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Galvanised Steel Anti-Dumping

Vietnam ADC Exporter Briefing

25 January 2017

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1. The Vietnam Iron & Steel Industry

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– Key points on the Vietnamese market:

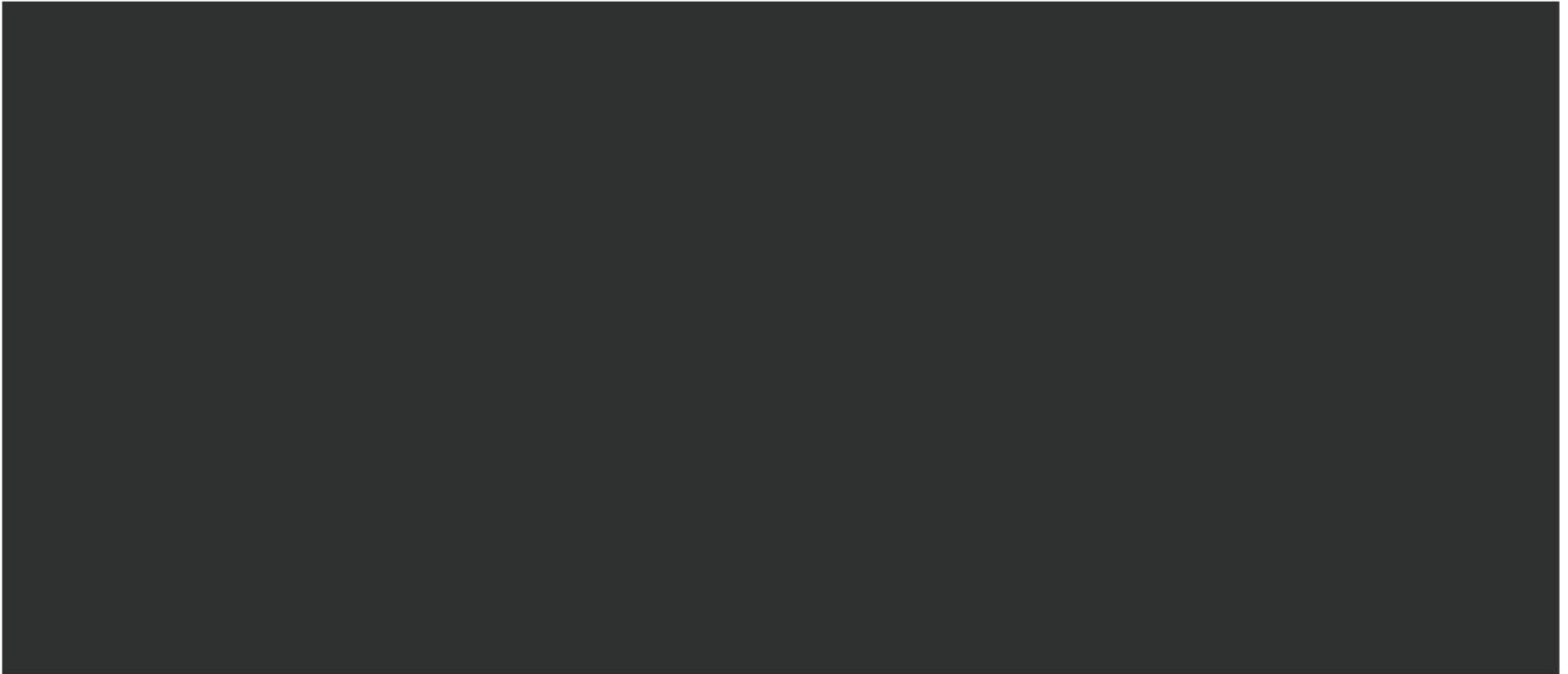
- Vietnam is a rare regional market currently enjoying a strong rise in the construction, mechanical engineering, manufacturing and steel sectors;
- In 2015, steel consumption in Vietnam reached **18.5 million tonnes**, surging an unprecedented **30%**;

- The US has been an attractive export destination, with Vietnamese mills strengthening their position of late;
- Certain local steel producers are expanding their capacity in the flat steel segment (primarily the largest Vietnamese re-rollers – Hoa Sen, Nam Kim, Tong Dang A, TVP Steel and Hoa Phat Steel);
- Hoa Phat is a traditional long steel producer, but plans to commission a flat steel coating line with a capacity of 400,000 tonnes per annum;

2. The Hoa Sen Steel Group – Key Points

2. The Hoa Sen Group

– Key points:



3. Calender Year Mill Capacities

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4. Galvanised Steel – Exports to Australia

4. Galvanised Steel – Exports to Australia



Grade Designation (AS 1397 / JIS 3302)	Reports the steel grade of Galvanised steel. The steel grade determines the guaranteed or typical mechanical properties of the product. The Australian standard AS 1397 range of steel grades are noted in bold with the equivalent Japanese standard JIS 3302 steel grades noted alongside unbolded. The G2 and G3 type grades are 'Formable' steel grades, whilst the G250 to G550 covers the range of 'Structural' steel grades. AS 1397 designates the structural grades via their minimum Yield Strength whilst the JIS 3302 designates their structural grades via their minimum Tensile Strength. All other special grades (for example as supplied to the Automotive industry /standards) will fall into the 'other' category for this investigation.
G2 / SGCC / SGHC	
G3 / SGCD /	
G250 / SGC 340 / SGH 340 / SGC 340 / SGHC 340	
G300 / G350 / SGC 400 / SGH 440 / SGC 440 / SGHC 440 / SGC 490 / SGCH 490	
G450 / G500	
G550 / SGC 570	
Other	

Excerpt from BlueScope's proposed Product Control Numbers

4. Galvanised Steel – Exports to Australia (cont.)



	Coating Mass (weight)	Reports the amount of zinc (Z) or zinc/iron (ZF) coating that has been applied to the base steel. This is expressed as the total (both top and bottom sides) in grams/square metre of surface area. The designated coating mass is a guaranteed minimum value. Note: JIS 3302 expresses coating mass in a shortened manner compared to AS 1397 (i.e. AS 1397 coating of Z275 (g/m ²) = Z27 in the JIS 3302 standard and AS 1397 coating of ZF100 (g/m ²) = F10 in the JIS 3302 standard).
1	<= 100 g/m ²	
2	>100 g/m ² to <= 220 g/m ²	
3	> 220 g/m ² to <= 300g/m ²	
4	>300 g/m ² to <= 400 g/m ²	
5	>400 g/m ²	

– In terms of general ‘Thickness’ parameters:

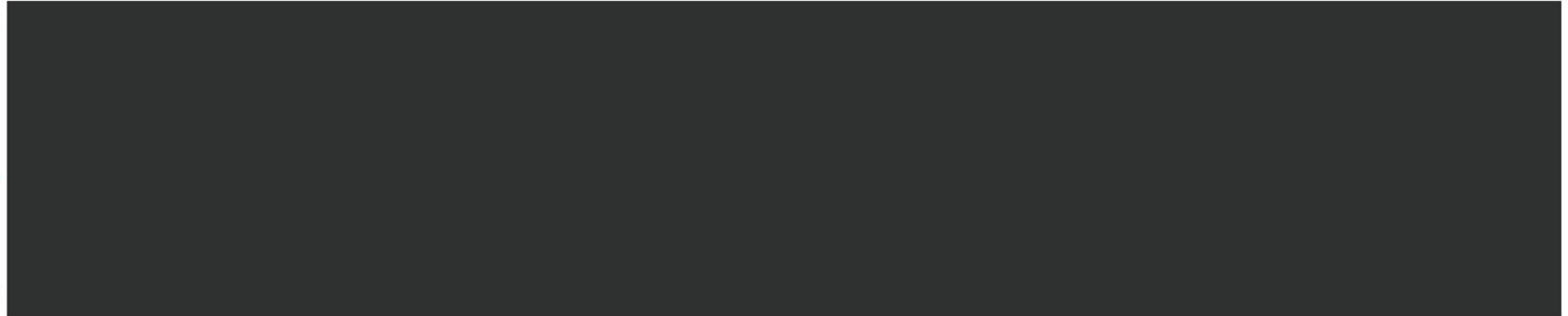
- <0.50mm = Commercial quality galvanised
- =>0.50mm up to 1.50mm = Commercial quality, and high strength galvanised
- >1.50mm = High strength galvanised

	Thickness (BMT)	Reports the Base Metal Thickness (BMT) of the substrate steel before the zinc coating or the zinc/iron coating is applied. For galvanised steel of the same coating mass, the thinner the base metal, the more square metres per tonne and therefore more coating metal is required to be applied and higher the cost and selling price.
1	< 0.40 mm	
2	=> 0.40 mm to < 0.50 mm	
3	=> 0.50 mm to < 0.75 mm	
4	=> 0.75 mm to < 1.00 mm	
5	=> 1.00 mm to < 1.50 mm	
6	=> 1.50 mm to < 2.00 mm	
7	=> 2.00 mm to < 2.50 mm	
8	=> 2.50 mm	

Excerpts from BlueScope's proposed Product Control Numbers

5. Galvanised Steel – FY2016 Normal Values

5. Galvanised Steel – FY2016 Normal Values



Commercial Grade

Weighted average normal value

A\$841 per tonne

Weighted average export price

A\$776 per tonne

Dumping margin

A\$65 per tonne (8.4%)

5. Galvanised Steel – FY2016 Normal Values (cont.)

- In Consideration Report 370, the ADC compared the dumping margins proposed by BlueScope to those calculated by the Commission:

Country	Applicant's estimate	Commission's estimate
India	5.4%	4.3%
Malaysia	24.2%	24.2%
Vietnam	8.4%	7.3%

6. Galvanised Steel – Normal Value Adjustments

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Galvanised Steel Investigation ITR 249

Hoa Sen

- Normal Values established per **s269TAC(1)** using quarterly average domestic invoice prices.
- The following adjustments were made to Hoa Sen's Normal Value:
 - Inland freight, handling and packaging;
 - Credit terms; and
 - Bank charges.

Nam Kim

- Normal Values established per **s269TAC(2)(c)** per the absence of sales of like-goods on the domestic market
- The following adjustments were made to Nam Kim's Normal Value:
 - Inland freight, handling and packaging;
 - Wharfage fees;
 - Clearance fees;
 - Fumigation fees; and
 - Bank charges.
- BlueScope would expect similar adjustments to apply to Vietnamese origin galvanised steel when confirming mill-specific dumping margins.

7. Galvanised Steel – Product Control Numbers

7. Galvanised Steel – Product Control Numbers

- BlueScope has proposed a Product Control Number (“PCN”) coding system to permit the ready identification of key attributes associated with galvanised steel grades/models produced by Indian manufacturers / exporters.
- The PCN Coding System permits the ready identification of galvanised steel products taking account of:
 - Prime/non-prime;
 - Hot/cold rolled base steel;
 - Coating type;
 - Coating mass;
 - Grade designation (as per applicable standards);
 - Thickness (Base Metal Thickness);
 - Width; and
 - Form (coil or sheet).
- Activity: PCN walk-through

8. Galvanised Steel – Cost to Make

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- The thicker the product the less Zinc coating is required. For example Vietnamese comparable grade Zinc Costs for GALVABOND® G2 Z275 fall \$XX from 0.56mm thick to 0.99mm thick.

9. EQR's – Hoa Sen / China Steel Sumkin / Nam Kim

9. EQR's – Hoa Sen / CS Sumkin / Nam Kim

Hoa Sen Steel

Dumping

EQR Section	Page No.	Issue	Recommendation
Section C	27	PCN classifications	
Section D	30	Level of trade	
Section D	32	Domestic price lists	
Section E	38, 44	Packing costs	

9. EQR's – Hoa Sen / CS Sumkin / Namkim

Hoa Sen Steel

Countervailing

EQR Section	Page No.	Issue	Recommendation
Section H	55-56	Preferential tax rates	
Section H	59	Capital equip. import duty concessions	
Section H	62	Category H-2: Financial Grants	
Section H	64-65	Category H-3: Preferential loans	

9. EQR's – Hoa Sen / CS Sumkin / Nam Kim

China Steel Sumkin

Dumping

EQR Section	Page No.	Issue	Recommendation
Section C	20	PCN classifications	
Section E	32	Packing costs	
Section E	33	Warranties / Guarantees (quality claims)	

Countervailing

EQR Section	Page No.	Issue	Recommendation
Section H	55	Capital equip. import duty concessions	
Section H	59	Category H-2: Financial Grants	

9. EQR's – Hoa Sen / CS Sumkin / Nam Kim

Nam Kim Steel

Dumping & Countervailing

The substantial level of confidentiality / redacted content per the Nam Kim Steel EQR response does not allow BlueScope to make any comments, conclusions or assertions that would assist the Commission in the current investigation.

No effort has been made by the exporter to summarise in a non-confidential manner the nature of the information removed from the EQR.

BlueScope requests that the Commission require Nam Kim Steel to provide a revised and compliant EQR in accordance with ACDN No. 2012/42.