

Australian Government Anti-Dumping Commission

CUSTOMS ACT 1901 - PART XVB

ANTI-DUMPING COMMISSION

STATEMENT OF ESSENTIAL FACTS NO. 193A Investigations 193a(i) and 193b(i)

ALLEGED SUBSIDISATION OF ZINC COATED (GALVANISED) STEEL AND ALUMINIUM ZINC COATED STEEL

EXPORTED FROM

THE PEOPLE'S REPUBLIC OF CHINA

October 2014

CONTENTS

	_
CONTENTS	
ABBREVIATIONS	3
1 SUMMARY AND RECOMMENDATIONS	4
1.1 Preliminary findings	4
1.2 Authority to make decision	5
1.3 The role of the Anti-Dumping Commission	
2 BACKGROUND TO THE RESUMED INVESTIGATION	6
2.1 Initiation – Investigation 193	
2.2 SEF 193	
2.3 TER 193(i)	
2.4 Appeal of TER193(i) the ADRP and revocation of termination	
 2.5 Appeal of REP 193 and REP 190 to the ADRP 2.6 Parliamentary Secretary's Notice in regards to Investigation 193 	
2.7 Responding to SEF193A	
3 ADRP'S FINDINGS IN RESPECT TO TER193(i)	
3.1 ADRP's findings	
3.2 Approach to the resumed investigation	11
4 SUBMISSIONS IN RESPONSE TO RESUMED INVESTIGATION	
4.1 BlueScope Submission	13
4.2 ANSTEEL Supplementary Exporter Questionnaire Response	
5 LESS THAN ADEQUATE REMUNERATION (Program 2)	15
5.1 Background	15
5.2 ADRP's view	
5.3 The Commission's approach	
5.4 Conclusion	
6 CALCULATION OF THE AMOUNT OF SUBSIDY (Program 30)	
6.1 Background	
 6.2 ADRP Background 6.3 The Commission's approach 	
6.3 The Commission's approach7 INJURY AND CAUSAL LINK	
8.1 Termination Recommendation	-
9 Appendix 1	21

ABBREVIATIONS

Customs and Border Protection ServiceChinathe People's Republic of ChinaCommissionerthe Commissioner of the Anti-Dum CommissionCommissionthe Anti-Dumping CommissionInjury analysis periodfrom 1 July 2007Investigation 193the original investigationResumed InvestigationsResumed InvestigationsInvestigation period1 July 2011 to 30 June 2012IPInvestigation periodKoreaRepublic of KoreaSEFstatement of essential factsSEF193SEF for Investigation 193SIEState Invested EnterpriseTAGALANSC TKS Galvanising Co., LtdTER193Termination Report 193the Actthe Customs Act 1901the Delegatethe Delegate of the applicationthe goodsthe goods the subject of the application	ACBPS	the Australian Customs and Border Protection Service		
ADNAnti-Dumping NoticeANSTEELAngang Steel Company LimitedApplicantBlueScope Steel LimitedBlueScopeBlueScope Steel LimitedCEOChief Executive Officer of the Austra Customs and Border Protection ServiceChinathe People's Republic of ChinaCommissionerthe Commissioner of the Anti-Dum CommissionCommissionthe Anti-Dumping CommissionInjury analysis periodfrom 1 July 2007Investigation 193the original investigationsResumed InvestigationsResumed InvestigationsResumed Investigation period1 July 2011 to 30 June 2012IPInvestigation periodKoreaRepublic of KoreaSEFstatement of essential factsSEFState Investigation 193SEF193ASthis SEF for Investigation 193SIEState Invested EnterpriseTAGALANSC TKS Galvanising Co., LtdTER193Termination Report 193the Actthe Customs Act 1901the Delegatethe Delegate of the Commissioner of the Athe goodsthe goods the subject of the application	ACDN			
ApplicantBlueScope Steel LimitedBlueScopeBlueScope Steel LimitedCEOChief Executive Officer of the Austra Customs and Border Protection ServiceChinathe People's Republic of ChinaCommissionerthe Commissioner of the Anti-Dum CommissionCommissionthe Anti-Dumping CommissionInjury analysis periodfrom 1 July 2007Investigation 193the original investigationsResumed InvestigationsResumed InvestigationsInvestigation period1 July 2011 to 30 June 2012IPInvestigation periodKoreaRepublic of KoreaSEFstatement of essential factsSEFState Investigation 193SEF193Athis SEF for Investigation 193SIEState Invested EnterpriseTAGALANSC TKS Galvanising Co., LtdTER193Termination Report 193the Actthe Delegate of the Commissionthe Delegatethe Delegate of the application	ADN			
BlueScopeBlueScope Steel LimitedCEOChief Executive Officer of the Austra Customs and Border Protection ServiceChinathe People's Republic of ChinaCommissionerthe Commissioner of the Anti-Dum CommissionCommissionthe Anti-Dumping CommissionInjury analysis periodfrom 1 July 2007Investigation 193the original investigationResumed InvestigationsResumed Investigations 193a(i) and 193 (subject of this report)Investigation period1 July 2011 to 30 June 2012IPInvestigation periodKoreaRepublic of KoreaSEFstatement of essential factsSEF193SEF for Investigation 193SIEState Invested EnterpriseTAGALANSC TKS Galvanising Co., LtdTER193Termination Report 193the Actthe Customs Act 1901the Delegatethe Delegate of the Commissioner of the Application	ANSTEEL	Angang Steel Company Limited		
CEOChief Executive Officer of the Austra Customs and Border Protection ServiceChinathe People's Republic of ChinaCommissionerthe Commissioner of the Anti-Dum CommissionCommissionthe Anti-Dumping CommissionInjury analysis periodfrom 1 July 2007Investigation 193the original investigationResumed InvestigationsResumed InvestigationsInvestigation period1 July 2011 to 30 June 2012IPInvestigation periodKoreaRepublic of KoreaSEFstatement of essential factsSEF193SEF for Investigation 193SEF193Athis SEF for the Resumed InvestigationsSIEState Invested EnterpriseTAGALANSC TKS Galvanising Co., LtdTER193Termination Report 193the Actthe Customs Act 1901the Delegatethe Delegate of the Commissioner of the Athe goodsthe goods the subject of the application	Applicant	BlueScope Steel Limited		
Customs and Border Protection ServiceChinathe People's Republic of ChinaCommissionerthe Commissioner of the Anti-Dum CommissionCommissionthe Anti-Dumping CommissionInjury analysis periodfrom 1 July 2007Investigation 193the original investigationResumed InvestigationsResumed Investigations 193a(i) and 193 (subject of this report)Investigation period1 July 2011 to 30 June 2012IPInvestigation periodKoreaRepublic of KoreaSEFstatement of essential factsSEF193SEF for Investigation 193SEF193Athis SEF for the Resumed InvestigationsSIEState Invested EnterpriseTAGALANSC TKS Galvanising Co., LtdTER193Termination Report 193the Actthe Customs Act 1901the Delegatethe Delegate of the Commissioner of the Actthe goodsthe goods the subject of the application	BlueScope	BlueScope Steel Limited		
Commissionerthe Commissioner of the Anti-Dum CommissionCommissionthe Anti-Dumping CommissionInjury analysis periodfrom 1 July 2007Investigation 193the original investigationResumed InvestigationsResumed Investigations 193a(i) and 193 (subject of this report)Investigation period1 July 2011 to 30 June 2012IPInvestigation periodKoreaRepublic of KoreaSEFstatement of essential factsSEF193SEF for Investigation 193SEF193Athis SEF for the Resumed InvestigationsSIEState Invested EnterpriseTAGALANSC TKS Galvanising Co., LtdTER193Termination Report 193the Actthe Customs Act 1901the Delegatethe Delegate of the Commissioner of the Actthe goodsthe goods the subject of the application		Chief Executive Officer of the Australian Customs and Border Protection Service		
CommissionCommissionInjury analysis periodfrom 1 July 2007Investigation 193the original investigationResumed InvestigationsResumed Investigations 193a(i) and 193 (subject of this report)Investigation period1 July 2011 to 30 June 2012IPInvestigation periodKoreaRepublic of KoreaSEFstatement of essential factsSEF193SEF for Investigation 193SEF193Athis SEF for the Resumed InvestigationsSIEState Invested EnterpriseTAGALANSC TKS Galvanising Co., LtdTER193Termination Report 193the Actthe Customs Act 1901the Delegatethe Delegate of the commissionthe goodsthe goods the subject of the application	China	the People's Republic of China		
Injury analysis periodfrom 1 July 2007Investigation 193the original investigationResumed InvestigationsResumed Investigations 193a(i) and 193 (subject of this report)Investigation period1 July 2011 to 30 June 2012IPInvestigation periodKoreaRepublic of KoreaSEFstatement of essential factsSEF193SEF for Investigation 193SEF193Athis SEF for the Resumed InvestigationsSIEState Invested EnterpriseTAGALANSC TKS Galvanising Co., LtdTER193Termination Report 193the Actthe Customs Act 1901the Delegatethe Delegate of the Commissioner of the ADUmping Commissionthe goodsthe goods the subject of the application	Commissioner	1 5		
Investigation 193the original investigationResumed InvestigationsResumed Investigations 193a(i) and 193 (subject of this report)Investigation period1 July 2011 to 30 June 2012IPInvestigation periodKoreaRepublic of KoreaSEFstatement of essential factsSEF193SEF for Investigation 193SEF193Athis SEF for the Resumed InvestigationsSIEState Invested EnterpriseTAGALANSC TKS Galvanising Co., LtdTER193Termination Report 193the Actthe Customs Act 1901the Delegatethe Delegate of the Commissioner of the ADD of the goodsthe goodsthe goods the subject of the application	Commission	the Anti-Dumping Commission		
Resumed InvestigationsResumed Investigations193a(i)and193a(i)Investigation period1 July 2011 to 30 June 2012IPInvestigation periodKoreaRepublic of KoreaSEFstatement of essential factsSEF193SEF for Investigation 193SEF193Athis SEF for the Resumed InvestigationsSIEState Invested EnterpriseTAGALANSC TKS Galvanising Co., LtdTER193Termination Report 193the Actthe Customs Act 1901the Delegatethe Delegate of the Commissioner of the ADUmping Commissionthe goodsthe goods the subject of the application	Injury analysis period	from 1 July 2007		
(subject of this report)Investigation period1 July 2011 to 30 June 2012IPInvestigation periodKoreaRepublic of KoreaSEFstatement of essential factsSEF193SEF for Investigation 193SEF193Athis SEF for the Resumed InvestigationsSIEState Invested EnterpriseTAGALANSC TKS Galvanising Co., LtdTER193Termination Report 193the Actthe Customs Act 1901the Delegatethe Delegate of the Commissioner of the Actthe goodsthe goods the subject of the application	Investigation 193	the original investigation		
IPInvestigation periodKoreaRepublic of KoreaSEFstatement of essential factsSEF193SEF for Investigation 193SEF193Athis SEF for the Resumed InvestigationsSIEState Invested EnterpriseTAGALANSC TKS Galvanising Co., LtdTER193Termination Report 193the Actthe Customs Act 1901the Delegatethe Delegate of the Commissioner of the Actthe goodsthe goods the subject of the application	Resumed Investigations	Resumed Investigations 193a(i) and 193b(i) (subject of this report)		
KoreaRepublic of KoreaSEFstatement of essential factsSEF193SEF for Investigation 193SEF193Athis SEF for the Resumed InvestigationsSIEState Invested EnterpriseTAGALANSC TKS Galvanising Co., LtdTER193Termination Report 193the Actthe Customs Act 1901the Delegatethe Delegate of the Commissioner of the Actthe goodsthe goods the subject of the application	Investigation period			
SEFstatement of essential factsSEF193SEF for Investigation 193SEF193Athis SEF for the Resumed InvestigationsSIEState Invested EnterpriseTAGALANSC TKS Galvanising Co., LtdTER193Termination Report 193the Actthe Customs Act 1901the Delegatethe Delegate of the Commissioner of the Actthe goodsthe goods the subject of the application	IP	-		
SEF193SEF for Investigation 193SEF193Athis SEF for the Resumed InvestigationsSIEState Invested EnterpriseTAGALANSC TKS Galvanising Co., LtdTER193Termination Report 193the Actthe Customs Act 1901the Delegatethe Delegate of the Commissioner of the Actthe goodsthe goods the subject of the application	Korea			
SEF193Athis SEF for the Resumed InvestigationsSIEState Invested EnterpriseTAGALANSC TKS Galvanising Co., LtdTER193Termination Report 193the Actthe Customs Act 1901the Delegatethe Delegate of the Commissioner of the Actthe goodsthe goods the subject of the application	SEF	•		
SIEState Invested EnterpriseTAGALANSC TKS Galvanising Co., LtdTER193Termination Report 193the Actthe Customs Act 1901the Delegatethe Delegate of the Commissioner of the Actthe goodsthe goods the subject of the application	SEF193	SEF for Investigation 193		
TAGALANSC TKS Galvanising Co., LtdTER193Termination Report 193the Actthe Customs Act 1901the Delegatethe Delegate of the Commissioner of the Actthe goodsthe goods the subject of the application	SEF193A	<u> </u>		
TER193Termination Report 193the Actthe Customs Act 1901the Delegatethe Delegate of the Commissioner of the Dumping Commissionthe goodsthe goods the subject of the application	SIE	State Invested Enterprise		
the Actthe Customs Act 1901the Delegatethe Delegate of the Commissioner of the Actthe goodsthe goods the subject of the application	TAGAL	-		
the Delegatethe Delegate of the Commissioner of the Dumping Commissionthe goodsthe goods the subject of the application	TER193	-		
Dumping Commissionthe goodsthe goods the subject of the application	the Act	the Customs Act 1901		
	the Delegate			
the Minister the Minister for Industry	the goods			
	the Minister	the Minister for Industry		
ADRP Anti-Dumping Review Panel	ADRP	Anti-Dumping Review Panel		

1 SUMMARY AND RECOMMENDATIONS

This statement of essential facts (SEF) sets out the facts for the Resumed Investigations (investigations 193a(i)/193b(i)) on which the Commissioner of the Anti-Dumping Commission (Commissioner) proposes to either again terminate the investigation or base recommendations to the Parliamentary Secretary to the Minister for Industry (Parliamentary Secretary) in relation to the original application.¹

These Resumed Investigations² are in response to a decision by the ADRP to affirm a decision to terminate as it relates to TAGAL and revoke the termination decision that relates to ANSTEEL.

As a result of the ADRP's decision to revoke the Commissioner's decision to terminate against ANSTEEL, the Anti-Dumping Commission (Commission) is required to resume its investigations. Full details as to the decision by the ADRP are explained in Section 2 of this report.

1.1 Preliminary findings

The Commission has resumed Investigations 193a(i) and 193b(i), which are collectively in this SEF referred to as the Resumed Investigations.

For the purpose of this SEF, the Commissioner makes the following preliminary findings:

- ANSTEEL, a producer of galvanised steel and aluminium zinc coated steel exported from China, was in receipt of countervailable subsidies during the investigation period;
- however, the countervailable subsidies never exceeded the negligible level of countervailable subsidy during the investigation period;

Based on the information before it, the Commission's preliminary view is that there are grounds to terminate the investigations as they relate to ANSTEEL in accordance with s.269TDA(2).

The Commission seeks comments from interested parties on the preliminary findings.

¹ The Parliamentary Secretary to the Minister for Industry has responsibility for decisions relating to Anti-Dumping measures following a delegation from the Minister. This differs from the decision maker in REP193 which was the Minister for Industry.

² Resumed Investigations in this report refer to Investigations 193a(i) and 193b(i). Investigation 193(a)(i) refers to the subsidisation of zinc coated (galvanised) steel. Investigation 193(b)(i) refers to the subsidisation of aluminium zinc coated steel.

1.2 Authority to make decision

Where the Commissioner has resumed a terminated investigation after a decision by the ADRP, under paragraph 269ZZT(1)(b) of the Act, to revoke the termination, the Commissioner must conduct the investigation according to the normal procedures for conducting an investigation as provided under the Act.

Division 2 of Part XVB of the Act sets out, among other matters, the procedures to be followed and the matters to be considered by the Commissioner³ in conducting investigations in relation to the goods covered by an application for the purpose of making a report to the Minister.

The decision to resume the investigation, and any associated recommendation by the ADRP, does not alter the obligation of the Commission to conduct the resumed investigation in accordance with the Act. The Commission is required to take into account all relevant considerations in any decisions made in the course of the resumed investigation.

Following the publication of this SEF, the Commissioner must either make a final recommendation to the Parliamentary Secretary or make decision to terminate an investigation. In making this decision the Commissioner must have regard to all relevant information including submissions received in response to this SEF.

1.3 The role of the Anti-Dumping Commission

The role of the Anti-Dumping Commission (the Commission) is to provide a report to the Commissioner with its recommendations. Those recommendations are based on information gathered during the investigation.

³ Note: SEF193a(i)/b(i) has been considered by the Commissioner. SEF 193 was considered by the CEO of ACBPS in accordance with the previous legislative requirements.

2 BACKGROUND TO THE RESUMED INVESTIGATION

2.1 Initiation – Investigation 193

On 18 October 2012, BlueScope lodged applications for dumping and countervailing duties in respect of galvanised steel and aluminium zinc coated steel exported from the People's Republic of China (China). BlueScope alleged that the Australian industry has suffered material injury caused by the cumulative effects of galvanised steel and aluminium zinc coated steel being exported to Australia:

- from China at subsidised prices; and
- from China, the Republic of Korea (Korea) and Taiwan at dumped prices.⁴

On 26 November 2012, following consideration of the applications, the CEO decided not to reject the applications and ACBPS initiated investigation 193 in relation to countervailing duties and investigation 190 in relation to dumping duties.⁵ Public notification of initiation of the investigations was made in *The Australian* newspaper on 26 November 2012. Australian Customs Dumping Notice (ACDN) No. 2012/56 provides further details of the investigations and is available on the Commission's website at <u>www.adcommission.gov.au</u>.

In respect of the investigation 193:

- the investigation period for the purpose of assessing subsidisation is 1 July 2011 to 30 June 2012; and
- the injury analysis period for the purpose of determining whether material injury has been caused to the Australian industry is from 1 July 2007.

2.2 SEF 193

The SEF for the investigations (SEF 193) was placed on the public record on 15 May 2013. In formulating the SEF, the CEO had regard to the application concerned, any submissions concerning publication of the notice that were received by ACBPS within 40 days after the date of initiation of the investigation and any other matters considered relevant.

ACBPS received six submissions in response to SEF193 from the following interested parties:

⁴ Refer to REP 193 published on 5 August 2013 for the findings that were made in relation to dumping and countervailing.

⁵ Prior to 1 July 2013, anti-dumping investigations were carried out by the ACBPS and the CEO was the relevant decision maker. As of 1 July 2013, the Anti-Dumping Commission has the responsibility to carry out anti-dumping investigations and the responsible decision maker is the Commissioner of the Anti-Dumping Commission.

- China Iron and Steel Association (CISA);
- BlueScope;
- GM Holden Limited;
- Yieh Phui (China) Technomaterial Co., Ltd;
- Union Steel China Co., Ltd; and
- The Government of China (GOC).

Public record version of these submissions can be found on the Commission's website at <u>www.adcommission.gov.au</u>.

2.3 TER 193(i)

ACBPS published Termination Report 193(i) (TER193(i)) on 17 June 2013 setting out its findings and conclusions in relation to countervailable subsidies on the goods exported by ANSTEEL and TAGAL from China and reasons for the decision to terminate the investigations.

In TER193(i), the Delegate of the CEO was satisfied that in relation to galvanised steel:

- countervailable subsidies were received in respect of some or all of the goods exported by ANSTEEL during the investigation period, but it never exceeded the negligible level of countervailable subsidy; and
- countervailable subsidies were received in respect of some or all of the goods exported by TAGAL during the investigation period but it never exceeded the negligible level of countervailable subsidy.

The Delegate of the CEO was also satisfied that in relation to aluminium zinc coated steel:

• countervailable subsidies were received in respect of some or all of the goods exported by ANSTEEL during the investigation period but it never exceeded the negligible level of countervailable subsidy.

Therefore, the Delegate of the CEO decided to terminate the following parts of the investigations, in accordance with s.269TDA(2) of the Act:

- the galvanised steel investigation so far as it related to ANSTEEL and TAGAL; and
- the aluminium zinc coated steel investigation so far as it related to ANSTEEL.

A notice regarding the termination of these investigations was published in *The Australian* newspaper on 17 June 2013. ACDN 2013/50 also relates to the termination.

2.4 Appeal of TER193(i) the ADRP and revocation of termination

On 15 July 2013, the Applicant, BlueScope, applied to the ADRP to review the termination decision. The ADRP accepted the application and conducted a review.

The ADRP revoked the decision to terminate the investigation as it related to ANSTEEL, and affirmed the decision to terminate as it related to TAGAL. The report outlining the ADRP's reasons for the decision is available on the ADRP's website at www.adreviewpanel.gov.au.

The Commission published Anti-Dumping Notice (ADN) 2013/78 on 4 October 2013 advising interested parties of the resumption and inviting submissions on the resumed investigation by 4 November 2013.

The effect of the ADRP's revocation is a resumed investigation requiring the Commission to publish this SEF (SEF193A).

2.5 Appeal of REP 193 and REP 190 to the ADRP

On 4 September 2013, the Ministry of Commerce of the Government of China (GOC), applied to the ADRP to review the findings of REP 193 and REP 190. One of the grounds for review included the characterisation of State Invested Enterprises (SIEs) as public bodies.⁶ The ADRP accepted the application and conducted a review.

Following consideration of the GOC's application for review, the ADRP recommended that the Parliamentary Secretary affirm the decisions to publish dumping duty notices⁷ and revoke the decisions to publish countervailing duty notices⁸. The report outlining the ADRP's reasons for the decision was made available on the ADRP's website.

2.6 Parliamentary Secretary's Notice in regards to Investigation 193

On 20 February 2014 the Parliamentary Secretary published a notice that amended the countervailing duty notices in regards to aluminium zinc coated and galvanised steel. The Parliamentary Secretary stated in his notice in response to the ADRP's recommendations from the review of Investigation 193 that:

"The only grounds for review in relation to the countervailing duty notices were in relation to subsidy programs 1 to 3 described in International Trade Remedies Report 193 (Report 193). No complaint was made in relation to the determination of countervailable subsidies under other subsidy programs described in Report 193 and mentioned in the countervailing duty notices. Nor did the ADRP review any of the findings in Report 193 in relation to the other subsidy programs. In these circumstances I have decided to vary the

⁶ A full listing of the grounds for the application can be found in the Ministry for Commerce's application available on the ADRP's website.

⁷ Refers to notices resulting from REP 190

⁸ Refers to notices resulting from REP 193

countervailing duty notices so as to reduce the countervailing subsidies by the amounts referrable to programs 1 to 3."

The following diagram explains the relationship between Resumed Investigations 193, SEF193A, and the involvement of the ADRP.



2.7 Responding to SEF193A

This SEF (SEF193A) represents an important stage in the resumed investigation. It informs interested parties of the facts established and allows them to make submissions in response.

It is important to note that SEF193A may not represent the final views of the Commission.

Interested parties have 20 days to respond to SEF193A, and the Commissioner will consider these responses in making a final determination. Responses should be received by the Commission no later than <u>27 October 2014.</u>

Under s.269TEA(4) of the Act, if it is determined that a final report should be prepared for the Minister, the Commissioner is not obliged to have regard to any submission made in response to this SEF received after 27 October 2014 if to do so

would, in the opinion of the delegate, prevent the timely preparation of the Commission's final report.

Submissions in response to SEF193A should be emailed to <u>operations4@adcommission.gov.au</u>. Alternatively they may be sent to fax number +61 3 9244 8902, or posted to:

Director Operations 4 Anti-Dumping Commission 1010 Latrobe Street Melbourne DOCKLANDS VIC 3008 AUSTRALIA

Submissions containing confidential information must be clearly marked accordingly and a non-confidential version of any such submission is required for inclusion on the investigation 193 Public Record.

A guide for making submissions is available at the Commission's website.

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 by request in Canberra (phone 02 6275 6547) or online at <u>http://www.adcommission.gov.au.</u>

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

3 ADRP'S FINDINGS IN RESPECT TO TER193(i)

3.1 ADRP's findings

The ADRP published a report outlining the reasons for the decision to revoke ACBPS' decision to terminate the investigations into galvanised steel and aluminium zinc coated steel exported to Australia by ANSTEEL from China.⁹

The Commission has assessed the conclusions and directions of the ADRP.

3.2 Approach to the resumed investigation

The ADRP has only referred certain matters to the Commissioner (raised by BlueScope in its application for review of the termination decision) for reconsideration during the resumed investigation.

As this investigation is a resumed investigation and not a reinvestigation, the Commission considers it appropriate to address all relevant matters as it would in an investigation at first instance. The Commission has reviewed the submissions, conducted further research and examined the findings and determinations made during Investigation 193 and discussed these throughout this SEF.

The Commission received submissions from interested parties during the resumed investigation that address matters identified by the ADRP as warranting further consideration. A complete listing of the submissions considered within the resumed investigation can be found at **Appendix 1** to this SEF.

The matters considered in this resumed investigation include:

- Whether ANSTEEL, a chinese exporter of galvanised steel and aluminium zinc coated steel, benefited from the provision of raw material in the form of coking coal by the GOC at less than adequate remuneration and, if so, whether the benchmark used in the calculation of less than adequate remuneration was the correct and preferable approach.
- Whether there was any relevant subsidies to ANSTEEL in the form of capital injections by the GOC (Program 30) and, if so, whether an adjustment to the methodology adopted in SEF 193 was required such as the discounted interest rate used.

As noted above, the Commission has also considered all relevant issues. However, in instances where the Commission has found no evidence to change particular findings or approaches taken in SEF 193 or that the ADRP have not identified for reconsideration, the Commission has taken such findings or approaches as remaining valid for this SEF.

⁹ Decision of the Anti Dumping Review Panel 11 September 2013

Specifically, the following chapters of SEF193 should be read in conjunction with this report and none of the findings in these chapters have changed as a result of the resumed investigation:

- chapter 5 (goods and like goods);
- chapter 6 (Australian industry);
- chapter 8 (Australian market);
- chapter 10 (injury assessment)
- chapter 11 (have subsidised exprots caused material injury)
- chapter 12 (non-injurious price)

4 SUBMISSIONS IN RESPONSE TO RESUMED INVESTIGATION

Upon the resumption of these investigations the Commission sought submissions from interested parties regarding the ADRP's report. BlueScope made two submissions, copies of which are available at on the public record.

Additionally, ANSTEEL was requested to complete a supplementary exporter questionnaire. A copy of ANSTEEL's response is available on the public record.

4.1 BlueScope Submission

BlueScope's submission focussed on two areas of the resumed investigation:

- coking coal provided at less than adequate remuneration (program 2); and
- calculation of benefits received by ANSTEEL in relation to discounted finance (program 30).

Adequate remuneration (Program 2)

In relation to the provision of coking coal at less than adequate remuneration BlueScope reiterated the claims it made to the ADRP, specifically about the appropriateness of the use of Chinese export prices as the benchmark.

BlueScope stated that the Commission should consider making an "upward adjustment to the Chinese export prices for coking coal to reflect an appropriate benchmark for higher quality coking coal ... over the lower quality Chinese coking coal or, use ... the premium hard coking coal export prices for Australian coal exporters over a shorter period that is not impacted by the floods that occurred in Australia in 2011."

Calculation of benefits received (Program 30)

BlueScope reiterated the ADRP report's discussion on the formula used to calculate the benefit received by ANSTEEL in relation to Program 30. BlueScope claimed that the interest rate that should have been used in this calculation was the interest rate determined by the Chinese Central Bank of 6.56% and not the lower rate selected for use by ACBPS.

4.2 ANSTEEL Supplementary Exporter Questionnaire Response

ANSTEEL submitted in its supplementary exporter questionnaire response that coking coal exported from China was of comparable quality to that purchased by ANSTEEL. It was argued that as each of the coking coals was comparable, the use of export coking coal was suitable for use in determining an appropriate benchmark for the calculation of adequate remuneration.

ANSTEEL provided data on the chemical composition of various sources of coking coal to support its submission.

A copy of ANSTEEL's supplementary exporter questionnaire response is available at EPR 193 of the Commission's website at <u>www.adcommission.gov.au</u>

5 LESS THAN ADEQUATE REMUNERATION (Program 2)

5.1 Background

BlueScope alleged that Chinese exporters of galvanised steel and aluminium zinc coated steel have benefited from the provision of raw material in the form of coking coal by the GOC at less than adequate remuneration.

In particular it was claimed that coking coal, one of the main raw materials used in the manufacture of HRC, which is in turn used for the manufacture of galvanised steel and aluminium zinc coated steel, was being produced and supplied by SIEs in China at less than adequate remuneration.

In REP 193, ACBPS considered that this program involved a financial contribution that involves the provision of the goods (coking coal) by SIEs, being public bodies, at less than adequate remuneration. In determining an appropriate level of remuneration, ACBPS used the Chinese export price as a benchmark.

5.2 ADRP's view

BlueScope argued that the benchmark used by ACBPS when calculating the benefit conferred by the GOC in the provision of coking coal to ANSTEEL was inappropriate. BlueScope submitted that had ACBPS used other benchmarks, the countervailable subsidy would not have been below de minimis level and subsequently the ACBPS would not have terminated the investigation.

The ADRP considered other potential benchmark prices that were available during the investigation, including export prices. When reviewing the termination decision, the ADRP examined pricing of Australian export coking coal from different sources. The ADRP observed that the use of some of the Australian export prices as benchmarks resulted in countervailable subsidies above the negligible level.¹⁰ The ADRP noted that:

"These calculations, by themselves, are of no real significance. However they do, in my opinion, assume some importance ... [as] it points to a real possibility that the coal for which the export prices were ascertained (and used) as the benchmark to determine adequate remuneration, was not of comparable quality to the coal purchased by the Chinese manufacturers to manufacture coated steel products"¹¹

5.3 The Commission's approach

As a result of the ADRP decision, the Commission is required to reconsider whether the benchmark used in the calculation of less than adequate remuneration was the

¹⁰ Defined in section 269TDA(16)(b) as negligible if countervailable subsidisation is not more than 2%.

¹¹ ADRP Report, 11 September 2013, Paragraph 20

correct and preferable approach.

The Commission considers, however, that the outcome of the ADRP's review of REP 193 (as discussed above in section 2.5) is also relevant information that should be considered in this resumed investigation.

As a result of the review of REP 193, the ADRP recommended that the countervailing duty notices be revoked for a number of reasons including that exporters received no benefit from program 2 as a result of the supply of coking coal at less than adequate remuneration. Underlying this finding was the ADRP's conclusion that suppliers of coking coal may be state invested enterprises but this is not determinative of being a public body providing a subsidy.

Based in part on the ADRP's finding, the Parliamentary Secretary varied the countervailing notices (as published on 20 February 2014), which reduced the countervailable subsidy by the amounts attributable to subsidy program 2.¹²

As the Parliamentary Secretary's variation of Investigation 193's finding has the effect that suppliers of coking coal are not considered to be public bodies, the Commission considers that the claims surrounding the use of a particular benchmark to quantify the benefit derived from receiving supply at less than adequate remuneration from such entities are no longer of significance in this resumed investigation.

5.4 Conclusion

In reaching a conclusion in this resumed investigation the Commission considers, in accordance with the Parliamentary Secretary's notice of 20 February 2014, that ANSTEEL was not in receipt of a countervailable subsidy from the provision of coking coal provided at less than adequate remuneration. This was described as Program 2 in REP193.

¹² The Countervailable duty rates were further adjusted in relation to programs 1 and 3,

6 CALCULATION OF THE AMOUNT OF SUBSIDY (Program 30)

6.1 Background

During ACBPS investigation of REP 193, one of the cooperating exporters provided a list of cash receipts in order for ACBPS to determine whether any other subsidies had been received, but not declared in the questionnaire response. In that list of cash receipts it recorded a number of payments with the identifier 'Capital Contribution'.

ACBPS considered that given that the exporter concerned was an SIE and payments were received from the Ministry of Finance, the GOC was in the best position to provide information about the payments. ACBPS considered the GOC to be non-cooperative in terms of responding to this issue.

Due to the lack of information provided by the GOC during Investigation 193, ACBPS based its finding on the available information. It found that capital injections by the GOC could be made only to SIEs, and therefore only SIEs can benefit from this program. The total amount of subsidy received by the cooperating exporter was apportioned based on the following formula (on the basis that the capital injection was used to purchase assets):

$$A_{K} = y/n + [y - (y/n)(k-1)]d$$

1 + d

Where:

 A_k = the amount of the benefit allocated to year k,

- y = the face value of the subsidy,
- n = the Average Useful Life of assets,

d = the discount rate, and

k = the year of allocation where the year of receipt = 1 and 1 < k < n.

6.2 ADRP Background

BlueScope's grounds for review also involved the use of a discounted interest rate and the effect of that interest rate on the materiality of the subsidy margin calculation reported in SEF 193.

The ADRP concluded in his report that:

"In relation to the discount rate used to determine the amount of subsidy under program 30, is not entirely clear from SEF 193 why Customs selected a rate at the lower end of the range of long term loan rates set out in the exporter's annual report for 2010 and 2011 and the interim report for 2012. It is to be recalled that the investigation period was from 1 July 2011 to 30 June 2012. The relevance of rates in the 2010 annual report is not immediately obvious. I made the assumption, as the applicant contended, that a more appropriate rate was the base interest rate of 6.56% determined by the Chinese Central Bank during the period July 2011 to June 2012 (and made the further assumption this was information before the CEO). I asked

Customs to recalculate the subsidy margins using this rate. The recalculated amounts are only .01% greater than the margins relied on in making the decision to terminate. In the result, the approach adopted by Customs, even if wrong, had no material bearing on whether a decision should have been made to terminate the investigation.^{*13}

As indicated in the ADRP report, ACBPS recalculated the subsidy margin based on the Chinese Central Bank rate of 6.56% as requested by the ADRP. This resulted in a subsidy margin that was 0.01% greater than the margins relied on to terminate the investigation.

6.3 The Commission's approach

The Commission notes that the ADRP considered that the use of a different interest rate was immaterial. As such, the Commission has not made an adjustment to the methodology adopted in SEF 193.

¹³ ADRP Report 16 September 2013

7 INJURY AND CAUSAL LINK

In SEF 193, ACBPS assessed that, based on verified data, the Australian industry (BlueScope) appeared to have experienced injury in respect of both galvanised steel and aluminium zinc coated steel.

As noted in chapter 3.2, the resumed investigation reconsidered the injury analysis discussed in SEF 193 and REP 193 and found no evidence to suggest that the Commission should depart from the injury approach or findings made in SEF 193 and REP 193 for the purpose of this resumed investigation. Chapter 10 of REP193 should therefore be read in conjunction with this report.

In SEF 193, ACBPS preliminarily assessed that certain galvanised steel and aluminium zinc coated steel were exported to Australia from China, Korea and Taiwan at dumped prices and exports from China at subsidised prices which caused material injury to the Australian industry producing like goods.

As noted in chapter 3.2, the resumed investigation has found no evidence or received any submissions to suggest that the approach to assessing material injury contained in SEF 193 was not the correct and preferable approach. Further, as ANSTEEL's goods were not found to be in receipt of any actionable subsidies it is not necessary to reconsider the causation analysis.

8 COUNTERVAILABLE SUBSIDY

8.1 Termination Recommendation

Section 269TDA(2) provides that the Commissioner must terminate an investigation if a countervailable subsidy has been received in respect of the goods but it never at any time during the investigation period exceeded the negligible level of countervailable subsidy. With respect to goods exported from China, if the level of subsidy, when expressed as a percentage of the export prices is less than one per cent, it is considered negligible.

The Commission has considered the outcome of the Parliamentary Secretary's notice of 20 February 2014, including with regard to 'program 2'. The Commission has also reviewed subsidies as they relate to program 30, as raised in submissions to this resumption.

Following the ADRP finding relating to public bodies, the Commission has not included any subsidy received in respect of program 2. The Commission has not made an adjustment with regard to program 30 as the ADRP considered that the use of a different interest rate was immaterial.

In order to determine if the countervailable subsidy received in respect of some or all of the goods had, at any time during the investigation period, exceeded the negligible level of countervailable subsidy in accordance with s 269TD(2), the Commission quantified the subsidies found as follows:

- ANSTEEL, a producer of galvanised steel exported from China, was in receipt of countervailable subsidies in the amount of 0.08% during the investigation period;
- ANSTEEL, a producer of aluminium zinc coated steel exported from China, was in receipt of countervailable subsidies in the amount of 0.07% during the investigation period;

Based on the information before it, the Commission considers there are grounds to terminate the investigations as they relate to ANSTEEL in accordance with s.269TDA(2). It is the Commission's preliminary view that the countervailable subsidies received in respect of the goods never at any relevant time exceeded the negligible level of countervailable subsidy as defined in s 269TDA(16).

9 Appendix 1

Submissions received in response to ADRP's decision:

Interested Party Type	Interested Party Name	Date received
Australian Industry	BlueScope	11/11/2013
Exporter	ANSTEEL	11/11/2013
Australian Industry	BlueScope	18/12/2013