>
<td>No</td>
</tr>
<tr>
<td>29</td>
<td>Coke provided by government at less than adequate remuneration</td>
<td>Remuneration</td>
<td></td>
<td>No</td>
</tr>
</tbody>
</table>

**SEF 456 and 457 – Zinc Coated (Galvanised Steel) and Aluminium Zinc Coated Steel**
<table>
<thead>
<tr>
<th></th>
<th>Description</th>
<th>Type</th>
<th>Description</th>
<th>Countervailed by the Commission in 2016 in relation to grinding balls (Program)</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>30</td>
<td>Capital injections</td>
<td>Equity</td>
<td>Countervailed by the Commission in 2016 in relation to grinding balls (Program 19)</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>31</td>
<td>Environmental protection grant</td>
<td>Grant</td>
<td>Countervailed by the Commission in 2016 in relation to grinding balls (Program 20)</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>32</td>
<td>High and New Technology Enterprise Grant</td>
<td>Grant</td>
<td>Countervailed by the Commission in 2016 in relation to grinding balls (Program 21)</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>33</td>
<td>Independent Innovation and High-Tech Industrialisation Program</td>
<td>Grant</td>
<td>Countervailed by the Commission in 2016 in relation to grinding balls (Program 22)</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>34</td>
<td>VAT refund on domestic sales by local tax authority</td>
<td>Tariff and VAT</td>
<td>Appears to be countervailable by the Commission for case 379 (hollow structural sections). With the absence of further information from GOC, countervailable under these inquiries.</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>35</td>
<td>Environmental Prize</td>
<td>Grant</td>
<td>Countervailed by the Commission in 2016 in relation to grinding balls (Program 23)</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>36</td>
<td>Jinzhou District Research and Development Assistance Program</td>
<td>Grant</td>
<td>Countervailed by the Commission in 2016 in relation to grinding balls (Program 43)</td>
<td>Yes</td>
<td></td>
</tr>
</tbody>
</table>

88 *Anti-Dumping Commission Report No. 316 refers.*