



CUSTOMS ACT 1901 - PART XVB

STATEMENT OF ESSENTIAL FACTS

No. 284

ALLEGED DUMPING OF HOT ROLLED PLATE STEEL

EXPORTED FROM

**KOREA (BY HYUNDAI IRON & STEEL CO LTD AND POSCO STEEL)
AND TAIWAN**

12 October 2015

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ABBREVIATIONS

ABF	Australian Border Force
ADN	Anti-Dumping Notice
The Act	<i>Customs Act 1901</i>
The applicant	BlueScope Steel Ltd
The Commissioner	The Commissioner of the Anti-Dumping Commission
The Commission	The Anti-Dumping Commission
China Steel	China Steel Corporation
FOB	Free On Board
HRC	Hot-rolled coil
Hyundai	Hyundai Iron & Steel Co Ltd
Korea	Republic of Korea
PAD	Preliminary Affirmative Determination
POSCO	POSCO Steel
PCN	Product Control Number
Q&T	Quenched and tempered
SEF	Statement of Essential Facts
the goods	The goods the subject of the application (also referred to as the goods under consideration or GUC)
the Minister	The Minister for Industry, Innovation and Science
the Parliamentary Secretary	The Parliamentary Secretary to the Minister for Industry, Innovation and Science

1 SUMMARY AND RECOMMENDATIONS

1.1 Introduction

This Statement of Essential Facts (SEF) Number 284 has been prepared in response to an application for a dumping duty notice by BlueScope Steel Ltd (BlueScope) in relation to its allegation that hot rolled plate steel exported to Australia at dumped prices from the Republic of Korea (Korea), by Hyundai Iron & Steel Co Ltd (Hyundai) and POSCO Steel (POSCO), and all exporters from Taiwan, has caused material injury to the Australian industry producing like goods.

This SEF sets out the facts on which the Commissioner of the Anti-Dumping Commission (the Commissioner) proposes to base a recommendation to the Parliamentary Secretary to the Minister for Industry, Innovation and Science (Parliamentary Secretary)¹, unless this investigation is terminated earlier, in relation to BlueScope's application.

1.2 Proposal to terminate the investigation

Based on the findings in this SEF, and subject to any submissions received in response to this SEF, the Commissioner proposes to terminate the investigation.

The Anti-Dumping Commission (the Commission) has analysed exports of hot rolled plate steel to Australia by Hyundai and POSCO from Korea and from Taiwan from 1 January 2014 to 31 December 2014 (the investigation period), and found that the goods exported by:

- Hyundai were not dumped;
- POSCO were not dumped;
- Shang Chen Steel (Shang Chen) from Taiwan were not dumped;
- China Steel Corporation (China Steel) from Taiwan were not dumped; and
- uncooperative exporters from Taiwan, were dumped at a margin of 9.1 per cent; but the total volume of goods dumped by uncooperative and all other exporters from Taiwan was negligible.

The Commissioner therefore proposes, subject to the consideration of any submissions made in response to this SEF, to terminate the investigation as it applies to:

- Hyundai under subsection 269TDA(1) of the *Customs Act 1901* (the Act)²;
- POSCO under subsection 269TDA(1);
- Shang Chen under subsection 269TDA(1);
- China Steel under subsection 269TDA(1); and
- exporters from Taiwan under subsection 269TDA(3).

¹ On 23 December 2014, the then Minister for Industry and Science delegated his powers and functions under Part XVB of the *Customs Act 1901* to the Parliamentary Secretary to the Minister for Industry and Science. On 20 September 2015, the Department of Industry and Science became the Department of Industry, Innovation and Science. The titles of the Minister and Parliamentary Secretary also changed to the Minister for Industry, Innovation and Science and the Parliamentary Secretary to the Minister for Industry, Innovation and Science.

² All legislative references in this report are to the *Customs Act 1901*, unless otherwise stated.

1.3 Authority to make decision

Division 2 of Part XVB describes, among other matters, the procedures to be followed and the matters to be considered by the Commissioner in conducting investigations in relation to the goods covered by an application under subsection 269TB(1) for the purpose of making a report to the Parliamentary Secretary. Section 269TDA describes the reasons upon which the Commissioner must terminate an investigation.

1.4 Application

BlueScope alleges that the Australian industry has suffered material injury caused by hot rolled plate steel exported to Australia from Korea, by Hyundai and POSCO, and all exporters from Taiwan, at dumped prices. BlueScope alleges that the industry has been injured through:

- loss of sales volume;
- loss of market share;
- price depression;
- price suppression;
- reduced profits;
- reduced profitability;
- reduced capital expenditure;
- reduced return on investment;
- reduced capacity utilisation; and
- reduced employment.

After consideration of the application, an investigation was initiated and public notification of the initiation of the investigation was published in *The Australian* newspaper on 31 March 2015. Anti-Dumping Notice (ADN) No. 2015/40 refers to the initiation of the investigation and is available on the public record at www.adcommission.gov.au.

The investigation period for the purpose of assessing dumping is 1 January 2014 to 31 December 2014. The injury analysis period for the purpose of analysing the condition of Australian industry is from 1 January 2010.

1.5 Preliminary affirmative determination

When considering an application for the publication of a dumping notice under section 269TD, the Commissioner may, at any time not earlier than 60 days from the date of initiation of an investigation, make a preliminary affirmative determination (PAD) that there appears to be, or it appears there will be, sufficient grounds for the publication of a notice.

The Commissioner has not been satisfied that there appears to be sufficient grounds, or that it appears there will be sufficient grounds subsequent to the importation into Australia of such goods, for the publication of a dumping duty notice. As such, no PAD has been made in this investigation.

1.6 Statement of essential facts

The Commissioner must, within 110 days after the initiation of an investigation, or such longer period as the Parliamentary Secretary allows, place on the public record a SEF on which the Commissioner proposes to base a recommendation in relation to the application.

In formulating the SEF, the Commissioner must have regard to the application, and any submissions concerning publication of the notice that are received by the Commission within 40 days of the date of initiation of the investigation.³ The Commissioner may also have regard to any other matters considered relevant.⁴

On 7 July 2015, the Parliamentary Secretary granted under section 269ZHI an extension of 85 days to the date for the publication of the SEF. The SEF is now due on 12 October 2015 and the final report and recommendations, if the investigation is not terminated, are due to be provided to the Parliamentary Secretary on 26 November 2015.

1.7 Findings and conclusions

The Commission's findings and conclusions are based on available information at this stage of the investigation, which are explained in greater detail in the remainder of this report.

1.7.1 The goods and like goods (Chapter 3)

The Commission considers that locally produced hot rolled plate steel is 'like' to the goods the subject of the application.

1.7.2 Australian market (Chapter 4)

There is an Australian industry producing like goods which comprises one Australian producer, BlueScope.

The Australian hot rolled plate steel market is supplied from local production by BlueScope, and by imports. The main sources of import supply are Korea, China, Taiwan and New Zealand.

1.7.3 Dumping (Chapter 5)

The Commission's assessment of dumping margins is set out in Table 1.

³ Subsection 269TDAA(2)(a)

⁴ Subsection 269TDAA(2)(b)

Exporter	Dumping margin
Hyundai	-0.6%
POSCO	-1.2%
China Steel	-1.4%
Shang Chen	-0.6%
Uncooperative exporters from Taiwan	9.1%

Table 1: Dumping margins

1.7.4 Proposal to terminate the investigation (Chapter 6)

The Commissioner proposes, subject to the consideration of any submissions made in relation to this SEF, to terminate the investigation:

- under subsection 269TDA(1)(b)(i) so far as it relates to hot rolled plate steel exported by Hyundai, POSCO, Shang Chen and China Steel; and
- under subsection 269TDA(3) so far as it relates to hot rolled plate steel exported from Taiwan.

2 BACKGROUND

2.1 Initiation

On 26 February 2015, BlueScope lodged an application under subsection 269TB(1) requesting that the Minister for Industry and Science publish a dumping duty notice in respect of hot rolled plate steel exported to Australia from Korea, by Hyundai and POSCO, and by all exporters from Taiwan.

BlueScope alleges that the Australian industry has suffered material injury caused by hot rolled plate steel exported to Australia from Korea, by Hyundai and POSCO, and Taiwan at dumped prices. BlueScope alleges that the industry has been injured through:

- loss of sales volume;
- loss of market share;
- price depression;
- price suppression;
- reduced profits;
- reduced profitability;
- reduced capital expenditure;
- reduced return on investment;
- reduced capacity utilisation; and
- reduced employment.

After consideration of the application, an investigation was initiated and public notification of the initiation of the investigation was published in *The Australian* newspaper on 31 March 2015. Anti-Dumping Notice (ADN) No. 2015/40 refers to the initiation of the investigation, and is available on the public record.

2.2 Previous investigations and current measures

On 25 March 2004, the Minister for Justice and Customs published a dumping duty notice under subsection 269TG(2), imposing anti-dumping measures on certain plate steel exported to Australia from the People's Republic of China (China), Republic of Indonesia (Indonesia), Japan and Korea with the exclusion of one Korean exporter and two Indonesian exporters. The measures took effect on 2 April 2004.

Following a review by the Trade Measures Review Officer (the TMRO), on 3 September 2004, the Minister for Justice and Customs requested the Chief Executive Officer (CEO) of the Australian Customs Service to reinvestigate the findings in report No. 76 which recommended the publishing of the dumping duty notice.

Following the reinvestigation, on 7 December 2004, the Minister for Justice and Customs accepted the CEO's recommendations in report No. 87 to affirm the publication of dumping duty notices. Public notice was provided on 24 December 2004. The measures expired on 2 April 2009.

On 12 February 2013, the Australian Customs and Border Protection Service (the ACBPS) commenced an investigation into the alleged dumping of hot rolled plate steel

exported to Australia from China, Indonesia, Japan, Korea and Taiwan, and the alleged subsidisation of the goods exported to Australia from China (Investigation 198).

On 10 September 2013, the Commissioner terminated the dumping investigation into the goods exported by all exporters from Taiwan, Hyundai and POSCO from Korea and Shandong Iron and Steel, Jinan Company from China. *Termination Report No. 198* (TER 198) sets out the reasons for these terminations. The Commissioner was satisfied that the goods exported during the investigation period by all exporters from Taiwan, and Hyundai and POSCO from Korea, were not dumped.

On 19 December 2013, in response to the recommendations in REP 198, the Minister for Industry published:

- a dumping duty notice under subsections 269TG(1) and 269TG(2) imposing dumping measures on certain hot rolled plate steel exported to Australia from China, Indonesia, Japan and Korea with the exclusion of one Chinese exporter and the two Korean exporters the subject of this application; and
- a countervailing duty notice under subsection 269TJ(2) imposing countervailing measures on certain hot rolled plate steel exported to Australia from China.

The measures apply to certain hot rolled plate steel exported to Australia on or after 19 July 2013.

The goods subject to anti-dumping measures as a result of REP 198 are slightly different to the goods the subject of this investigation, as follows:

- this application includes flat rolled products of 'other alloy' steel; and
- this application excludes quenched and tempered (Q&T) greenfeed.

2.3 Responding to this statement of essential facts

This SEF sets out the facts on which the Commissioner proposes to base a recommendation to the Parliamentary Secretary, unless the investigation is terminated earlier. The SEF informs interested parties of the facts established to date and allows them to make submissions in response. It is important to note that this SEF may not represent the final views of the Commissioner.

Following its publication on the public record, interested parties have 20 days to respond to the SEF. Responses to this SEF should be provided to the Commission no later than 1 November 2015.

The Commissioner will consider submissions received in response to this SEF in either making his final report and recommendations to the Parliamentary Secretary, or in relation to terminating the investigation if he decides to do so. The Commissioner is not obliged to have regard to any submission made in response to the SEF received after 1 November 2015, if to do so would, in the opinion of the Commissioner, prevent the timely preparation of a final report if the investigation is not terminated.⁵

The final report, if the investigation is not terminated, will set out the Commissioner's findings of fact in relation to the investigation and recommend whether a dumping duty notice should be published, and the extent of any interim duties that are, or should be, payable.

⁵ Subsection 269TDAA(3)

Submissions should preferably be emailed to operations4@adcommission.gov.au.

Alternatively, submissions may be sent to fax number +61 3 8539 2499, or posted to:

The Director - Operations 4
Anti-Dumping Commission
GPO Box 1632
Melbourne VIC 3001
AUSTRALIA

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 www.adcommission.gov.au.

2.4 Submissions received from interested parties

The Commission has received two submissions from interested parties during the course of the investigation. These submissions have been considered by the Commissioner in reaching the conclusions contained within this SEF. The submissions received are listed in **Non-Confidential Attachment 1**.

2.5 Public record

The public record contains non-confidential submissions by interested parties, the non-confidential versions of the Commission's visit reports and other publicly available documents. It is available in hard copy by request in Melbourne or online at www.adcommission.gov.au. Documents on the public record should be read in conjunction with this SEF.

3 THE GOODS AND THE LIKE GOODS

3.1 Findings

The Commissioner considers that locally produced hot rolled plate steel is 'like' to the goods under consideration.

3.2 Legislative and policy framework

Subsection 269TC(1) provides that the Commissioner shall reject an application for a dumping duty notice if, *inter alia*, the Commissioner is not satisfied that there is, or is likely to be established, an Australian industry in respect of like goods.

In making this assessment, the Commissioner first determines that the goods produced by the Australian industry are 'like' to the imported 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.

An Australian industry can apply for relief from injury caused by dumped imports even if the goods it produces are not identical to those imported. However, the Australian industry must produce goods that are 'like' to the imported goods.

Where the locally produced goods and the imported goods are not alike in all respects, the Commissioner assesses whether they have characteristics closely resembling each other against the following considerations:

- physical likeness;
- commercial likeness;
- functional likeness; and
- production likeness.

3.3 The goods

The goods the subject of the investigation are flat hot rolled products of:

- iron;
- non-alloy steel; or
- other alloy steel;

of a width greater than 600 millimetres (mm), with a thickness equal to or greater than 4.75 mm, not further worked than hot rolled, not in coils, with or without patterns in relief.

BlueScope indicated in its application that it understands that the standard dimensions of imported plate product ranges within 1,500 mm – 3,200 mm in width, 5 mm – 150 mm in thickness and 6 – 12 metres in length.

Imported non-alloy and 'other alloy' hot rolled plate steel products are most commonly offered in nominal yield strengths of 250 MPa and 350 MPa, depending on application and end use.

3.3.1 Exclusions

Goods excluded from this application are:

- 250 mega Pascal (MPa) grades of plate steel with a thickness greater than 150mm;
- 350 MPa grades of plate steel with a thickness greater than 100mm;
- heat treated quenched and tempered (Q&T) grades of hot rolled plate steel; and
- Q&T *Green Feed* grades of plate steel (Q&T *Green Feed* is supplied only in the 'non heat-treated' condition).

3.3.2 Further information on the goods

Hot rolled plate steel is made from either hot rolled coil (HRC) or from steel slab.⁶ The Commission has found that there are different terms used for plate made from HRC and plate made from steel slab. Plate made directly from steel slab is often referred to as 'plate', or 'plate from a Quarto mill'. Plate made from HRC is often referred to as 'coil plate', 'hot rolled sheet' or 'sheet'.

BlueScope has indicated to the Commission that:

- coil plate grades are cheaper to manufacture than plate made from steel slab and are better for laser cutting;
- producers are able to manufacture plate made from steel slab in much larger sizes than coil plate;
- grade 250 MPa and grade 350 MPa of hot rolled plate steel are the most common grades that are sold around the world; and
- there are often extra charges incurred for widths above a standard range, but these may be waived by exporters for large orders.

BlueScope has indicated to the Commission that to meet special testing requirements for certain standards of hot rolled plate steel, alloys must be added to the steel to alter its chemical properties.

3.3.3 Australian and international standards

There are a number of relevant international standards for plate steel products that define specific grade designations, including the recommended or guaranteed properties of each of these product grades.

⁶ A description of the process of manufacturing hot rolled plate steel can be found in the Commission's report on its visit to the Australian industry and is available on the Commission's website at www.adcommission.gov.au.

These relevant standards are noted in the tables below:

Australian and International Standards: Structural Grades

Australia and NZ AS/NZS 3678	International ASTM	Japan JIS	China
Grade	Grade	Grade	Grade
250	A36	G3101-SS400	GB/T 700-Q275
250L15			
250L20			
250Y20			
250L40			
250Y40			
300			
300L15			
300L20			
300Y20			
300L40			
300Y40			
350	A572-345(50)	G3101-SS490	GB/T 1591-Q345
350L15			
350L20			
350Y20			
350L40			
350Y40			
400	A572-415(60)		GB/T 1591-Q390
400L15			
400L20			
400Y20			
400L40			
400Y40			
Australia and NZ AS/NZS 3678	International ASTM	Japan JIS	China
Grade	Grade	Grade	Grade
450	A572-450(65)		GB/T 1591-Q420
450L15			
450L20			
450Y20			
450L40			
45040			

Table 2: Hot rolled plate steel – Australian and international standards – Structural grades

Australian and International Standards – Pressure Vessel and Boiler Grades

AS 1548	ASTM
Grade	Grade
PT 430	A516 – 415 (60)
PT 460	A516 – 450 (65)
PT 490	A516 – 485 (70)
PT 490	A516 – 485 (70)
PT 490 N	A516 – 485 (70) N

Table 3: Hot rolled plate steel – Australian and international standards – Pressure vessel and boiler grades

3.4 Tariff

3.4.1 Tariff classifications

The goods are typically classified to the following subheadings in Schedule 3 of the *Customs Tariff Act 1995*:

- 7208.40.00 statistical code 39;
- 7208.51.00 statistical code 40;
- 7208.52.00 statistical code 41; and
- 7225.40.00 statistical codes 22 and 24.

The goods imported from Korea and Taiwan classified to 7208.40.00, 7208.51.00 and 7208.52.00 are free of duty. The goods classified under 7225.40.00 attract a 5 per cent rate of duty for Taiwan. Under the *Korea-Australia Free Trade Agreement* (KAFTA), the duty rate applicable to imports from Korea reduced to zero on 13 December 2014.

3.4.2 Tariff concession orders

There are currently no tariff concession orders applicable to the goods the subject of the investigation.

3.5 Australian industry

Under subsection 269T(2), goods are not to be taken to have been manufactured in Australia unless the goods were wholly or partly manufactured in Australia. Under subsection 269T(3), goods shall not be taken to have been partly manufactured in Australia unless at least one process in the manufacture of the goods was carried out in Australia.

The Commission has inspected BlueScope's Port Kembla plant and observed the production process. The Commission has found that BlueScope undertakes at least one substantial process of manufacture in producing hot rolled plate steel in Australia, and therefore that there is an Australian industry, being BlueScope, producing like goods. The Commission's BlueScope visit report is available on the public record.

3.6 Like goods assessment

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 Commission considers that BlueScope produces goods that are 'like' to the goods under consideration for the following reasons:

- the primary physical characteristics of the goods and locally produced goods are similar;
- the goods and locally produced goods are commercially alike as they are sold to common users, and directly compete in the same market;
- the goods and locally produced goods are functionally alike as they have a similar range of end-uses; and
- the goods and locally produced goods are manufactured in a similar manner.

Having regard to the above, the Commissioner is satisfied that the Australian industry produces 'like' goods to the goods the subject of the application, as defined in subsection 269T(1).

The Commissioner is satisfied that there is an Australian industry in respect of 'like' goods in accordance with subsection 269TC(1).

4 THE AUSTRALIAN MARKET

4.1 Background

The Commission has calculated the size of the Australian market by using information from the Australian Border Force (ABF) import database as well as verified data obtained from the Australian industry, importers and exporters.

The Australian hot rolled plate steel market is supplied from local production by BlueScope, and by imports. The main sources of import supply are Korea, China, Taiwan and New Zealand.

4.2 Distribution

The Commission has found that in the Australian hot rolled plate steel market, most sales are made by manufacturers and importers to distribution companies. These distribution companies may offer plate processing which includes the cutting, drilling, shaping of steel for customers who will incorporate these 'components' into a finished article. Distributors hold stock, provide credit terms and may combine deliveries with other steel products such as pipe and tube as well as structural 'I' beams and 'H' columns.

Hot rolled plate steel is also sold directly by manufacturers and importers to larger end-users that are often referred to as 'converters'. Converters generally directly procure hot rolled plate steel for large projects, or are manufacturers that make proprietary products such as underground mining equipment. The 'converters' are generally large fabricators that fabricate structures or items to a specified design. In addition to this, there are smaller fabricators and maintenance companies that purchase steel from distributors for regular repairs and maintenance to buildings or machinery.

4.2.1 BlueScope

BlueScope competes with importers of hot rolled plate steel in all market segments and in all states and territories in Australia.

The Commission conducted a verification visit at BlueScope in order to:

- obtain general information about the Australian market for plate steel;
- gain a greater understanding of BlueScope's manufacturing, marketing, sales and distribution processes;
- verify information provided in the application;
- gather information relevant to assessing whether the allegedly dumped imports had caused material injury to the Australian industry; and
- to give BlueScope the opportunity to provide any further comments or raise any further issues it considers relevant to the investigation.

The Commission is satisfied that there is an Australian industry producing like goods which comprises one Australian producer, BlueScope.

The Commissioner has had regard to the information verified at the visit to BlueScope, as well as the matters discussed in the visit report, in preparing this SEF. The report on the visit by the Commission to BlueScope includes further information on its market practices and is available on the public record.

4.2.2 Importers

Following the initiation of this investigation, the Commission identified importers of hot rolled plate steel from Hyundai, POSCO and Taiwan. Six of these importers were considered to be 'major' importers and were sent Importer Questionnaires. The Commission received responses from three major importers.

Letters were sent to the eleven 'minor' importers informing them of the investigation and inviting submissions. The Commission received no responses from minor importers.

The Commission conducted verification visits to importers in order to:

- determine whether sales by exporters to importers were at arm's length;
- to verify import costs and prices; and
- to give importers the opportunity to provide any further comments or raise any further issues they consider relevant to the investigation.

Visits were made to the following importers:

- Commercial Metals Company Pty Ltd;
- GS Global Australia Pty Ltd; and
- Sanwa Pty Ltd.

The Commissioner has had regard to the matters discussed and information verified at the visits to these importers, as well as to the matters discussed in the visit reports, in preparing this SEF. Reports on visits by the Commission to these importers are available on the public record.

4.3 Market size and share

The Commission has found that the size of the Australian hot rolled plate steel market has varied slightly between 2010 and 2014.

Figure 1 illustrates the Australian market for hot rolled plate steel for the calendar years 2010 to 2014.

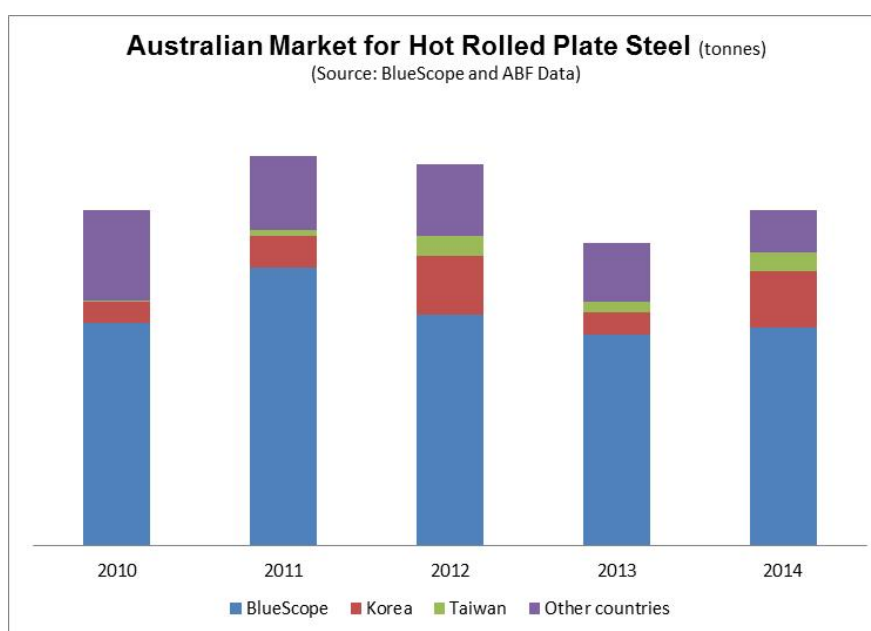


Figure 1: Australian market for hot rolled plate steel

Further details of the Australian market for hot rolled plate steel are at **Confidential Appendix 1**.

5 DUMPING INVESTIGATION

5.1 Introduction

In order to determine whether dumping has occurred, the export price and normal value of the goods must be compared.⁷ Dumping occurs when a product from one country is exported to another country at a price less than its normal value. The export price and normal value of goods are determined under section 269TAB and section 269TAC respectively.

This chapter explains the findings of the investigation by the Commissioner into whether or not hot rolled plate steel was exported from Korea by Hyundai and POSCO, and all exporters from Taiwan, at dumped prices during the investigation period.

5.2 Findings

The Commissioner has found that hot rolled plate steel exported to Australia from Korea, by Hyundai and POSCO, and from Taiwan by China Steel and Shang Chen was not at dumped prices during the investigation period. The Commissioner has also found that hot rolled plate steel exported to Australia from Taiwan by non-cooperative exporters was dumped, but the volume of dumped goods was negligible.

5.3 Exporters

At the commencement of the investigation, the Commission contacted Hyundai and POSCO, and all exporters from Taiwan of the goods within the relevant tariff subheading for hot rolled plate steel, as identified in the ABF import database.

5.3.1 Exporter Questionnaires

The Commission contacted each identified exporter of the goods and invited them to complete an Exporter Questionnaire, which requested information necessary to determine whether goods were exported at dumped prices.

5.3.2 Exporters

The Commission received questionnaire responses that were assessed as being substantially complete from:

- Shang Chen;
- China Steel;
- Hyundai; and
- POSCO.

These exporters have cooperated with the investigation.

The Commission has verified the data submitted by these exporters and visited Shang Chen, Hyundai and POSCO. The verification reports for each of the cooperating exporters are available on the public record.

⁷ Subsection 269TACB(1)

Individual dumping margins are calculated based on verified information for each of the cooperating exporters.

The Commission also received a questionnaire response from another exporter from Taiwan, but did not consider it to be complete. The Commissioner is satisfied that that exporter, and other exporters that provided no questionnaire response, are uncooperative exporters as defined in section 269T.

5.3.3 Shang Chen

In relation to the goods exported by Shang Chen from Taiwan to Australia, the Commission has found that:

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

As such, weighted average export prices were established in accordance with subsection 269TAB(1)(a) using Shang Chen's export invoice prices, by model, excluding any part of that price that relates to post-exportation charges.

Normal values were established in accordance with subsection 269TAC(1) using Shang Chen's domestic invoice prices paid, or payable, for like goods, by model, where those sales were at arm's length and in the ordinary course of trade.

Adjustments to normal values to allow for fair comparison between export and domestic sales were made under subsection 269TAC(8) for instances where goods exported are not in respect of identical goods; or are modified in different ways by circumstances of the sales to which they relate as follows:

Domestic credit terms	Deduct cost for domestic credit terms
Domestic inland freight	Deduct cost for domestic freight
Specification adjustment	Add or deduct price extras for model differences
Export packaging	Add cost for export packaging
Export inland freight, handling and port charges	Add cost of export inland freight, handling and port charges

Table 4: Adjustments to ensure comparability of normal values to export prices

The Commission compared export prices and normal values for comparable models and calculated a weighted average dumping margin under subsection 269TACB(2)(a) by comparing the weighted average export prices for each model with the weighted average normal values over the investigation period.

The dumping margin for Shang Chen is **negative 0.6 per cent**.

Shang Chen's dumping margin calculations are at **Confidential Appendix 2**.

5.3.4 China Steel

In relation to the goods exported by China Steel from Taiwan to Australia, the Commission has found that:

- the goods have been exported to Australia otherwise than by the importer;

- the goods have been purchased by the importer from the exporter; and
- the purchases of the goods were arm's length transactions.

As such, weighted average export prices were established in accordance with subsection 269TAB(1)(a) using China Steel's export invoice prices, by model, excluding any part of the price that relates to post-exportation charges. The information used was the Australian sales data provided by the company in response to exporter questionnaire.

Normal values were established in accordance with subsection 269TAC(1) using China Steel's domestic invoice prices paid, or payable, for like goods, by model, where those sales were at arm's length and in the ordinary course of trade.

Adjustments to normal values to allow for fair comparison between export and domestic sales were made under subsection 269TAC(8) for instances where goods exported are not in respect of identical goods; or are modified in different ways by circumstances of the sales to which they relate as follows:

Domestic inland transport	Deduct an amount for domestic inland transport costs.
Domestic credit	Deduct an amount for domestic credit.
Export inland transport	Add an amount for export inland transport costs.
Export handling	Add an amount for export handling costs.
Bank charges (including bank charges, interest and negotiation fees)	Add an amount for export bank charges.
Service fee	Add an amount for fees paid.
Pickling and oiling	Add an amount for pickling and oiling hot rolled plate steel for export.

Table 5: Adjustments to ensure comparability of normal values to export prices

The Commission compared export prices and normal values for comparable models and calculated a weighted average dumping margin under subsection 269TACB(2)(a) by comparing the weighted average export prices for each model with the weighted average normal values over the investigation period for the company.

The dumping margin for China Steel is **negative 1.4 per cent**.

China Steel's dumping margin calculations are at **Confidential Appendix 3**.

5.3.5 Hyundai

In relation to the goods exported by Hyundai from Korea to Australia, the Commission has found that:

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

As such, weighted average export prices were established in accordance with subsection 269TAB(1)(a), using Hyundai's export invoice prices, by model, excluding any part of that price that related to post-exportation charges.

Normal values were established in accordance with subsection 269TAC(1) using Hyundai's domestic invoice prices paid, or payable, for like goods, by model, where those sales were at arm's length and in the ordinary course of trade.

Where there was a low volume of sales of a particular model in the ordinary course of trade, the normal value was constructed under subsection 269TAC(2)(c) using the cost of production or manufacture of the goods by model, plus, on the assumption that the goods, instead of being exported, had been sold for home consumption, the administrative, selling and general costs associated with the sale and the profit on that sale.

Adjustments to normal values to allow for fair comparison between export and domestic sales were made:

- under subsection 269TAC(8) where goods exported relate to sales occurring at different times; are not in respect of identical goods; or are modified in different ways by circumstances of the sales to which they relate: or
- under subsection 269TAC(9) to ensure that where normal value has been constructed under TAC(2)(c), it is properly comparable with the export price of those goods; as follows:

Credit terms	Deduct the cost of domestic credit. Add the cost of export credit (L/C charges).
Inland transport	Deduct the cost of domestic inland transport and insurance where applicable (delivered sales) Add the cost of export inland transport.
Handling	Add the cost of export handling and other charges to normal values for FOB export prices <u>only</u> .
Warranty	Deduct the cost of warranty expenses incurred on the domestic market.
Timing adjustment	Amend the normal values calculated under subsection 269TAC(1) for PCNs in quarter where no domestic sales were made of that PCN or a similar PCN (as applicable) by basing this normal value on the closest available quarter and adjusting for differences in manufacturing costs between quarters plus the gross margin.
Level of trade	Remove domestic sales to end users from normal values calculated under subsection 269TAC(1) and the calculation of profit for normal values calculated under subsection 269TAC(2)(c).

Table 6: Adjustments to ensure comparability of normal values to export prices

The Commission compared export prices and normal values for comparable models and calculated a weighted average dumping margin under subsection 269TACB(2)(a) by comparing the weighted average export prices for each model with the weighted average normal values over the investigation period.

The dumping margin for Hyundai is **negative 0.6 per cent**.

Hyundai's dumping margin calculations are at **Confidential Appendix 4**.

5.3.6 Submission from BlueScope regarding Hyundai

BlueScope has submitted that the Commission should re-examine various matters related to its calculation of the dumping margin for Hyundai. BlueScope's submissions and the Commission's respective comments follow:

- BlueScope submitted that when determining normal values under 269TAC(1) for Hyundai, and where the Commission was not able to identify an exact model match between domestic sales and exports of the goods, and a suitable substitute model was used, the Commission should ensure that the width of the model adopted for normal value should exactly match the width of the exported model as a matter of priority.

BlueScope submitted that this is so because meeting specific width requirements is more complex than meeting specific thickness or edge requirements. As such, hot rolled plate steel of different widths will have a more significant impact on price and hence pricing comparability than differences in other characteristics.

- As described in the Hyundai exporter visit report, where goods were not identical and exact model matches were not possible, adjustments were made under 269TAC(8) to normal value in respect of width, thickness and edge type to allow for fair comparison between export and domestic sales.
 - The Commission's investigations with Hyundai confirmed that these pricing extras are applied to sales of hot rolled plate steel, and reflect the fact that these physical differences result in different costs incurred in the manufacture of hot rolled plate steel.
 - In light of this, the Commission does not consider that it is necessary to match one particular characteristic in preference over another.
 - In any case, the Commission notes that, when determining similar model matches for normal values in cases where this type of normal value was adopted, the structure of each company's product codes was such that models with differences in thickness and edge type were used to identify similar models in most circumstances.
- BlueScope submitted that in a previous investigation into hot rolled plate steel (Investigation 198), the Commission made an upwards adjustment to Hyundai's normal value for bank charges and commissions/trade fees. BlueScope submitted that these adjustments had not been made in the present investigation and requested the Commission reassess the applicability of these adjustments:
 - Bank charges – the Commission has examined adjustments made to Hyundai's normal values and is satisfied that the 'bank charges' identified during Investigation 198 have again been adjusted for in the current investigation, being included under the adjustment entitled 'handling' charges, which is in fact a combination of several charges.
 - Commissions/trade fees – it is not clear to the Commission what particular adjustment made during Investigation 198 BlueScope is referring to in this case. In respect of commissions, bank commissions have been accounted for in the current investigation.

- BlueScope observed that the Hyundai exporter visit report identified that nil selling costs were included in the Australian selling, general and administrative costs reported by Hyundai, and queried why these costs were not included as ‘it would be expected that Hyundai would have incurred selling costs for export sales to Australia’.
 - The Commission clarifies that the entirety of the reported ‘selling’ costs in Hyundai’s selling, general and administrative expenses relates to domestic advertising for the company. All other ‘selling’ costs were categorised under the ‘administration’ costs of the company. The Commission is satisfied that Hyundai steel was correct to identify these costs as only relating to domestic sales and isolate them from its Australian selling, general and administrative costs calculation. The Commission is satisfied that all costs related to the sale of the goods to Australia have been included in the selling, general and administrative costs calculation for that market.
- BlueScope has requested the Commission to validate whether the steel slab produced and transferred by Hyundai for use in the cost of hot rolled steel plate has been included at full cost recovery.
 - In the Hyundai exporter visit report, the Commission indicated that it is satisfied that the calculations submitted by Hyundai represent complete and relevant accounts of the fully absorbed cost to manufacture hot rolled plate steel during the investigation period. This includes all raw material and conversion costs through all stages of the manufacturing process for hot rolled plate steel, including the steelmaking and slab casting processes.
 - The Commission is satisfied that the full cost to manufacture slab by Hyundai for use in making hot rolled plate steel has been included in the company’s reported cost to make the goods.
- BlueScope observed that the Commission allowed a downwards adjustment to normal values to account for warranty expenses incurred on the domestic market. BlueScope refuted this adjustment, stating:

In typical circumstances a company would establish a provision for warranty claims – including for both domestic and export sales. As the claims can apply equally between domestic and export sales, no adjustment should be made to Hyundai’s normal value.

Consequently, BlueScope has asked the Commission to reverse a downward adjustment to normal value for warranty because it considers the expense is incurred equally on domestic and export sales.

- The *Dumping and Subsidy Manual* indicates that adjustments can be made to normal values for differences in after-sales costs between markets, including warranty expenses.
- As discussed in the Hyundai exporter visit report, the Commission also indicated that it considers that these warranty costs represent an after-sales cost that is different between the export and domestic markets and an adjustment is warranted for this cost.
- In any case, the impact of the adjustment on the dumping margin is negligible.

- BlueScope indicated that the Hyundai exporter visit report provided for a downwards adjustment to normal value for domestic advertising expenses incurred by the company, which related to the overall company profile domestically (and not specifically to plate steel). BlueScope highlighted that the *Dumping and Subsidy Manual* refers specifically to advertising costs in its consideration of due allowance, and notes that advertising expenses that relate more generally to the cost of doing business instead of directly to the investigated goods are generally not grounds for an adjustment.
 - The Commission has reviewed this adjustment and agrees that as the advertising costs relate to company profile rather than being directly related to plate steel, an adjustment is not warranted for these costs.
 - This adjustment has been removed.
- BlueScope has asked the Commission to clarify that sales at a loss have been excluded from the level of profit calculation applied to the normal values under subsection 269TAC(2)(c) and to also ensure that the profit is re-calculated following the removal of the negative adjustments and application of positive adjustments referred to above.
 - The level of profit used for determining normal values under subsection 269TAC(2)(c) for Hyundai is the profit achieved on domestic sales of like goods in the ordinary course of trade.
 - When calculating dumping margins, adjustments for fair comparison are performed after the ordinary course of trade test. The ordinary course of trade test is not distorted by adjustments made for fair comparison between domestic and export markets.

The submission by BlueScope and the Hyundai exporter visit report are available on the public record.

5.3.7 POSCO

In relation to the goods exported by POSCO from Korea to Australia, the Commission has found that:

- the goods have been exported to Australia otherwise than by the importer;
- the goods have not been purchased by the importer from the exporter; and
- the purchases of the goods were arm's length transactions.

As the goods have not been purchased by the importer from the exporter, export prices could not be determined under subsections 269TAB(1)(a) or 269TAB(1)(b). Accordingly, weighted average export prices were established in accordance with subsection 269TAB(1)(c), using POSCO's export invoice price by model.

Normal values were established in accordance with subsection 269TAC(1) using POSCO's domestic invoice prices paid, or payable, for like goods, by model, where those sales were at arm's length and in the ordinary course of trade.

Where there was a low volume of sales of a particular model in the ordinary course of trade, the normal value was constructed under subsection 269TAC(2)(c) using the cost of production or manufacture of the goods, by model, plus, on the assumption that the goods, instead of being exported, had been sold for home consumption, the sales,

general and administrative (SG&A) costs associated with the sale and the profit on that sale.

Adjustments to normal values to allow for fair comparison between export and domestic sales were made:

- under subsection 269TAC(8) where goods exported relate to sales occurring at different times; are not in respect of identical goods; or are modified in different ways by taxes or the terms or the circumstances of the sales to which they relate: or
- under subsection 269TAC(9) to ensure that where normal value has been constructed under subsection TAC(2)(c), it is properly comparable with the export price of those goods; as follows:

Credit terms	Deduct the cost of domestic credit Add the cost of export credit
Inland transport	Deduct the cost of domestic inland transport where applicable Add the cost of export inland transport
Handling	Deduct the cost of domestic handling where applicable Add the cost of export handling
Warranty	Deduct the cost of warranty expenses incurred on the domestic market
Duty Drawback	Deduct the revenue generated from duty drawback from the normal value
Timing adjustment	Amend the section 269TAC(1) normal values for model codes in quarter where no domestic sales were made of that model code or a similar model code (as applicable) by basing this normal value on the closest available quarter and adjusting for differences in manufacturing costs between quarters plus the gross margin

Table 7: Adjustments to ensure comparability of normal values to export prices

The Commission compared export prices and normal values for comparable models and calculated a weighted average dumping margin under subsection 269TACB(2)(a) by comparing the weighted average export prices for each model with the weighted average normal values over the investigation period.

The dumping margin for POSCO is **negative 1.2 per cent**.

POSCO's dumping margin calculations are at **Confidential Appendix 5**.

5.3.8 Submission from BlueScope regarding POSCO

BlueScope has submitted that the Commission should re-examine various matters related to its calculation of the dumping margin for POSCO. BlueScope's submissions and the Commission's respective comments follow.

- As with Hyundai, BlueScope submitted that when determining normal values under 269TAC(1) for POSCO, and where the Commission was not able to identify an exact model match between domestic sales and exports of the goods, and a suitable substitute model was used, the Commission should ensure that the width of the model adopted for normal value should exactly match the width of the exported model as a matter of priority.
 - The analysis of this issue in relation to Hyundai applies equally to the analysis in relation to POSCO. The Commission's approach to model matching (and making adjustments for physical differences between similar model matches) has not been altered for POSCO as a result.
- BlueScope has submitted that the Commission's allocation of POSCO's SG&A costs on the basis of sales revenue significantly understates the correct allocation of the correct costs representing selling and general administrative costs for hot rolled plate steel because it is a relatively low value-added product with lower unit revenue (hence allocation based on revenue understates the allocation of those costs to the product).

BlueScope does not provide a suggested alternative method for allocation of these costs to the goods.

- The Commission has considered the allocation of POSCO's SG&A costs across products based on sales revenue. While the Commission observes that there are likely price differences across POSCO's product offering that may result in the allocation of these expenses more to certain products other others, the Commission continues to consider that the allocation of SG&A costs based on revenue reflects the selling, general and administration costs associated with the sale of plate steel.
 - In addition, the Commission notes that, in its experience, the allocation of SG&A costs based on revenue is commonly observed to be the method adopted by steel companies, both in Australia and internationally.
- As with Hyundai, BlueScope has questioned whether the Commission was able to verify a fully absorbed 'slab cost' transferred into hot rolled plate production that reflects full cost recovery for steel slab.
 - As with Hyundai, in the verification report for POSCO, the Commission has indicated that it is satisfied that the calculations submitted by the company represent complete and relevant accounts of the fully absorbed cost to manufacture hot rolled plate steel during the investigation period. This includes all raw material and conversion costs through all stages of the manufacturing process for hot rolled plate, including the steelmaking and slab casting processes.
 - The Commission is satisfied that the full cost to manufacture slab by POSCO for use in making plate steel has been included in the company's reported cost to make the goods.
- BlueScope has submitted that the same issues concerning the determination of a level of profit as applied to Hyundai are applicable to POSCO, and that the level of profit applied should reflect profit achieved on domestic sales of like goods (excluding loss-making sales).

- The Commission refers to the above analysis of this issue in relation to Hyundai's normal values, which applies equally to the determination of POSCO's profit for calculation of subsection 269TAC(2)(c) normal values.
- As with Hyundai, BlueScope considers that the adjustment to normal values for POSCO's domestic warranty expenses should not be allowed.
 - The above analysis of this issue in relation to Hyundai applies equally to POSCO's warranty adjustment.
 - The Commission considers that these warranty costs represent an after-sales cost that is different between the export and domestic markets and an adjustment is warranted.

The submission by BlueScope and the POSCO exporter visit report for are available on the public record.

5.3.9 Uncooperative exporters from Taiwan

The application is in respect of all exporters from Taiwan. Only China Steel and Shang Chen have cooperated with the investigation. As discussed above at section 5.3.2 of this report, the Commissioner is treating all exporters of hot rolled plate steel from Taiwan other than China Steel and Shang Chen as uncooperative exporters as defined under subsection 269T(1).

The Commission has therefore determined an export price under subsection 269TAB(3) having regard to all relevant information.⁸ Specifically, the Commission has used the lowest weighted average export price of those that were established for China Steel and Shang Chen.

The Commission has determined normal value for uncooperative exporters under subsection 269TAC(6) having regard to all relevant information⁹. Specifically, the Commission has used the highest weighted average normal value of those that were established for China Steel and Shang Chen in the investigation period.

The dumping margin for uncooperative exporters from Taiwan is **9.1 per cent**.

These calculations are at **Confidential Appendix 6**.

5.4 Volumes

Subsection 269TDA(3) requires the Commissioner to terminate an investigation in respect of a country if negligible volumes of dumped goods exported from that country are found.

As described in Chapter 4 of this report, the Commission calculated the size of the Australian market. The Commission has found that when expressed as a percentage of the total Australian imported volume of the goods, the volume of goods found to be dumped from Taiwan by uncooperative exporters was less than three per cent of the total Australian import volume and therefore negligible.¹⁰ As the Commission has not found dumping by Shang Chen and China Steel from Taiwan or by any exporter from Korea, subsection 269TD(5) does not apply.

⁸ Subsection 269TACAB(1)

⁹ Subsection 269TACAB(1)

¹⁰ Subsection 269TDA(4)

5.5 The Commission's assessment

The Commission has assessed that hot rolled plate steel exported to Australia from Korea by Hyundai and POSCO, and from Taiwan by Shang Chen and China Steel, during the investigation period was not at dumped prices. The Commission has also assessed that the dumping margin for uncooperative exporters from Taiwan is 9.1 per cent, but that the the volume of goods exported by uncooperative exporters from Taiwan was negligible.

A summary of the Commission's assessment of dumping margins is set out in Table 8.

Exporter	Dumping margin
Hyundai	-0.6%
POSCO	-1.2%
China Steel	-1.4%
Shang Chen	-0.6%
Uncooperative exporters from Taiwan	9.1%

Table 8: Dumping margins

6 PROPOSAL TO TERMINATE THE INVESTIGATION

Under subsection 269TDA(1)(b)(i), if the Commissioner is satisfied that there has been no dumping by an exporter, the Commissioner must terminate the investigation so far as it relates to that exporter.

The Commission's assessment is that hot rolled plate steel exported to Australia from Korea by Hyundai and POSCO, and from Taiwan by Shang Chen and China Steel, during the investigation period was not at dumped prices. Therefore, the Commissioner proposes, subject to the consideration of any submissions made in relation to this SEF, to terminate the investigation so far as it relates to hot rolled plate steel exported by Hyundai, POSCO, Shang Chen and China Steel.

Under subsection 269TDA(3), if the Commissioner is satisfied that the total volume of hot rolled plate steel exported to Australia from a particular country that has been dumped is negligible, the Commissioner must terminate the investigation so far as it relates to that country.

The Commission's assessment is that the total volume of hot rolled plate steel exported to Australia from Taiwan that was dumped during the investigation period was negligible. Therefore, the Commissioner proposes, subject to the consideration of any submissions made in relation to this SEF, to terminate the investigation so far as it relates to hot rolled plate steel exported from Taiwan.

7 APPENDICES AND ATTACHMENTS

Confidential Appendix 1	Australian market size and share
Confidential Appendix 2	Dumping Margin – Shang Chen
Confidential Appendix 3	Dumping Margin – China Steel
Confidential Appendix 4	Dumping Margin – Hyundai
Confidential Appendix 5	Dumping Margin – POSCO
Confidential Appendix 6	Dumping Margin –Uncooperative Exporters from Taiwan
Non-Confidential Attachment 1	List of submissions received from interested parties

Non-Confidential Attachment 1 – Interested Party Submissions

Public Record No.	Title of Submission	Party Making Submission	Date Published
015	<i>Allegations of injury caused by exports of hot rolled plate steel from Korea</i>	POSCO	16/07/2014
025	<i>Investigation No. 284 – Hot rolled plate steel exported from Korea and Taiwan – Verification Visit Reports – Hyundai and Posco of Korea</i>	BlueScope	29/09/2015