Public File

Dear Mr Piper

Review of measures Investigations No. 456 and 457 – Aluminium zinc and zinc coated (galvanised steel) - BlueScope Steel Limited comments re Statement of Essential Facts

I. Introduction

On 30 April 2018, the Anti-Dumping Commission (“the Commission”) published Statement of Essential Facts No 456 and 457 concerning:

- Aluminium zinc coated steel exported to Australia from the People’s Republic of China (“China”) and The Republic of Korea (“Korea”) (Investigation No. 456); and
- Zinc coated (galvanised) steel exported to Australia from China, Korea and Taiwan (Investigation No. 457).

The proposed recommendation as detailed in SEF 456 and 457 is that the variable factors applicable to exporters of aluminium zinc coated steel (“aluminium zinc steel”) and zinc coated (“galvanised”) steel have changed. The Commission is therefore intending to recommend revised variable factors to the Assistant Minister for each exporter and the uncooperative exporters in the nominated countries.

The investigation period for the review investigations is 1 October 2016 to 30 September 2017.

II. Particular market situation - China

In the original investigation into the dumping and subsidisation of aluminium zinc steel and galvanised steel exported from China, the Commission concluded that a situation existed in the domestic market in China for the goods (i.e. aluminium zinc steel and galvanised steel) that rendered domestic selling prices under subsection 269TAC(1) unsuitable for normal value purposes.

The Commission has further examined the Chinese domestic market for both products in the conduct of the review investigations and continuation investigations No. 449 and 450 and has concluded that the Government of China (“GOC”) continues to materially influence the conditions in the domestic market for aluminium zinc steel and galvanised steel in China. This has lead the Commission to conclude that “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.”

1 Statement of Essential Facts No. 456 and 457, Section 4.3, P. 19.
BlueScope would like to draw the Commission’s attention to the recent European Union China Industry Market Economy Review\(^2\) dated December 2017, and the United States Department of Commerce Memorandum on China’s Status as a Non-Market Economy\(^3\) dated October 2017, which reinforces the Commission’s assessment concerning distortions to the Chinese steel industry from the GOC interventions.

BlueScope agrees with the Commission’s assessment that the GOC continues to exert significant influence over the prices for raw material inputs (notably, domestic hot rolled coil selling prices) and that this impacts the domestic selling prices for aluminium zinc steel and galvanised steel such that they do not reflect competitive market costs and are lower than they otherwise would be.

III. **Aluminium zinc coated steel**

A. **China**

The Commission confirmed that Chinese exports of aluminium zinc coated steel to Australia during the investigation period were at dumped prices ranging between 10.7 per cent and 34.5 per cent. The determined dumping margins were as follows:

- Yieh Phui (China) Technomaterial Co., Ltd (“YPC”) – 27.6 per cent;
- Jiangyin Zongcheng Steel Co., Ltd (“Zongcheng”) – 10.7 per cent;
- Angang Steel Ltd (“Angang”) – 32.3 per cent;
- Uncooperative exporters in China – 34.5 per cent.

All normal values for Chinese exporters were determined in accordance with subsection 269TAC(2)(c). Normal values were determined under subsection 269TAC(2)(c) as required by subsections 269TAC(5A) and 269TAC(5B) and in accordance with sections 43, 44 and 45 of the *Customs (International Obligations) Regulation 2015*. A ‘benchmark’ price for raw material hot rolled coil (“HRC”) was included in the Chinese exporter’s subsection 269TAC(2)(c) normal values based upon the verified domestic HRC price for coated steel producers in Korea and Taiwan during the investigation period. BlueScope supports the Commission’s use of verified domestic prices for HRC in the Korean and Taiwanese markets.

The selling and general administration costs (“SG&A”) and profit for Chinese exporters were determined under subsections 44(2) and 45 (2) of the Regulations, using the exporter’s verified SG&A expenses and profit for goods determined to have been sold in the ordinary course of trade.

Export prices for YPC and Zongcheng were determined under subsection 269TAB(1)(c) and 269TAB(1)(a) based upon the nature of the respective export sales (i.e. YPC’s export sales being via an intermediary). As Angang did not export aluminium zinc steel to Australia during the review period, the Commission has had regard to the methodologies available to the Minister to determine an export price for Angang with regard to the export price provisions of subsection 269TAB(2B) including:

- A previous export price for the goods exported to Australia by Angang;
- Angang’s export prices for the goods to a third country; or
- Export prices to Australia by another Chinese exporter.

The Commission has determined export prices for Angang during the review period based upon the export prices of other Chinese exporters. The export prices of other Chinese exporters reflect contemporary prices


\(^3\) Department of Commerce document “China’s Status as a Non-Market Economy”, 26 October 2017.
and are considered suitable for the purposes of establishing Angang’s export prices for the review period. BlueScope considers the Commission’s basis for determining Angang’s export sales using other Chinese exporters’ export prices during the review period is sound and reflects export prices for the review period.

**B. Korea**

Dongbu Steel Co Ltd (“Dongbu”) exported a small volume of aluminium zinc to Australia during the review period. Dongbu is considered by the Commission to have exported the goods in low volumes, in accordance with subsection 269TAB(2B)(b). As Dongbu’s export volumes to Australia during the review period were determined as low, the Commission has examined Dongbu’s exports to a third country (i.e. Belgium) for the purposes of Dongbu’s export price determination. It was considered by the Commission that the patterns of trade for Dongbu’s export sales to Belgium were similar to Dongbu’s exports to Australia.

BlueScope acknowledges the Commission’s efforts to determine export prices for the low-volume exporter Dongbu during the review period. BlueScope considers the Commission’s reasoning for adopting Dongbu’s third country export prices to Belgium appears reasonable (and is in accordance with the relevant provisions).

Dongbu’s normal values were determined under subsection 269TAC(1) based upon sales made in the ordinary course of trade. The dumping margin determined for Dongbu during the review period was 17.7 per cent.

**IV. Galvanised steel**

**A. China**

Export prices for galvanised steel sales to Australia during the review period for Angang and YPC’s have been determined under subsection 269TAB(1)(c) as the sales were via an intermediary party. Zongcheng’s exports of galvanised steel were determined under subsection 269TAB(1)(a) based on the exporter’s FOB prices to the Australian importer.

Normal values for Angang, YPC, Zongcheng and uncooperative exporters were calculated in accordance with subsection 269TAC(2)(c) and subsections 269TAC(5A) and 269TAC(5C) and Regulations 43, 44 and 45.

Dumping margins determined for Chinese exporters of galvanised steel are as follows:

- Angang – 20.4 per cent;
- YPC – 6.7 per cent;
- Zongcheng – 22.2 per cent; and
- Uncooperative exporters – 24.5 per cent.

BlueScope notes that the Commission had not determined export prices, normal values and dumping margins for the Chinese exporter Shandong Guanzhou Dingxin Plate Technology Co., Ltd (“Guangzhou Dingxin”).

**B. Korea**

The Commission determined exported prices for galvanised steel exported to Australia during the review period for the two Korean exporters POSCO and Dongbu under subsection 269TAB(1)(a). Normal values for both exporters were determined using domestic sales made in the ordinary course of trade under subsection 269TAC(1).
Dumping margins determined were as follows:

- Dongbu – 2.4 per cent; and
- POSCO – negative 15.4 per cent.

**C. Taiwan**

Export prices for the Taiwanese exporters Yieh Phui Enterprise (“YPE”), Synn Industrial Co., Ltd (“Synn”) and Chung Hung were determined under subsection 269TAB(1)(a) on the basis of FOB export prices to the Australian importer.

For YPE, normal values were calculated under subsection 269TAC(1) for 12 models exported to Australia, with normal values for the remaining 14 models determined under subsection 269TAC(2)(c). BlueScope anticipates that the level of profit applied to YPE’s normal values determined under subsection 269TAC(2)(c) reflects the level of profit achieved on the 12 models determined by the Commission as having been made in the ordinary course of trade.

For Synn, only one of five models was determined to have been in the ordinary course of trade (i.e. under subsection 269TAC(1)) with the remaining four models determined under subsection 269TAC(2)(c).

All normal values for Chung Hung were determined under subsection 269TAC(1) for domestic sales made in the ordinary course of trade.

The dumping margins determined for exporters of galvanised steel during the review period were:

- YPE – 2.4 per cent;
- Synn – 6.0 per cent;
- Chung Hung – 8.4 per cent; and
- Uncooperative exporters – 27.0 per cent.

**V. Adjustments**

BlueScope notes the adjustments made to exporters of aluminium zinc steel and galvanised steel varies between exporters. It is BlueScope’s view that the Commission would have insight into the claimed adjustments sought by cooperative exporters. It is noted that for some exporters the adjustments made require supporting evidence that is accurate and has been made available to the Commission. BlueScope anticipates that the relevant exporter’s claimed adjustments have been fully substantiated by the Commission for the purpose of determining applicable dumping margins.

**VI. Conclusions**

The Commission’s review investigations into exports of aluminium zinc coated steel from China and Korea, and galvanised steel exported from China, Korea and Taiwan have confirmed that the variable factors have altered from the previous review investigation periods.

BlueScope welcomes the Commission’s findings that the variable factors have changed and supports recommendations to the Assistant Minister that the revised, increased variable factors be implemented at the earliest opportunity.
If you have any questions concerning this submission, please do not hesitate to contact me on (02) 4240 1214, or BlueScope’s representative Mr John O’Connor on (07) 3342 1921.

Yours faithfully,

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