



INVESTIGATION 370

**ALLEGED DUMPING OF
ZINC COATED (GALVANISED) STEEL
EXPORTED FROM THE REPUBLIC OF INDIA (INDIA)
MALAYSIA, AND
THE SOCIALIST REPUBLIC OF VIETNAM
(VIETNAM)**

AND

**ALLEGED SUBSIDISATION OF GALVANISED
STEEL EXPORTED FROM INDIA AND VIETNAM**

**DUMPING AND SUBSIDY MARGIN CALCULATION
REPORT**

**NAM KIM STEEL JOINT STOCK COMPANY
(NAM KIM)**

THIS REPORT AND THE VIEWS OR RECOMMENDATIONS CONTAINED
THEREIN WILL BE REVIEWED BY THE CASE MANAGEMENT TEAM AND MAY
NOT REFLECT THE FINAL POSITION OF THE ANTI-DUMPING COMMISSION

April 2017

1 BACKGROUND

1.1 Background

Public notification of the initiation of this investigation was made on 7 October 2016 in Anti-Dumping Notice (ADN) No. 2016/105. The background relating to the initiation of this investigation is contained in Consideration Report 370 (CON 370).

Nam Kim has been identified as an exporter of the zinc coated (galvanised) steel in the Australian Border Force (ABF) import database. The Anti-Dumping Commission (the Commission) notified Nam Kim Steel Joint Stock Company (Nam Kim) of the initiation of the investigation and sought its cooperation through the completion of an exporter questionnaire.

Nam Kim submitted the completed exporter questionnaire response (REQ) and relevant attachments on 21 November 2016.

1.2 Purpose of this report

The purpose of this report is to make preliminary assessments, regarding:

- export price;
- normal value; and
- a dumping margin; and
- a subsidy margin

using information submitted in the response to the Exporter Questionnaire. As there was no on-site verification completed of this exporter, the Commission has tested the data provided by Nam Kim for relevance and reliability by:

- comparing the preliminary export price to the information contained in the ABF import database; and
- benchmarking key variables (such as costs, price and adjustments) to:
 - on-sight verified data cooperating Vietnamese exporters in the current case; and
 - other independent information.

Having regard to these tests for relevance and reliability, the assessment team is satisfied that the information provided in Nam Kim's response to the Exporter Questionnaire can be relied upon for the purpose of assessing the dumping and subsidy margin calculations.

1.3 Company information

Nam Kim was established in December 2002 and was listed on the Ho Chi Minh Stock Exchange in 2011.

The Nam Kim Steel Group specialises in manufacturing and distributing of:

- Galvanized Steel Coil/ Hot dip Zinc Coated Steel – GI & HGI
- Pre-painted Galvanized Steel Coil/ Pre-painted Zinc Coated Steel – PPGI

- Galvalume/ Hot dip 55% Aluminium Zinc Alloy Coated Steel – GL
- Pre-painted Galvalume/ Pre-painted Zinc – Aluminium Coated Steel – PPGL
- Pre-painted Cold Rolled Coil – PPCR
- Steel Pipe (Black Steel Pipe, Galvanized Steel Pipe, Stainless Steel Pipe)
- Purlins

Nam Kim is not a subsidiary of any other company, but has identified shareholders that may be considered related entities.

The financial year for Nam Kim is 1 January to 31 December and Nam Kim is subject to the requirements of the Vietnamese Accounting Standards.

2 EXPORT PRICE

2.1 Australian export sales

In its response to the Exporter Questionnaire, Nam Kim provided a detailed spreadsheet listing its Australian export sales of galvanised steel during the investigation period on a line-by-line basis (referred to as the export sales listing).

There were no rebates, discounts, commissions or credit notes identified in this data. The assessment team has adopted the invoice date as the date of sale.

In its response to the Exporter Questionnaire, Nam Kim stated that it was not related to any of its Australian customers during the investigation period.

The assessment team did not find any evidence indicating any relationship between Nam Kim and its customers other than commercial relationship.

2.2 Export price – preliminary assessment

The assessment team considers that:

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

In those instances where the goods have been purchased by the importer from the exporter, export price has been calculated using paragraph 269TAB(1)(a) of the *Customs Act 1901* (the Act),¹ as the price paid by the importer less transport and other costs arising after exportation.

Details of the preliminary export price calculations are at **Confidential Appendix 1 – Export Price**.

¹ References to any section, subsection or paragraph in this report relate to provisions of the Act, unless specifically stated otherwise.

3 NORMAL VALUE

3.1 Domestic sales

In its response to the Exporter Questionnaire, Nam Kim provided a detailed spreadsheet listing of its domestic sales of galvanised steel during the investigation period on a line-by-line basis (referred to as the domestic sales listing).

The assessment team was satisfied that the goods provided in the domestic sales listing were like goods in accordance with section 269T of the *Customs Act 1901* (the Act).

Details of the domestic sales assessments are at **Confidential Appendices 3 & 4**.

3.2 Model matching

The assessment team applied model matching criteria based on:

- Grade;
- Base Metal;
- Coating Type;
- Coating Thickness; and
- Width (range).

Most of the export models were identical to the models sold in the domestic market.

3.3 Normal value – preliminary assessment

3.3.1 Normal Value

Four of the five export models had identical domestic models sold in the ordinary course of trade.

All transactions provided in the exporter questionnaire were ex-works. In order to determine the normal value, the net invoice value (ex-works) was taken to be the invoice price.

Adjustments

To ensure the comparability of normal values to export prices, the Commission considers that following adjustments are required for maintaining price comparability pursuant to subsection 269TAC(9):

Adjustment type	Description
Domestic credit costs	Deduct actual domestic credit costs
Domestic Packaging	Deduct Actual domestic packaging costs
Export inland transport and handling	Add weighted average actual export

	inland transport and handling costs
Export Packaging	Add weighted average export packaging

Details of the preliminary normal value calculation is at **Confidential Appendix 5**.

3.3.2 Constructed normal value

Having reviewed the information provided by Nam Kim, the assessment team considers that in accordance with subparagraph 269TAC(2)(a)(i) of the Act, due to the low volume of domestic sales of the goods that would be relevant for the purpose of determining a price under subsection (1), a constructed normal value pursuant to subsection 269TAC(2)(c) would be appropriate for one export model.

As such, the assessment team used the Australian cost to make, plus domestic selling, general and administrative costs (excluding domestic transport), plus OCOT profit plus adjustments to determine the normal value for the model that did not have sufficient domestic sales.

Details of the preliminary normal value calculations are at **Confidential Appendix 5**.

4 SUBSIDY PROGRAMS

The assessment noted team noted that Nam Kim as benefited from 2 of the 19 alleged subsidy programs as summarised below. Detailed discussion and assessment of each of the programs where Nam Kim has received a benefit is discussed below.

Program no.	Program Title	Benefit Received by Nam Kim
1	Preferential Import Tariff Rates contingent upon Localisation Ratios with respect to products and Parts of Mechanical-Electric-Electronic Industries (updating Program II of Notification of Subsidies period 2003-2004)	Yes
2	Support for the Implementation of Projects Manufacturing Priority Industrial Products (Updating Programme III of 2003-2004)	No
3	Investment Incentives Contingent upon Export Performance For Domestic Businesses (Updating Programme IV of 2003-2004)	No
4	Other Investment Incentives for Domestic Businesses (Updating Program V of Period 2003-2004)	No
5	Investment Incentives Contingent upon Export Performance for Foreign Invested Enterprises (Updating Programme VI of the Period 2003-2004)	No
6	Other Investment Incentives for Foreign Invested Enterprises (Updating Programme VII for Period 2003-2004)	No
7	Preferential Investment Credit for Development Contingent upon Export Criteria (Updating Programme VIII of Period 2003-2004)	No
8	Preferential Development Credit for Investment Contingent Upon Localisation Ratios (Updating Programme IX of Period 2003-2004)	No
9	Other Preferential Investment Credit for Development (Updating Program X of Period 2003-2004)	No
10	Export Promotion (Updating Program XII of Period 2003-2004)	No
11	Trade Promotion (Updating of Programme XIII of Period	No

	2003-2004)	
12	Support for Mechanical Products (Updating Program XV of Period 2003-2004)	No
13	Support for Shipbuilding Industry (Updating of Programme XV of Period 2003-2004)	No
14	Assistance for Commercial Development in Mountainous, Island and Ethnic Minority Areas (Updating Programme XVI of Period 2003-2004)	No
15	Assistance to Enterprises Facing Difficulties Due to Objective Reasons (Updating of Programme XVII of Period 2003-2004)	No
16	Incentives for Investment Projects in Science and Technology (Updating Programme XVIII of Period 2003-2004)	No
17	Preferential Import Tariff Rates for enterprises investing in regions or sectors entitled to investment incentives	No
18	Incentives on corporate income tax for enterprises operating in regions or sectors entitled to incentives	Yes
19	Incentives on Non-Agricultural Land Use Tax to encourage enterprises to invest in sectors or regions which require investment	No

4.1 Program 1 - Preferential Import Tariff Rates contingent upon Localisation Ratios with respect to products and Parts of Mechanical-Electric-Electronic Industries

Nam Kim imported equipment's and machineries that form the company's fixed assets for its factory *Nam Kim 2* during the period 2010 through 2012 and for its expansion investment project at *Nam Kim 2* factory during the period 2013 through 2016.

Imports of certain production equipment's and machineries by Nam Kim during the above-referenced periods were exempt from import duty due to:

- (i) Nam Kim's investment projects are categorised as encouraged investment projects pursuant to Vietnamese law; and
- (ii) equipment's and machineries that may not be locally supplied at the time of import.
- (iii)

The total benefit and subsidy margin calculations under program is at **Confidential Appendix 6**.

4.2 Program 18 - Incentives on corporate income tax for enterprises operating in regions or sectors entitled to incentives

Nam Kim has identified that it receives a corporate income tax benefit pursuant to Article 16.5 of Decree No.218/2013/ND-CP. This has been confirmed through analysis of the audited financial statements for FY2015.

The total benefit and subsidy margin calculations under program is at **Confidential Appendix 6**

5 DUMPING AND SUBSIDY MARGINS

The assessment team compared the weighted average of monthly export prices over the whole of the investigation period with the weighted average of corresponding monthly normal values over the whole of that period, in accordance with subsection 269TACB(2)(a).

The weighted average product dumping margin for galvanised steel exported to Australia by Nam Kim Steel Joint Stock Company for the investigation period is **-8.4 per cent**.

The subsidy margin has been assessed in accordance with paragraph 269TACD(2) of the Act. The weighted average product subsidy margin for galvanised steel exported to Australia by Nam Kim Joint Stock Company for the investigation period is **0.67 per cent**.

Details of the preliminary dumping and subsidy margin calculations are at **Confidential Appendix 5 and 6**.

6 LIST OF APPENDICES

Confidential Appendix 1	Export price summary
Confidential Appendix 2	Australian CTMS
Confidential Appendix 3	Domestic sales
Confidential Appendix 4	Normal Value calculations
Confidential Appendix 5	Dumping Margin calculations
Confidential Appendix 6	Subsidy Margin Calculations