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commercial + international

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The Director  
Investigations 3  
Anti-Dumping Commission  
GPO Box 2013  
Canberra  
Australian Capital Territory 2601

By email

Dear Director,

## Hyundai Steel Company Continuation Inquiry 637 – updates on Australian industry

Hyundai Steel wishes to inform the Commission of the latest developments with respect to Liberty Primary Steel's production capabilities and its impact on the Australian market for hot rolled structural steel sections ("HRSS"), which are important to the Commission's consideration of the correct and reasonable recommendation for the purpose of this continuation inquiry.

In '*Sanjeev Gupta jets in (and out) of Whyalla*', the *Australian Financial Review* reported on 22 September 2024 that the Whyalla steelworks' blast furnace has become offline, once again, on Friday 20 September 2024.<sup>1</sup> *The Australian* confirmed the same in its article, '*The Whyalla blast furnace is offline again with no firm date for its return to steelmaking*'.<sup>2</sup> Liberty Primary reported that it was "*taking remedial measures to deal with unwanted material*" which had entered the blast furnace, but was unable to provide an expected date for the resumption of ordinary operations.<sup>3</sup>

Just over a month ago, the ABC reported on 20 August 2024, "*Whyalla steelworks' blast furnace begins shutdowns as GFG approaches Bluescope for coking coal*".<sup>4</sup>

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<sup>1</sup> <https://www.afr.com/rear-window/sanjeev-gupta-jets-in-and-out-of-whyalla-20240922-p5kci6>.

<sup>2</sup> <https://www.theaustralian.com.au/business/mining-energy/the-whyalla-blast-furnace-is-offline-again-with-no-firm-date-for-its-return-to-steelmaking/news-story/dfbfac5e0ecff07fe69effa2b1da7c43>

<sup>3</sup> Ibid.

<sup>4</sup> <https://www.abc.net.au/news/2024-08-20/whyalla-steelworks-blast-furnace-shutdowns-coking-coal-shortage/104244430>

As the Commission is aware, Liberty Primary Steel has been unable to operate its blast furnace mill, used as part of its integrated production for HRSS, for a major part of 2024, following a prolonged period of shutdown between March and July 2024.

Further, it appears that the problem at Liberty Primary Steel goes well beyond its technical capability. It is reported that Liberty Primary Steel has been “*falling behind on payments to suppliers at the same time as it cuts staff and faces falling steel prices*”.<sup>5</sup>

On Wednesday, the South Australian Premier indicated that the government is now looking for a “potential rescuer” of Liberty Primary Steel, and have approached BlueScope, Nippon Steel Corporation, POSCO, Thyssenkrupp and Tata Steel.<sup>6</sup> Liberty Primary Steel’s owner Mr Gupta claims that:<sup>7</sup>

*Steel producers everywhere are facing enormous losses, caused by China dumping ever increasing quantities of steel on the international market. This is driven by China’s own demand shrinking due to a sharp decline in population.*

*In addition to this, complications in our blast furnace recoveries this year have disrupted supply, adding to strains on cashflow in an already softening Australian market.*

The downward trend in steel prices is consistent with Hyundai Steel’s earlier submission in this inquiry:<sup>8</sup>

*Hyundai is unaware of any evidence on the record, either in the SEF or the Australian Industry Verification Report, which indicate that the HRSS price level in Australia is likely to increase after the expiry date. To the contrary, there is evidence that would indicate that a trend of decreasing prices have started during the Inquiry period and have continued since then. We refer to the latest data on the Commission’s Trade Remedy Index extracted below, which shows the indexed price movements of HRSS across all major source of imports since 2022, which shows a clear trend of a market with falling prices...*

These challenges – both to Liberty Primary Steel as the domestic producer, and to the broader supply chain of HRSS in the Australian market are likely to continue. Such challenges are distinguishable and unrelated to the subject of the present inquiry, which is the likely impact of continuation or recurrence of dumping and injury caused by the expiry of the anti-dumping measure on imports from, amongst others, HRSS exported by Hyundai Steel from Korea. For the purpose of this inquiry, however, it is even more imperative for the Commission to make its recommendation by taking into account the correct trend and conditions affecting the HRSS market in Australia and to ensure any future measures with respect to imports from Hyundai Steel are reasonable and proportionate to Hyundai’s consistent record of supplying HRSS to the Australian market at negligible or negative dumping margins, and not more restrictive than what is allowed and intended under Section 269ZHF(2) of the *Customs Act 1901*.

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<sup>5</sup> <https://www.afr.com/companies/manufacturing/gfg-alliance-s-bills-mount-as-the-whyalla-steelworks-begins-to-strain-20240916-p5kasq>; and <https://www.theaustralian.com.au/business/mining-energy/gfg-alliance-has-cut-almost-40-mining-jobs-at-whyalla-with-more-to-go-this-year/news-story/cc937b24474f4ca03cdd14f77613ad5>

<sup>6</sup> <https://www.afr.com/companies/infrastructure/bluescope-sounded-out-as-whyalla-steelworks-rescuer-20240925-p5kdfn>

<sup>7</sup> <https://www.theaustralian.com.au/business/mining-energy/sanjeev-gupta-i-can-and-will-deliver-the-future-that-the-great-town-of-whyalla-deserves/news-story/4e3b8be52dbf4cbc67a82417a2c10533>

<sup>8</sup> EPR 637-021, p. 2.

Once again, if the Commission considers that the Minister should secure continuation of the measure, then Hyundai urges the Commission to:

- (a) calculate and apply a dumping duty rate unaffected by interim dumping duty paid by Hyundai in the past, to most accurately and proportionately reflect the true level of (de minimis) dumping margin of Hyundai's exports;<sup>9</sup> and
- (b) apply an *ad valorem* measure in light of the falling market for HRSS and the conditions of the domestic industry.

Hyundai respectfully submits that its proposed approach is not only the most appropriate in terms of the statutory task that the Commission is required to undertake, but also reasonable and proportionate in light of Hyundai's export record over the last five years, and of the instability of supply by the domestic industry, unrelated to dumping.

Yours sincerely



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<sup>9</sup> For a detailed explanation of the basis of Hyundai's claim regarding the treatment of IDD in this continuation inquiry, please see Hyundai Steel's submission in response to the SEF, at EPR 637-018.