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24 November 2015

Mr Roman Maevsky  
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Dear Mr Maevsky

### Public File

## **Investigation No. 290 and 298 – Anti-Circumvention inquiries - Zinc Coated (galvanised) Steel exported from Taiwan and Korea, and P R China – BlueScope response to Statement of Essential Facts**

### Summary

BlueScope Steel Limited (“BlueScope”) acknowledges the Anti-Dumping Commission’s (“the Commission”) findings as detailed in Statement of Essential Facts (“SEF”) No. 290 and 298 in respect of the anti-circumvention inquiries into zinc coated (galvanised) steel (“galvanised steel”) exported to Australia from the Republic of Korea (“Korea”), Taiwan and the People’s Republic of China (“China”).

The publication of SEF No’s 290 and 298 follows two separate applications by BlueScope requesting the investigation into circumvention activities associated with the slight (or minor) modification of galvanised steel the subject of trade measures.

Following investigation, the Commission has found that a circumvention activity has occurred in relation to exports from Taiwan and China by certain exporters, but not in relation to goods exported from Korea.

The Commission is proposing to alter the original notices applicable to Korea, Taiwan and China. Subject to responses received in respect of SEF No’s 290 and 298, the Commissioner proposes to alter the goods description in the notices to include alloyed galvanised steel exported from China or Taiwan by specific exporters. In relation to certain exporters, the specific alloying element of boron would be identified in the notice, whereas with other exporters, the change is intended to include all types of alloyed galvanised steel.

Whereas BlueScope welcomes the Commission’s findings that circumvention activities in the form of the slight modification of goods has occurred, BlueScope does not consider that the Commission’s proposed recommendations extend sufficiently to deter either identified exporters from engaging in further slight modification(s) of exported goods to incorporate alloys other than boron or, to deter other exporters from incorporating alloys into the goods the subject of measures from Korea, Taiwan and China.

BlueScope submits that circumvention activity via minor modification is a long-standing strategy employed by steel exporters around the world that are the subject of trade remedy measures. The Commission’s proposed

findings to address circumvention activities that have occurred will not deter exporters from further engaging in anti-circumvention activities beyond the inclusion of boron. The recommended outcomes do not provide a sufficient deterrent to discourage further slight modification activities. The circumvention activities extended the material injury to the Australian industry beyond the date at which measures were imposed (i.e. 5 August 2013), delaying access to relief from dumping from the injurious exports. The proposed limited relief recommended in SEF No's 290 and 298 will not dissuade exporters from seeking to incorporate alternate low-cost alloys into the production process for the goods so that they are excluded from the coverage of the proposed changes in wording to the s.269TG(2) and s.269TJ(2) notices, thereby extending material injury to the Australian industry into 2015/16.

BlueScope is seeking the Commission to alter the notices as detailed in its application for anti-circumvention to extend coverage as follows:

*“flat rolled iron or steel products (whether or not containing **alloys**) of a width less than 600mm and equal to or greater than 600mm, plated or coated with zinc.”*

BlueScope's proposed wording extends to all galvanised steel incorporating 'minor modification' alloys (i.e. for example, boron, chromium, etc.) and substantially removes opportunities for further circumvention activities involving the slight modification of the exported goods.

### **Circumvention activities**

Having determined that the circumvention activities as asserted by BlueScope have occurred, the Commission is proposing a "limited modification" to the goods the subject of the notices. At Section 7.3 of SEF No's 290 and 298 the Commission states:

*“BlueScope's proposed alterations to the notice discussed at Paragraph 7.2 extend the original notices in a manner that is broader than the circumvention activities that the Commission has found have occurred.*

*It is the Commission's position that, once satisfied that a circumvention activity has occurred, the Commissioner should take only the action required to remedy the activities that have been found. The Commissioner's recommendations to the Parliamentary Secretary should be designed to specifically address the circumvention activities, rather than extend the notice in a broader sense.*

*Consequently, it is proposed that a 'limited modification' to the original notices be made that directly addresses the circumvention activities.....”*

BlueScope submits that the proposed recommended changes to the notices represents a short-term remedy and will fail to adequately address the broader circumvention activities of exporters that have adopted slight modification of goods as a strategy of choice for avoiding measures.

The Commission's approach fails to take full account of the facts that the slight modification of goods has been a long-standing strategy in the global steel industry. The modification of the goods with boron in the liquid steel manufacturing process represents the lowest cost approach to securing a change in tariff classification of the goods to the alloyed subheadings of 7225.92.00 and 7226.99.00.

BlueScope has previously confirmed with the Commission the existence of alternate alloy products used in the manufacture of HRC (the substrate used in galvanised steel production). The Commission was made aware of chromium (the next lowest cost alloying element after boron) also being used as an alloyed additive<sup>1</sup>. The use of alternate alloy materials to boron confirms that the circumvention activities are not

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<sup>1</sup> Refer Section 2.4.1 of SEF No's 290 and 298, P. 13.

limited to the inclusion of boron. To highlight the prevalence of use of other alloy products (beyond boron) BlueScope has obtained the following recent articles confirming broad circumvention activities within the steel industry.

- Vietnam Steel Association (VCA) confirms surging imports of steel ingots incorporating chromium (The Saigon Times Daily, 2 November 2015, 21 October 2015, Thanhnieews.com 27 Oct 2015);
- Mexican steel industry seeking the extension of existing anti-dumping measures to alloyed flat steel products incorporating boron and chromium used to avoid measures (American Metal Market, 23 June 2015 and 3 July 2015);
- South Korean Steel Industry officials confirm that following the government of China's decision to apply the export rebate on certain boron added steel products, Korean steelmakers are concerned about increasing trends in shipments of chromium added materials from China, including heavy plate and wire rod products (Steel Business Briefing, 3 July 2015);
- U.S. Steel Industry urging the U.S. Department of Commerce to issue a final ruling on its petition to commence an anti-circumvention inquiry to address the surge in imports of carbon and alloy steel plate from China that includes "inconsequential" amounts of chromium or titanium (American Metal Market, 9 May 2015, 1 May 2015).

Copies of the above articles are included with this submission (Refer Non-Confidential Attachment 1). The identified articles demonstrate that anti-circumvention practices are common in the steel industry with exporters seeking to evade measures via the practice of slight or minor modification of the goods to secure a change in tariff subheading to qualify as alloy products.

BlueScope notes the Commission's comments at Section 7.3 of SEF No's 290 and 298 that suggest the Commission "*should take only the action required to remedy the activities that have been found*". This limited interpretation prevents the Parliamentary Secretary from applying the anti-circumvention provisions to effectively address known and prevalent circumvention activities, including those that are strategies of choice currently in play in the global steel industry. BlueScope is deeply concerned that the "limited modification" approach as recommended in SEF No's 290 and 298 will simply be further circumvented as exporters move to the next low-cost alloy element (i.e. chromium or titanium as indicated in the press articles) to secure exclusion from the amended notices. The practice will necessitate the Australian industry making a further application under the anti-circumvention slight modification provisions under Part 8, Division 3 Section 48.

It is of further concern to BlueScope that the Commission would permit circumvention activities to take place by not extending the notices to address current circumvention activities employed in the steel industry so that the desired impact of anti-dumping measures imposed by the Parliamentary Secretary are rendered ineffective. Such an approach is reactionary in nature and is inconsistent with the intention of the provisions to minimize and discourage circumvention activities. The current investigation affords the Parliamentary Secretary an opportunity to ensure the Australian industry does not experience further financial damage attributable to a circumvention activity by proactively closing a loophole that has already established that circumvention activities have occurred.

BlueScope therefore requests the Commission to reconsider its proposed recommendation to limit the modification of the s.269TG(2) and s.269TJ(2) notices to alloyed goods that include boron only and are further limited to the exporters identified in the circumvention inquiries No. 290 and 298.

The proposed remedy does not discourage further circumvention activities by exporters (other than those identified in the Investigations 290 and 298 – Yieh Phui Enterprise Co., Ltd of Taiwan, Angang Steel Co., Ltd

of China, and Company A of China), nor does it discourage the identified manufacturers in the exporting countries from switching to alternate elements (e.g. chromium and titanium) to qualify the exported goods as alloyed galvanised steel not covered by the measures.

It is BlueScope's contention that the recommended outcomes in SEF No's 290 and 298 are deficient in addressing the circumvention activities of producers/exporters that are prevalent in the global steel industry (as evidenced by the news articles in a number of different jurisdictions confirming Chinese exporters engaging in circumvention activities). Additionally, BlueScope has attached (refer Confidential Attachment 2) market intelligence [REDACTED], as an extended means of circumvention.

### **Identification of Company A**

The Commission has elected not to name a Chinese exporter (i.e. referenced as "Company A" in SEF No's 290 and 298) of the circumvented goods to Australia. Company A was forwarded an exporter questionnaire but did not provide a response or declaration that they had not been involved in a circumvention activity.

The Chinese exporter (Company A) was identified as an exporter of alloyed galvanised steel on the Department of Immigration and Border Protection ("DIBP") import database. The Commission understands the company to be a trading company of "steel and steel products". The Commission did not think that Company A was a manufacturer of galvanised steel. Company A had not previously provided the Commission with information (in Investigations No. 190 and 193) and the Commission was unable to identify the Chinese exporter of the goods supplied by Company A to Australian importers.

BlueScope is uncertain as to the Commission's reluctance to name Company A. The identification of Company A would enable industry participants to assist in linking the parties involved in the supply of the Chinese alloyed galvanised steel to Australia. However, the inability to identify a particular Chinese exporter of the goods highlights the shortcomings of the Commission's preferred "limited modification" approach to anti-circumvention activities. BlueScope's recommended approach to extend the coverage of the measures ensures that the measures apply to galvanised steel, whether or not alloyed, and to all exporters (unless specifically excluded) to ensure the Australian industry is not further subjected to material injury from dumping (and/or subsidisation).

### **Bao Australia**

The Commission has indicated that it has not identified a circumvention activity in relation alloy galvanised steel supplied by Bao Australia to Precision Component as Section 48(2)(c) of the Regulations has not been satisfied. Subsection 48(2) requires all of the factors listed in the Regulation to be satisfied for a positive finding that a circumvention activity has taken place. The Commission's inquiries suggest that goods originally supplied by BaoShan Steel in China and supplied via Bao Australia to the Australian market prior to the imposition of measures.

Baoshan Steel is a fully integrated Chinese steel manufacturer. The company is one of the largest steel conglomerates in China. It would appear that BaoShan Steel is the producer of the goods supplied by Bao Australia to Precision Components.

The Commission has relied upon BlueScope's statement that non-alloyed galvanised steel is not suitable for use in the manufacture of automotive parts. This is generally the case, but it is not a conclusive statement. For goods used in automotive applications, the Commission is aware that Tariff Concession Orders ("TCOs") typically apply. BlueScope is concerned that the alloyed galvanised steel purchased by Precision Components and used in automotive applications is currently not the subject of a TCO and therefore it has not been established that the goods are not substitutable with locally manufactured non-alloyed galvanised steel. BlueScope submits that until Precision Components makes an application for a TCO, whether the

locally produced galvanised steel is a like to the imported goods has not been sufficiently demonstrated. BlueScope has, and continues to support, Australian industry for TCOs for which BlueScope does not manufacture a substitutable good.

BlueScope therefore suggests that exports of alloyed galvanised steel supplied by Bao Australia are goods that are goods to which the measures do apply.

### **Description of subject goods**

BlueScope has observed that the proposed alteration to the s.269TG(2) and s.269TJ(2) notices involves separately identifying the alloyed goods, followed by the identification of the relevant exporters.

This approach is considered cumbersome and unworkable and will lead to considerable confusion for the DIBP personnel involved in implementing the measures. Consistent with usual wording for goods the subject of an application (and subsequently the subject of notices), BlueScope encourages the Commission to consider a simplified wording as follows:

“flat rolled products of iron and steel (whether or not alloyed) of a width less than 600mm and equal to or greater than 600mm, plated or coated with zinc”.

BlueScope recognises that the current investigation is not a “scoping” inquiry, however, the above description addresses the confirmed circumvention activities identified by the Commission. It is BlueScope’s strongly held view that the measures should not be again circumvented and that the most appropriate means of achieving this outcome is by amending the notice as per the general description “flat rolled products of iron and steel (whether or not alloyed) of a width....”.

BlueScope would also like to draw to the attention of the Commission recent developments identified by the US industry involving the slight modification of goods the subject of investigation by the Department of Commerce (“DOC”). In a cold rolled steel investigation the industry demonstrated to the DOC certain recent tactics adopted by exporters of goods the subject of investigation. The DOC altered the scope of the investigation due to<sup>2</sup>:

*“The modifications to the scope reflect changes in steel making and the types of cold-rolled steel products currently being produced by the current industry. Other changes are intended to address certain tactics adopted by foreign producers to evade AD/CVD orders by making minor adjustments to the chemistry or other characteristics of steel products in ways that are sufficient to circumvent the orders but do not affect the suitability of the product for a given application.”*

In the cold-rolled steel investigation micro-alloying additives have been included to alter the description of the goods to include “high strength low alloy (“HSLA”) steels” that would otherwise be excluded from the scope of the investigation.

It is evident that exporters are actively seeking opportunities to evade/avoid measures by slightly modifying the goods the subject of measures via the addition of different alloying elements. BlueScope considers its proposed wording that specifically covers “whether or not alloyed” sufficiently eliminates the opportunity for further circumvention of the notices.

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<sup>2</sup> Dumping and Countervailing of Certain Cold Rolled Steel Flat products from Brazil, China, India, Japan, Korea, Netherlands, Russia and the United Kingdom, 18 August 2015.

## Recent steel industry investigations

BlueScope notes that the Commission recently conducted an investigation into galvanised steel exported from India and Vietnam (Investigation No. 249). In that inquiry, the Commission initiated inquiries that included galvanised steel, whether or not containing alloys. The Commission also repeated this exact approach in the investigation of dumping of plate steel from Taiwan and Korea (Investigation 284) that included, whether or not containing alloys approach to the goods description.

Further, BlueScope notes the Parliamentary Secretary's decision to publish dumping duty notices in July 2015 involving hollow structural sections ("HSS") exported from Thailand that include:

*"certain electric resistant welded pipe and tube, made of steel, comprising circular and non-circular hollow sections, in galvanised and non-galvanised finishes, whether or not including alloys."*

The Parliamentary Secretary has included in the goods description the potential for circumvention via the addition of the words "whether or not including alloys" for goods exported from Thailand. BlueScope therefore considers it reasonable for the Parliamentary Secretary to similarly alter the goods description in the same manner in Inquiries No. 290 and 298.

## Recommendations

BlueScope acknowledges the Commission's findings that alloyed galvanised steel exported from Taiwan by Yieh Pui Enterprise Co., Ltd and from China by Angang Steel Co., Ltd have been involved in circumvention activities. Similarly, goods exported by Company A from China are also goods that have been identified as circumvention goods.

The proposed 'limited modification' remedy to amending the wording of the s.269TG(2) and s.269TJ(2) notices to address the identified circumvention activities is not supported by BlueScope as it does not sufficiently extend to all exporters of alloyed goods to discourage further circumvention activities. BlueScope recommends that the Commission revise the recommended changes to the s.269TG(2) and s.269TJ(2) notices as follows:

*"flat rolled products of iron and steel (whether or not alloyed) of a width less than 600mm and equal to or greater than 600mm, plated or coated with zinc".*

BlueScope also is seeking the Commission to identify "Company A" as referred to in SEF No's 290 and 298 that is a supplier of Chinese alloyed galvanised steel. In respect of goods supplied by Bao Australia to Precision Components, BlueScope does not consider that the Commission can conclude that the goods are not circumvention goods solely on the basis that non-alloy goods are not used in automotive applications.

If you have any questions concerning this submission, please do not hesitate to contact me on (02) 4275 3859 (direct), or BlueScope's consultant John O'Connor on (07) 3342 1921.

Yours sincerely



Alan Gibbs  
Development Manager – International Trade Affairs

## Ministry told to mull trade defense measures against steel ingot imports

By Lan Nhi The Saigon Times Daily

448 words

2 November 2015

[The Saigon Times Daily](#)

SGTD

English

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HANOI Deputy

Prime Minister Hoang Trung Hai has told the Ministry of Industry and Trade to help the Vietnam Steel Association (VSA) and local producers propose trade defense measures against imported steel ingots containing chromium if surging imports of this product have stoked unhealthy competition on the home market.

Vietnam has not taken trade defense measures against imported steel imports though local steel makers previously claimed steel products containing boron imported from China caused injury to them. Now, they are dealing with cheap steel ingots from the northern neighbor as these ingots enjoy an import tariff of 0% for being labeled as alloy steel instead of 9% for normal products.

According to the VSA, August and September saw a whopping year on year increase of 290% in the volume of steel ingots with chromium that local firms imported from China to turn out steel products. Vietnam imported 1.13 million tons of steel ingots worth VND421 billion in the period with 75% of the total import from China.

According to the Deputy Prime Minister's document sent to the industry ministry last week, imports of alloy and nonalloy steel ingots with chromium have jumped but their prices have fallen sharply.

To prevent trade fraud and ensure healthy competition, Hai assigned the industry and trade ministry to work with relevant agencies to inspect steel imports. They are told to get tough on violators, especially the companies which have not used imported steel ingots as registered or sold substandard steel products to construction projects.

The ministry is required to report the inspection results to the Government before November 30. It should help local steel producers suggest trade defense measures if necessary.

Earlier, the ministries of industry trade and science technology jointly issued Circular No. 44/2013 intended to control the quality of domestic and imported steel products.

However, a revised circular is expected to be in place soon to enable relevant agencies to deal with soaring and taxdodging steel imports.

The Ministry of Finance collected comments from ministries and agencies on a plan to slap an import tariff of 10% on alloy steel ingots with or without chromium instead of 0%.

The Government told local manufacturers to manage to cut costs and lower their product prices as well as improve competitiveness since more steel items will be imported into Vietnam in the years to come when more free trade agreements between the nation and partners take effect.

In recent years, steel makers in the U.S., Indonesia and India have filed antidumping lawsuits against steel products imported from Vietnam.

Saigon Times Group

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## Mexico's Ahmsa seeks duties vs. alloy products

270 words

23 June 2015

[American Metal Market](#)

AMM

English

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Altos Hornos de México SAB de CV (Ahmsa) has urged the Mexican government to extend existing antidumping measures to alloy steel products to avoid circumvention practices.

SÃO PAULO — Altos Hornos de México SAB de CV (Ahmsa) has urged the Mexican government to extend existing antidumping measures to alloy steel products to avoid circumvention practices.

Mexico's largest integrated steelmaker claims Chinese companies have been replacing exports of regular flat steel products with goods containing boron and chromium in an attempt to avoid antidumping duties.

The Mexican government "has been establishing antidumping measures, which are being bypassed by the adulteration of the product's contents or by the addition of a minimum amount of boron or chromium ," Ahmsa said this week.

The Monclova based company also asked for an update in the country's foreign trade legislation in order to make it more effective against such circumvention attempts, as well as demanding that antidumping decisions have a retroactive effect. The country is expected to issue a new decree to update the domestic trade defense legislation soon.

Late last week, Mexico imposed antidumping duties against imports of cold rolled coil from China (amm.com, June 19), and set provisional antidumping duties against imports of hot rolled coil from China, France and Germany.

The case was opened by the Mexican government in April 2014 following a request by local steel mills Ahmsa and Ternium Mexico SA de CV.

Felipe Peroni

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A version of this article was first published by AMM sister publication Steel First.

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## Special report: Chrome, dumping at Korea China steel talks

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3 July 2015

[Steel Business Briefing](#)

STSCNW

English

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The surge in imports of Chinese steel suspected of containing chromium will be among the concerns South Korean industry officials intend to raise with their Chinese counterparts when they meet in Seoul Friday for this year's Korea China steel 'dialogue'.

Hosted by Korea's Ministry of Trade, Industry & Energy (Motie), some 28 Korean delegates including government officials and industry representatives will gather for what will be the 20th such high level steel summit between the two Asian neighbors.

A similar number of Chinese delegates from the Ministry of Commerce, Ministry of Industry & Information Technology and the China Iron & Steel Association will attend.

Beijing lifted the export tax rebate for certain boron added steel products from January 1, as reported: "but Korean steelmakers are complaining about increasing trends in shipments of chromium added materials from China to Korea," a Motie official said.

This is because Chinese mills have switched to adding chromium to ensure that their exports of products such as heavy plate and wire rod are still regarded as "specialty steel" and thus continue to enjoy a rebate.

South Korea's accumulated imports of China origin steel products during January – May dipped by 4% on year to 5.39 million mt, Korea Iron & Steel Association (Kosa) data show.

Nevertheless, this represented nearly 60% of Korea's total steel import volume from all sources over the five months. During the same period, Korea exported just 1.77 million mt of steel to China, down 14% on year.

Meanwhile, since the Korean government's final antidumping determination regarding Chinese H beam imports was announced at end May, at Friday's meeting Kosa intends to urge the Chinese side to fulfill their part of the agreement that limited the scope of the AD penalties.

As Platts reported, seven major Chinese H beam producers earlier promised the Korean government – and steelmakers Hyundai Steel and Dongkuk Steel Mill which filed the suit – that they would raise their export prices and adhere to a tonnage quota to escape from penalties of 28.2332.72%.

The Koreans say that at the meeting they will remind the Chinese of the need to fulfill their promise.

Hera Oh

For questions about editorial content, or to subscribe call +44 (0) 20 7626 0600, [info@steelbb.com](mailto:info@steelbb.com)

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## Ahmsa to import slab if no trade action taken

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[American Metal Market](#)

AMM

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Altos Hornos de México SAB de CV (Ahmsa) will cut more jobs and further reduce output if the Mexican government fails to take action to fight allegedly unfair imports.

SÃO PAULO — Altos Hornos de México SAB de CV (Ahmsa) will cut more jobs and further reduce output if the Mexican government fails to take action to fight allegedly unfair imports.

"If the government does not adopt measures to stop the ( steel sector) crisis, as it said it would do in July, we will start importing low priced slab," Alonso Ancira Elizondo, chairman of Mexico's largest integrated steelmaker, said June 24. " (And) this will result in the closure of mines and furnaces, as well as (the loss) of 4,000 jobs," he added.

It is currently better to import semifinished steel than produce these goods in Mexico, Monclova based Ahmsa said. Earlier in June, the company said it would reduce investments, eliminate jobs and cut steel output levels by 20 percent due to lower international prices and unfair imports.

The company then urged the Mexican government to extend existing antidumping measures to alloy steel products to avoid circumvention practices, as Chinese companies have reportedly been replacing exports of regular flat steel with goods containing boron and chromium in an attempt to avoid antidumping duties.

"The Mexican government does not have an idea of the tsunami that is affecting the global steel industry, particularly the Mexican one," Elizondo said.

Ahmsa wants the government to apply a provisional duty to steel and indirect steel imports from countries with which Mexico has no trade agreements. The Mexican steel industry has so far eliminated 8,000 direct jobs, the company noted.

"This provisional action would only affect 17 percent of the import volumes, which exactly comprises the countries that are carrying out unfair trade practices," Elizondo added.

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Michael Cowden

541 words

9 May 2015

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Nucor Corp. and SSAB AB have accused Chinese plate producers of trying to evade U.S. antidumping duties by adding trace amounts of alloying elements to cut to length steel plate.

CHICAGO — Nucor Corp. and SSAB AB have accused Chinese plate producers of trying to evade U.S. antidumping duties by adding trace amounts of alloying elements to cut to length steel plate.

Charlotte, N.C. based Nucor and Stockholm based SSAB are asking the U.S. Commerce Department to issue a final ruling on their petition or start an anti-circumvention inquiry within 45 days because they say cheap Chinese plate is injuring domestic producers.

"Chinese producers appear to be engaging in gamesmanship, importing commodity grade, carbon steel (cuttolength) plate that has undergone minor alterations solely to circumvent (duties)," the steelmakers said in a petition filed with Commerce May 1.

"Because Chinese producers have shown that they have a long and widespread practice of attempting to circumvent (duties), the Department should apply the ruling to all (cut to length) plate imports from China, regardless of the producers or exporter," they said.

Chinese mills add inconsequential amounts of chromium or titanium so that the material can be classified as an "alloy" when it is exported, Nucor and SSAB allege.

That same plate is then sold as standard ASTM A36 or A572 grade plate at "extremely low prices" in the United States, they said.

As a result, imports of carbon and alloy Chinese plate to the U.S. doubled in 2014 from 2013 levels and have surged another 165 percent from January to March 2015, the steelmakers said. Meanwhile, prices have continued to fall, they noted.

Most Chinese plate producers and exporters are subject to duties of 128.59 percent because of a duty order, the steelmakers said, noting that number may provide financial incentive enough for them to resort to evasion.

Another incentive was provided when China's Ministry of Finance cancelled a 9 percent value added tax (VAT) rebate for exports of boron containing steel ([amm.com](#)

[<http://www.amm.com/Article/3416546/WillChinasexportrebatecutmakeadifference.html>], Jan. 15),

Nucor and SSAB said. Chinese steelmakers responded by adding other alloys so that they could continue to export and receive the VAT rebate, they said.

Chinese steelmaker Hunan Valin Xiangtan Iron & Steel Co. Ltd. may have a particular interest in shipping "alloy" plate to the United States because its antidumping margin on carbon cut to length plate is zero, Nucor and SSAB said.

Appearing to ship no carbon cut to length plate to the United States allows Hunan Valin to avoid any review by Commerce of its zero margin, they said. Hunan Valin might otherwise be subject to duties of more than 100 percent, the steelmakers said.

AMM was unable to reach Hunan Valin for comment May 1.

Commerce has determined that plate producers in China have in the past evaded duties by adding trace amounts of boron ([amm.com](#)

[<http://www.amm.com/Article/2885742/CommerceissuesfinalrulingonChinaplatecircumvention.html>], Aug. 17, 2011; [amm.com](#),

[<http://www.amm.com/Article/2500506/Chineseboronplateunderscrutiny.html>]

July 10, 2009), the steelmakers noted. The latest duty evasion scheme, they allege, indicates "continued widespread ... evasion of duties."

Nucor produces plate at mills in Hertford County, N.C., and Tuscaloosa, Ala. SSAB operates plate mills in Mobile, Ala., and Montpelier, Iowa.

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# China said evading **steel** plate duties

Michael Cowden

541 words

1 May 2015

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[Nucor Corp.](#) and [SSAB AB](#) have accused Chinese plate producers of trying to evade U.S. anti-**dumping** duties by adding trace amounts of alloying elements to cut-to-length **steel** plate.

CHICAGO — [Nucor Corp.](#) and [SSAB AB](#) have accused Chinese plate producers of trying to evade U.S. anti-**dumping** duties by adding trace amounts of alloying elements to cut-to-length **steel** plate.

Charlotte, N.C.-based [Nucor](#) and Stockholm-based [SSAB](#) are asking the U.S. Commerce Department to issue a final ruling on their petition or start an **anti-circumvention** inquiry within 45 days because they say cheap Chinese plate is injuring domestic producers.

"Chinese producers appear to be engaging in gamesmanship, importing commodity-grade, carbon **steel** (cut-to-length) plate that has undergone minor alterations solely to circumvent (duties)," the steelmakers said in a petition filed with Commerce May 1.

"Because Chinese producers have shown that they have a long and widespread practice of attempting to circumvent (duties), the Department should apply the ruling to all (cut-to-length) plate imports from China, regardless of the producers or exporter," they said.

Chinese mills add inconsequential amounts of **chromium** or titanium so that the material can be classified as an "alloy" when it is exported, [Nucor](#) and [SSAB](#) allege. That same plate is then sold as standard ASTM A36 or A572 grade plate at "extremely low prices" in the United States, they said.

As a result, imports of carbon and alloy Chinese plate to the U.S. doubled in 2014 from 2013 levels and have surged another 165 percent from January to March 2015, the steelmakers said. Meanwhile, prices have continued to fall, they noted.

Most Chinese plate producers and exporters are subject to duties of 128.59 percent because of a duty order, the steelmakers said, noting that number may provide financial incentive enough for them to resort to evasion.

Another incentive was provided when [China's Ministry of Finance](#) canceled a 9-percent value-added tax (VAT) rebate for exports of boron-containing **steel** ([amm.com](#), Jan. 15), [Nucor](#) and [SSAB](#) said. Chinese steelmakers responded by adding other alloys so that they could continue to export and receive the VAT rebate, they said.

Chinese steelmaker Hunan Valin Xiangtan Iron & **Steel** Co. Ltd. may have a particular interest in shipping "alloy" plate to the United States because its anti-**dumping** margin on carbon cut-to-length plate is zero, [Nucor](#) and [SSAB](#) said. Appearing to ship no carbon cut-to-length plate to the United States allows Hunan Valin to avoid any review by Commerce of its zero margin, they said. Hunan Valin might otherwise be subject to duties of more than 100 percent, the steelmakers said.

AMM was unable to reach Hunan Valin for comment May 1.

Commerce has determined that plate producers in China have in the past evaded duties by adding trace amounts of boron ([amm.com](#), Aug. 17, 2011; [amm.com](#), July 10, 2009), the steelmakers noted. The latest duty-evasion scheme, they allege, indicates "continued widespread ... evasion of duties."

[Nucor](#) produces plate at mills in Hertford County, N.C., and Tuscaloosa, Ala. [SSAB](#) operates plate mills in Mobile, Ala., and Montpelier, Iowa.

Metal Bulletin Limited

Document AMM0000020150525eb5100084

## Vietnam Steel Assn seeks checks on 'alloy' billet from China

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The Vietnam Steel Association (VSA) has accused Chinese billet exporters of committing trade fraud by aiding in the circumvention of a Vietnamese billet import duty. VSA said these billet imports posed a threat to local Vietnamese mills.

The association sent a document to the ministries of industry and trade, finance, and science and technology last week informing them that several exporters were declaring billets containing traces of chromium as alloy billet to circumvent the country's 9% import tax.

These billet products are categorized under HS code 72249000 and used to make construction steel, a VSA official told Platts Tuesday.

The association cited customs statistics showing that alloy billet imports reached 3,000 metric tons in August and rose sharply to 62,000 mt in September. As these imports are valued at around \$21 million, the Vietnamese authorities would have incurred a loss of \$1.9 million in tax revenue, the VSA estimated.

These low priced billet imports were preventing local producers from operating at full utilization rates, the association maintained, saying they are now running at only 60% of design capacity. The VSA was concerned local producers would face more difficulties amid a slowing Chinese economy which would force Chinese steelmakers to turn to overseas markets to place their surplus products.

Billet which contains less than 0.3% of chromium should be regarded as mild carbon steel and carry a 9% import duty, Nguyen Van Sua, VSA vice chairman, said. The association proposed that the import of chromium added billet be tightened.

But some Vietnamese trading sources disagreed that the problem was widespread. Only a few importers are declaring billet under this code, a Vietnamese trader said. The 9% import tax was being paid on the much larger volume of mild carbon imports into Vietnam, he said, estimating these at nearly 200,000 mt in August and 225,000 mt in September.

Overcapacity was the reason why the local mills are running at 60% run rates, he added.

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## **Vietnam Mulls New Import Tariff on Alloy Steel After China Use Chrome to Evade Duty**

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The Ministry of Finance is considering changing a tax regulation following concerns that the rule has been abused by Chinese exporters to ship a large amount of steel to Vietnam without paying duties.

Currently imported steel with at least 0.3 percent of chrome content will be exempt from tariffs, but the ministry wants to introduce a 10 percent tax.

The proposal is now awaiting feedback from the Ministry of Industry and Trade, the Ministry of Planning and Investment, and other relevant agencies.

It came after the Vietnam Steel Association voiced concerns over strong increases in Chinese-imported alloy steel billets recently.

Chinese exporters claim their products contain 0.3-0.4 percent chrome content, thus getting import duty exemption under Vietnam's existing laws, the association said.

But the very small chrome content does not add any value to the steel billets, meaning they cannot be used for making high-quality products, it said, recommending them being taxed at 9 percent, which is the rate for non-alloy steel used for construction purposes.

Since local products cannot compete with cheap imports, many Vietnamese manufacturers have had to scale down their production, according to the association.

Vietnam imported 62,000 metric tons of steel last month, only slightly lower than the combined figure for July and August, it said.

It estimated that the government lost \$1.89 million in taxes in the past two months due to the dubious nature of the Chinese steel.

More than 1.13 million tons of steel billets, mostly from China, were imported in the first nine months, almost triple the volume imported in the same period last year.

