

ATTACHMENT A

**DETAILED STATEMENT SETTING OUT REASONS FOR SEEKING CONTINUATION OF THE ANTI-DUMPING MEASURES**

**ALUMINIUM ZINC COATED STEEL EXPORTED FROM THE REPUBLIC OF KOREA AND THE SOCIALIST REPUBLIC OF VIETNAM**

**Introduction**

BlueScope Steel Limited (**BSL** and/or **the applicant**) is seeking the continuation of the anti-dumping measures on Aluminium Zinc Coated Steel (**AlZn**) exported from the subject countries – the Republic of Korea (**Korea**) and the Socialist Republic of Vietnam (**Vietnam**).

These measures were imposed in December 2021 on conclusion of Investigation No. 558 (**INV 558**).

It is BSL's firmly held view that if the measures are allowed to expire, it is likely that the Australian industry producing the like goods will experience a continued and further recurrence of material injury that the measures are intended to prevent.

BSL is therefore seeking the Anti-Dumping Commission (**the Commission**) to commence an investigation into the continuation of the measures on AlZn from the subject countries.

**1. Will the Dumping Continue, or Recur?**

BSL submits that sufficient evidence exists for the Commission to conclude that the expiration of the measures would likely lead to a continuation and further recurrence of the dumping of the goods exported from Korea and Vietnam. BSL submits that this continued and further recurrence of dumping into the Australian market will happen at margins of at least equal to those found in the original investigation, if not higher.

In assessing the likelihood of dumping continuing or recurring, the Commission's Dumping and Subsidy Manual outlines several relevant factors and considerations. Such factors include exporters' dumping margins, the volume of exports before and after the measures were imposed, the effect of the measures, the level of dumping compared with the level of measures, and any change in those measures (e.g., as a result of a review).<sup>1</sup> BSL addresses certain of these factors below.

**1.1 Are exports likely to continue or recur**

BSL has considered whether exports would likely continue or recur in a reasonably foreseeable timeframe by having regard to:

- import volumes of the goods from subject and non-subject countries since the imposition of the measures in December 2021;<sup>2</sup>
- maintenance of distribution channels or links to the Australian market;
- steel production capacities and capacity utilisation of the subject countries;
- the size and demand conditions within the Australian AlZn market; and
- trade remedies in other jurisdictions.

The following sections of this attachment outline BSL's assessment in respect of each of the above considerations.

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<sup>1</sup> Dumping and Subsidy Manual, December 2021, p. 137.

<sup>2</sup> On 24 December 2021, the then Minister for Industry, Energy and Emissions Reduction considered and accepted the Commissioner's recommendations in Report No. 558, publishing ADN 147.

ATTACHMENT A

### 1.2.1 Import volumes and patterns of trade

BSL has assessed import volumes from all sources from 1 July 2021. Charts 1.1.1 and 1.1.2 below show the annual Australian import volumes from Korea, Vietnam and all other foreign sources:

[*Confidential Chart 1.1.1: Import volume share (%) (Source: Appendix A2)*]

[*Confidential Chart 1.1.2: Import volume (tonnes) (Source: Appendix A2)*]

The above charts indicate that:

- imports from Korea have continued in material volumes across the proposed analysis period;
- imports from Vietnam have similarly continued in material volumes across the period; and
- imports from other countries, not subject to measures, now account for a far smaller proportion of total imports.

BSL observes that exports from the countries subject to measures have continued across the proposed analysis period. Therefore, if the measures were to expire, exports from the countries subject to measures would likely continue.

It is notable that exports from the subject countries have continued. BSL considers that this indicates that Australia is an attractive market for exporters of the goods, especially those exporters from the countries subject to measures.

### 1.1.2 Maintenance of distribution links to the Australian market

BSL considers that if the measures were to expire, importers (particularly steel importers/traders) supplying the Australian market would be able to continue and grow their ongoing trade relationships with the manufacturers that have continued to export the goods to Australia across the likely analysis period.

The existence of ongoing export trade from Korea and Vietnam to the Australian market indicates the presence of well utilised distribution links. Critically, the continued export activity via these established export pathways presents an opportunity for the exporters subject to measures to quickly increase sales volume if the measures are removed.

### 1.1.3 Excess production capacity of the subject countries

#### Overcapacity in the global steel industry

Overcapacity relative to demand in steel markets creates an environment in which goods are more likely to be exported at lower prices than sold on their domestic market.

In the latest *Steel Outlook 2025* report ([the 2025 report](#)), the OECD pinpoints excess capacity as having weighed heavily on steel markets in recent years – steel plant utilisation rates are well below the benchmark capacity utilisation rate of 80 percent, and substantial increases in capacity are planned worldwide in the next several years despite only modest global steel demand growth.<sup>3</sup>

Global steelmaking capacity has grown steadily since 2019, in contrast to the decline in world demand for steel during most of this period, with capacity reaching 2,472 million metric tonnes (mmt) in 2024.<sup>4</sup> China maintains the largest of this capacity, currently at 46 percent of the world's total.

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<sup>3</sup> Non-Confidential Attachment 1: *OECD Steel Outlook 2025*, 27 May 2025. Chapter 2: *Growing global steel excess capacity threatens the viability of the global steel industry*. Page 24.

<sup>4</sup> *Ibid*, p. 25.

In the 2025 report, the OECD reinforce the reality being experienced across steel markets:<sup>5</sup>

*The divergence between capacity and demand growth has led to significant market imbalances, which are putting downward pressure on steel prices and the industry's profitability. Compounding these challenging market conditions is the surge in China's steel exports, which jumped to their highest level of 118.2 mmt in 2024, surpassing their previous peak seen during the global steel crisis of 2015-16. The surge in Chinese exports, stemming from the country's excess capacity and its deteriorating steel demand situation, has created significant problems for steel producers worldwide, depressing their utilisation rates and leading to some plant closures and capacity reductions of otherwise efficient steel production.*

This capacity is expected to grow. Information on announced investment projects indicates that 63.5 mmt of gross capacity additions are currently underway worldwide and are therefore expected to come on stream during the next three-year period (2025-27).<sup>6</sup> A further 101.7 mmt of capacity additions are currently in the planning stage for possible commissioning during the same period.<sup>7</sup>

According to the 2025 report, Asia is projected to see significant increases in steelmaking capacity over the next three years.<sup>8</sup> The region has 29.8 mmt of capacity additions underway for commissioning in 2025-27, with an additional 66.8 mmt in the planning stage.<sup>9</sup> This is alongside China and India, which are projected to account for 80.4 percent of Asia's steelmaking capacity additions over the same period.<sup>10</sup> In other regions, ...*steelmaking capacity additions are projected to increase over the next three years as follows: an increase of 4.5 mmt (+9.5%) in Africa; 6.6 mmt (+4.6%) in the CIS and Ukraine; 12.1 mmt (+5.9%) in the European Union; 21.7 mmt (+22.9%) in the Middle East; 12.5 mmt (+7.7%) in North America; and 1.5 mmt (+23.5%) in Oceania.*<sup>11</sup>

The 2025 report also confirms that the steel industry is one of the most subsidised sectors, with this support fueling excess capacity.<sup>12</sup> Within the industry:<sup>13</sup>

*...larger steel firms have been more subsidised than smaller ones, and state-owned enterprises have received more subsidies than other firms. The People's Republic of China's ("China") subsidisation rate is ten times that of OECD countries. Government support for the steel sector has become increasingly prominent in regions where steelmaking capacity is rapidly expanding. In addition to government grants and below-market borrowings, measures include subsidised energy prices and preferential tax treatment.*

Overall levels of subsidisation are rising significantly, with steel now comparable to other heavy industries historically in receipt of high levels of industrial subsidies:

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<sup>5</sup> Ibid.

<sup>6</sup> Ibid, p. 27.

<sup>7</sup> Ibid.

<sup>8</sup> Ibid, p. 28.

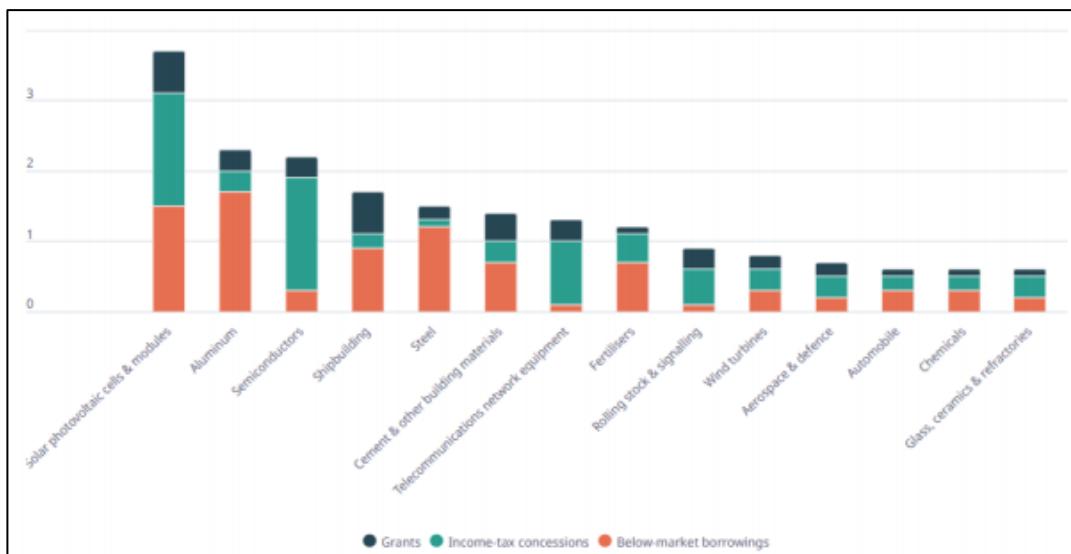
<sup>9</sup> Ibid.

<sup>10</sup> Ibid.

<sup>11</sup> Ibid.

<sup>12</sup> Ibid, p. 32.

<sup>13</sup> Ibid.



Non-Confidential Chart 1.1.3: Industrial subsidies by sector (percentage of annual revenue), 2005-2022<sup>14</sup>

Areas and regions of rapidly expanding steelmaking capacity attract rapidly expanding levels of government support. Key subsidy types such as grants, below market borrowings, tax concessions, and the provision of steel making raw materials for less than adequate remuneration/market rates are shaping the steel industry, with implications for both domestic markets and the international trade in steel products.<sup>15 16</sup>

### South Korea

The OECD has reported that nominal crude steelmaking capacity in South Korea had remained stable at 81.6 million tonnes in 2023, since 2019.<sup>17</sup>

According to the World Steel Association (WSA), crude steel production in South Korea was 63.6 million tonnes in 2024.<sup>18</sup> Assuming that nominal crude steelmaking capacity in South Korea remained constant at 81.6 million tonnes in that period, then excess steelmaking capacity in South Korea was 18 million tonnes, or approximately 22 percent.

Further, the WSA reports that in 2024 exports of semi-finished and finished steel products from South Korea rose from 56.462 million tonnes in 2023 to 27.044 million tonnes in 2024.<sup>19</sup> As a percentage of total crude steel production of 63.6 million tonnes in 2024, exports of semi-finished and finished steel products therefore represented almost 43 percent.

It has been reported that the South Korean steel industry has been grappling with a slowdown in domestic construction, aggressive Chinese exports, and falling supply prices.<sup>20</sup> During 2024, the operating profits of the three major domestic steel companies declined – POSCO saw a 50.3 percent year-on-year drop to 418 billion won, Hyundai Steel's profit fell 78.9 percent to 98 billion won, and Dongkuk Steel's decreased by 23 percent to 40.5 billion won.<sup>21</sup>

The industry's struggles can be largely attributed to the construction market slump. Hyundai Steel's construction steel indicator sales fell from 32.9 percent of total sales in 2021 to 30.5 percent in 2023, and Dongkuk Steel's

<sup>14</sup> Ibid, p. 35.

<sup>15</sup> Ibid, p. 37.

<sup>16</sup> While this application is not concerned with countervailing measures vis-à-vis the subject countries, the prevalence of government support within the steel sector, whether Chinese or otherwise, impacts levels of excess capacity within Korea and Vietnam.

<sup>17</sup> [https://one.oecd.org/document/DSTI/SC\(2024\)3/FINAL/en/pdf](https://one.oecd.org/document/DSTI/SC(2024)3/FINAL/en/pdf), p. 53.

<sup>18</sup> [https://worldsteel.org/data/annual-production-steel-data/?ind=P1\\_crude\\_steel\\_total\\_pub/KOR](https://worldsteel.org/data/annual-production-steel-data/?ind=P1_crude_steel_total_pub/KOR) (accessed 29 October 2025).

<sup>19</sup> [https://worldsteel.org/data/annual-production-steel-data/?ind=T\\_exports\\_sf\\_total\\_pub/KOR](https://worldsteel.org/data/annual-production-steel-data/?ind=T_exports_sf_total_pub/KOR) (accessed 29 October 2025).

<sup>20</sup> <https://www.chosun.com/english/industry-en/2024/08/08/UV7PHE5FWRDRFBU4SFFGNQL7NI/?utm> (accessed 29 October 2025).

<sup>21</sup> Ibid.

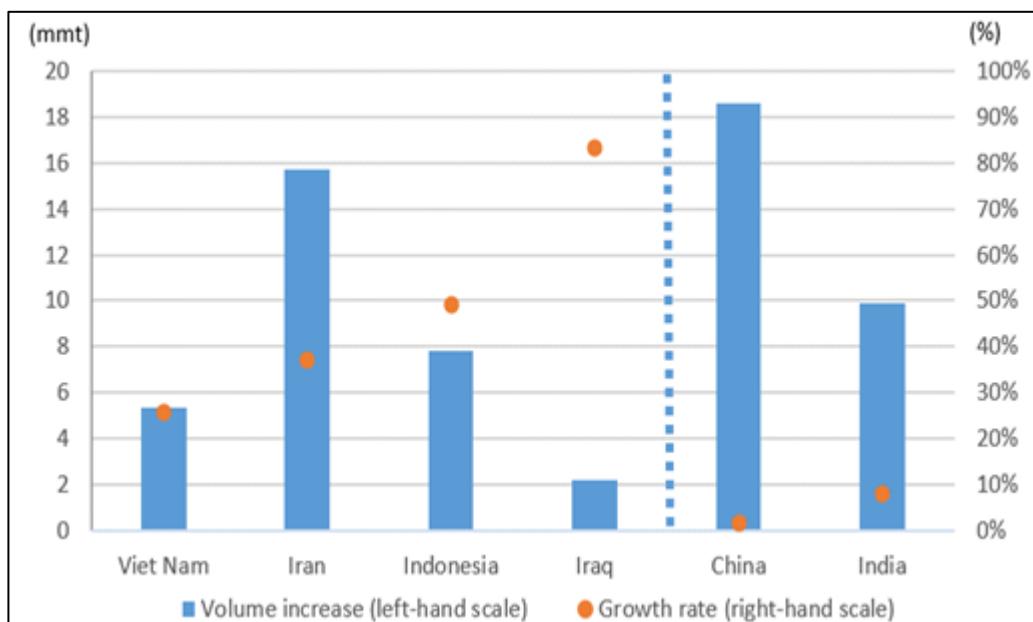
sales dropped 18.8 percent year-on-year in the first quarter of 2024 to 693,000 tonnes.<sup>22</sup> China's aggressive exports have also been cited as a major concern. According to the *Korea Iron & Steel Association*, steel imports in the first half of 2024 totaled 7.883 million tons, with Chinese steel accounting for approximately 60 percent, or 4.725 million tonnes, an increase of 76,000 tonnes from 2023.<sup>23</sup>

The measures the subject of this application apply to all Korean exporters. The evidenced excess capacity at a total-steel level in Korea, alongside a protracted domestic steel industry slowdown, highlights that Korean AlZn producers will maintain export supply channels, including to Australia.

### Vietnam

The OECD has reported that nominal crude steelmaking capacity in Vietnam has remained stable at 26.0 million tonnes in 2023, since 2020.<sup>24</sup> In 2019 Vietnam's capacity was 23.7 million tonnes, and the year prior it was only 6.5 million tonnes.<sup>25</sup>

The OECD reports that Vietnam, as a smaller steel-producing economy, is growing rapidly.<sup>26</sup> The following charts shows a selection of smaller steel-producing economies with the highest growth rates between 2018 and 2023, and compares them with the major producers (China and India):



Non-Confidential Chart 1.1.4: Economies with the highest steel capacity growth between 2018 and 2023<sup>27</sup>

Vietnam was one of only two ASEAN economies increasing steelmaking capacity, with capacity up 25.6 percent (an increase of 5.3 million tonnes). While it was not among the world's top 20 steel exporters in 2018, by 2022 it had risen to 18th place. According to the OECD, if domestic Vietnamese steel demand grows more slowly than capacity in the coming years, the country could become a significant steel exporter.<sup>28</sup>

According to the WSA, crude steel production in Vietnam was 21.9 million tonnes in 2024.<sup>29</sup> Assuming that nominal crude steelmaking capacity in Vietnam remained constant at 26.0 million tonnes in that period, then excess steelmaking capacity in Vietnam was 4.1 million tonnes, or approximately 16 percent.

<sup>22</sup> Ibid.

<sup>23</sup> Ibid.

<sup>24</sup> [https://one.oecd.org/document/DSTI/SC\(2024\)3/FINAL/en/pdf](https://one.oecd.org/document/DSTI/SC(2024)3/FINAL/en/pdf), p. 53.

<sup>25</sup> Ibid.

<sup>26</sup> [https://one.oecd.org/document/DSTI/SC\(2024\)3/FINAL/en/pdf](https://one.oecd.org/document/DSTI/SC(2024)3/FINAL/en/pdf), p. 10.

<sup>27</sup> Ibid, p. 11.

<sup>28</sup> Ibid, p. 11.

<sup>29</sup> [https://worldsteel.org/data/annual-production-steel-data/?ind=P1\\_crude\\_steel\\_total\\_pub/KOR/VNM](https://worldsteel.org/data/annual-production-steel-data/?ind=P1_crude_steel_total_pub/KOR/VNM) (accessed 29 October 2025).

WSA also reports that exports of semi-finished and finished steel products from Vietnam increased from 8.12 million tonnes in 2023 to 13.36 million tonnes in 2024.<sup>30</sup> As a percentage of total crude steel production of 21.9 million tonnes in 2024, exports of semi-finished and finished steel products therefore represented 61 percent.

The Vietnamese steel industry suffered a demand shock in 2022/23 driven by a construction and real estate slow down. Data from the Vietnamese Steel Association (**VSA**) depicted a steep demand decline through 2023 as Vietnam's property downturn impacted downstream steel.<sup>31</sup> For example, in the first half of CY2023 construction-steel production fell 25.5 percent year-on-year and consumption 22.7 percent year-on-year. The VSA also reported 2023 year-to-date steel production was down 8 percent by November 2023. These headwinds affected coated sheet, which is heavily tied to building and appliances.

Notwithstanding a recovery in volumes in 2024 (to which the above OECD and WSA data relevantly relates), the largest Vietnamese metallic coated steel producers have continued to provide conservative guidance on business performance – Nam Kim, for example, set its 2025 profit target at 21 percent lower than 2024 amid global uncertainty, despite planning approximately 1.05 million tonnes in sales, implying margin caution.<sup>32</sup> Industry analysis also shows that the 2024 cyclical rebound was off a low base, with coated steel producers such as Hoa Sen and Nam Kim reporting better earnings mainly on price normalisation/inventory effects rather than a clear and sustainable uptrend in metallic coated steel demand.

### China

Even though exporters of the goods from China are not the subject of the measures, as China is the world's largest steel exporter and producer (producing approximately 53 percent of the world's crude steel in 2024<sup>33</sup>), excess capacity in China is a major factor in the analysis of world steel markets, as excess capacity in China encourages Chinese manufacturers to seek export markets for their products.

According to the U.S. International Trade Administration, China is the world's largest steel exporter (2024 ranking).<sup>34</sup> In 2024, China exported 114.8 million tonnes of steel, a 24.4 percent increase from 92.3 million tonnes in 2023.<sup>35</sup>

Indicative of slowing domestic steel market conditions is the fact that the export share of production grew from 9.04 percent in 2023 to 11.47 percent in 2024.<sup>36</sup> Further indicative that the Chinese steel industry is exporting greater volumes at lower prices is evidence that in 2024 overall steel export volumes increased by 24.4 percent compared to 2023, while export steel values decreased by 15.1 percent.<sup>37</sup>

In 2024, flat products – the class to which the goods the subject of this application belong – accounted for the largest share of Chinese steel exports at 61.8 percent, or 70.9 million metric tonnes.<sup>38</sup> This was the highest volume of flat product exports since at least 2014 (40.5 million tonnes), and an increase of 24 percent when compared to China's 2023 export volume for flat products (57.1 million tonnes).<sup>39</sup>

The OECD has reported that nominal crude steelmaking capacity in China has remained stable at 1,141.5 million tonnes in 2023.<sup>40</sup> According to the World Steel Association (**WSA**), crude steel production in China was

<sup>30</sup> [https://worldsteel.org/data/annual-production-steel-data/?ind=T\\_exports\\_sf\\_f\\_total\\_pub/KOR/VNM](https://worldsteel.org/data/annual-production-steel-data/?ind=T_exports_sf_f_total_pub/KOR/VNM) (accessed 29 October 2025).

<sup>31</sup> <https://www.vietnamcoatedsteel.com/2023/07/profit-of-steel-enterprises-under.html?utm> and <https://www.vietnamcoatedsteel.com/2023/12/steel-consumption-surges-over-30-in.html?utm> (accessed 29 October 2025).

<sup>32</sup> [https://static2.vietstock.vn/vietstock/2025/4/14/20250414\\_nkg\\_250414\\_annual\\_report\\_2024.pdf](https://static2.vietstock.vn/vietstock/2025/4/14/20250414_nkg_250414_annual_report_2024.pdf) Refer p. 45 for the 2024 profit before tax of 558 billion VND, as then compared to the forecast 2025 profit before tax at p. 47 of 440 billion VND. Refer p. 47 for the 2025 volume forecast of 1.05 million tonnes.

<sup>33</sup> [https://worldsteel.org/data/annual-production-steel-ata/?ind=P1\\_crude\\_steel\\_total\\_pub/CHN/WORLD\\_ALL](https://worldsteel.org/data/annual-production-steel-ata/?ind=P1_crude_steel_total_pub/CHN/WORLD_ALL) (accessed 22 August 2025).

<sup>34</sup> <https://www.trade.gov/data-visualization/china-steel-exports-report> (accessed 29 October 2025).

<sup>35</sup> Ibid.

<sup>36</sup> Ibid.

<sup>37</sup> Ibid.

<sup>38</sup> Ibid, Page 2.

<sup>39</sup> Ibid.

<sup>40</sup> [https://one.oecd.org/document/DSTI/SC\(2024\)3/FINAL/en/pdf](https://one.oecd.org/document/DSTI/SC(2024)3/FINAL/en/pdf), p. 53.

1,005.10 million tonnes in 2024.<sup>41</sup> Assuming that nominal crude steelmaking capacity in China remained constant at 1,141.5 million tonnes in that period, then excess steelmaking capacity in China was 136.4 million tonnes, or approximately 11.9 percent.

Therefore, excess steelmaking capacity in China is apparent and growing, and within the product category to which AlZn belongs. The Chinese steel industry is heavily export oriented, with a large proportion of crude steel production being exported as flat steel products.<sup>42</sup>

#### **1.1.4 Trade measures in other jurisdictions**

According to the World Trade Organisation *Integrated Trade Intelligence Portal*, a total of 184 anti-dumping and countervailing measures are currently imposed by WTO member countries on aluminium alloyed steel, as classified to the six-digit tariff subheadings for 7210.61, and 7225.99.<sup>43</sup>

In addition to anti-dumping measures, global steel markets continue to be affected by other forms of trade defence measures relating to the goods. Throughout 2024 and 2025, several countries introduced or reinforced measures to protect their steel industries from increased excess-capacity-driven imports in recent years. The U.S. Section 232 measures and subsequent retaliatory actions represent the most significant of these recent trade developments affecting the global steel trade.

BSL considers that the implementation of trade defence mechanisms in other jurisdictions is a factor that influences global trade by altering comparative access to markets. Therefore, the expiration of the measures may make Australia a comparatively more attractive and accessible market for exporters from the sources the subject of these measures as it is likely that trade diversion to Australia would likely occur if the measures were allowed to expire.

#### **1.1.5 Conclusion**

BSL contends that should the measures expire, exports from the subject sources are likely to continue on the basis that:

- exports of the goods to Australia have continued following the imposition of measures in December 2021;
- exporters have maintained distribution links to the Australian market;
- exporters are domiciled in economies with spare production capacity; and
- Australia remains an attractive and accessible market for exports from the subject exporters given trade barriers against them in other developed markets.

### **1.2 Is dumping and subsidisation likely to continue or recur?**

#### **1.2.1 Investigation No. 558**

In Report No. 558 (REP 558), the Commission found the following margins of dumping for the April 2019 - March 2020 investigation period:<sup>44</sup>

- KG Dongbu Steel Co., Ltd (Korea): 2.6 percent;
- Dongkuk Steel Mill Co., Ltd (Korea): 3.9 percent;
- Uncooperative exporters from Korea: 10.5 percent; and
- Hoa Phat Steel Sheet Co., Ltd (Vietnam): 5.5 percent;

<sup>41</sup> <https://worldsteel.org/data/world-steel-in-figures/world-steel-in-figures-2025/#major-steel-producing-countries2023-and-2024> (accessed 22 August 2025).

<sup>42</sup> <https://the-shiv.com/vietnams-steel-production-and-exports-show-strong-growth-in-2024-vs/?utm> and <https://www.seaisi.org/details/26469?type=news-rooms&utm> (accessed 29 October 2025).

<sup>43</sup> Non-Confidential Attachment 2: WTO Integrated Trade Intelligence Portal (extract made 29 October 2025).

<sup>44</sup> REP 558, p. 97-98.

- Hoa Sen Group Joint Stock Company (Vietnam): 8.1 percent; and
- Uncooperative exporters from Vietnam: 13.1 percent.

In REP 558, the Commission assessed and concluded the following on whether dumping may continue:

*The commission's analysis found dumping margins between 2.6% and 10.5% for exporters from the ROK and between 8.1% and 20.9% for Vietnamese exporters during the investigation period.*

*The commission examined import volumes from the ABF import database during and following the end of the investigation period. The commission observes that imports from the ROK and Vietnam have continued.*

*The commission found that the ROK and Vietnam are the largest and third largest exporters of the goods to Australia and, therefore, maintain an established share of the market. Exports from both the ROK and Vietnam undercut the Australian industry during the investigation period.*

*The commission's assessment of the Australian market found that purchasers of the goods will change their sources of supply and price is a heavy influencer on purchase decisions.*

*Based on the magnitude of the dumping margins found, the importance of price in this market, the evidence of price undercutting, the established links between suppliers and importers and the ROK's and Vietnamese exporters maintaining sales volumes, the Commissioner considers that dumping may continue.*

#### **1.2.2 Current estimated dumping margins – Korea**

BSL has estimated that the goods were exported from Korea during the proposed analysis period at dumped prices and has calculated a monthly weighted average dumping margins across the period of up to [XX] percent for all exporters.

BSL's calculation of the estimated dumping margin is contained at Confidential Attachment 1.2.2.

The level of dumping estimated for all exporters of the goods from Korea during the proposed inquiry period exceeds the level of measures currently imposed, in the form of an interim dumping duty (IDD) calculated using the combination, at the IDD's noted above at 1.2.1.

#### **1.2.3 Current estimated dumping margins – Vietnam**

BSL has estimated that the goods were exported from Vietnam during the proposed analysis period at dumped prices and has calculated a monthly weighted average dumping margins across the period of up to [XX] percent for all exporters.

BSL's calculation of the estimated dumping margin is contained at Confidential Attachment 1.2.2.

The level of dumping estimated for all exporters of the goods from Vietnam during the proposed inquiry period also exceeds the level of measures currently imposed, in the form of an interim dumping duty (IDD) calculated using the combination methodology, at the IDD's noted above at 1.2.1.

#### **1.2.4 Conclusion**

BSL has estimated that the goods exported from Korea and Vietnam are at dumped prices. Given established patterns of trade via well maintained distribution links, BSL considers that it is reasonable to expect that exporters of the goods to Australia from Korea and Vietnam will aim to maintain, and increase, their levels of export sales volumes in the absence of measures.

BSL considers it likely that the expiration of the measures would improve the competitiveness of the goods exported to Australia from Korea and Vietnam, and that this would encourage importers to acquire the goods from the Korea and Vietnam at dumped prices, and in greater volumes. In these circumstances, BSL considers it likely that exports of the goods at dumped prices from the subject countries would continue if the measures expire.

## 2. Will Material Injury Continue, or Recur?

An assessment as to whether the expiration of the measures would lead, or would be likely to lead, to a continuation or recurrence of the material injury that the measures are intended to prevent involves a consideration of future outcomes based on an evaluation of the present position. In support of this analysis, BSL has presented the economic condition of the Australian industry in the requisite formats, namely:

- volume and value of imports, and sources of imports: BSL has completed Confidential Appendix A-2 as part of this application;
- sales and market shares of all suppliers: BSL has referenced Australian import statistics from the **[confidential text deleted: source]** in estimating imported sales volumes and values. In conjunction with Confidential Appendix A-2, market share can be assessed; and
- performance of the local industry (profits, price trends, investment, and employment): BSL has provided Confidential Appendix A-6 and Confidential Appendix A-7 as part of this application.

BSL submits that in the event the anti-dumping measures applicable to AlZn exports from Korea and Vietnam are allowed to expire on 24 December 2026, the Australian industry will suffer continuance of, and be threatened with a further recurrence of, material injury that the measures are intended to prevent.

### 2.1 The likely effect on prices, volumes and profits

In REP 558, the Commission determined that the Australian industry suffered material injury in the form of price depression, and reduced profit and reduced profitability.<sup>45</sup>

Underpinning this were the findings that:<sup>46</sup>

- the volume of dumped goods exported to Australia represented approximately 70% of all imports from the subject countries;
- the Australian market was highly competitive with a high level of price transparency;
- the Australian industry's selling prices were closely correlated with the prices of imported goods;
- the goods exported to Australia from the subject countries (at dumped and un-dumped prices) had undercut Australian industry's prices;
- at an aggregate level, and at the level of MCC and customer, the dumped imports had undercut the Australian industry's prices to the greatest extent;
- the dumped imports undercutting of the Australian industry's prices had caused the Australian industry to reduce selling prices to compete with the dumped imports;
- in the absence of the dumped imports, the Australian industry would have been able to achieve higher selling prices;
- the higher selling prices would have reflected positively on the Australian industry's profits and profitability over the investigation period; and
- the injury due to goods exported to Australia at dumped prices was separated from other potential causes of injury.

BSL has and continues to price AlZn on an import parity price (IPP) basis, plus a premium for providing local supply and customer service. BSL therefore competes with the imported goods and that competition with the imported goods results in BSL achieving lower prices than it otherwise would. These price reductions bring

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<sup>45</sup> REP 558, p. 96.

<sup>46</sup> Ibid.

BSL's prices to a level closer to those of the imported goods, albeit sometimes slightly higher due to a domestic price premium.

BSL's view of the likely effect on prices, sales volumes and profits if the measures were to expire involves an analysis of export volume and pricing patterns, including price undercutting (where known), for the countries subject to measures to determine if injury is likely to recur or continue.

Price undercutting occurs when imported goods are sold into the Australian market at prices below those of Australian manufactured like goods, to customers at the same level of trade. BSL must compete with importers of the goods on the basis of price. As such, it must reduce prices to compete with those of importers.

In its IPP analysis, BSL compares the prices offered to its customers with those of competing importers. BSL's price undercutting analysis captures the domestic price premium that it is sometimes able to achieve over import prices for being able to provide local manufacturing and supply capacity. As will be shown below, BSL contends that the prices it has achieved have been depressed, and that material volume effect injury has also continued to transpire.

Confidential Attachment 3 provides full details of the above. The injury case studies provided depict either one or a combination of declining revenues, gross margins, and/or volumes by virtue of customers sourcing AlZn from Korea and/or Vietnam. BSL has evidenced from where and from who it believes each customer has sourced dumped imported AlZn.

What the Commission can therefore establish from the above INV 558 assessment and the below current assessment is that, as a matter of probability, imports of Korean and Vietnamese AlZn will continue be materially injurious to the Australian industry in the absence of measures.

## **2.2 The likely volume of imports would be significant in the absence of measures**

In evaluating the likely effects of subject imports, the Commission looks to assess whether the likely volume of the subject goods would be significant and therefore materially injurious if the measures were to expire. The Commission also considers all economic factors relevant to the inquiry in making this assessment, such as production capacities (and existing unused capacity), market size and share, changes in the structure and operation of the market since the measures were imposed, and the extent to which subject producers are export oriented.<sup>47</sup> As shown below and above, taken together, these factors indicate that the likely volume of AlZn exports from Korea and Vietnam would be significant if the measures lapse.

BSL considers that the expiration of measures would likely lead to continued material injury to the Australian industry in the form of reduced sales volumes and therefore reduced market share. In the absence of measures, exporters from Korea and Vietnam are likely to increase export volumes to Australia.

As indicated in section 1.2.1 above, exports of the goods to Australia from Korea and Vietnam have maintained a stable proportion of total AlZn exports. This indicates strong distribution links and a continued preference for AlZn from Korea and Vietnam over domestic and non-subject country supply. Over the 2020-2025 period, the composition of the total Australian AlZn market can be represented as follows:

[**Confidential Chart 2.2: AlZn market composition, 2020 – 2025<sup>48</sup>**]

Over a longer assessment period and on a quarterly basis, the Australian AlZn market can be represented as follows:

[**Confidential Chart 2.3: AlZn market composition, 2019 – 2025<sup>49</sup>**]

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<sup>47</sup> Dumping and Subsidy Manual, December 2021, p. 137-138.

<sup>48</sup> Confidential Appendix A2.

<sup>49</sup> Confidential Appendix A2.

Once imposed, the measures were effective in reducing a certain level of dumped and injurious subject country imports. Measured as the twelve months prior to and twelve months following imposition of the measures in December 2021, Korean import volumes declined from a quarterly average of approximately [XX] metric tonnes to [XX] metric tonnes (down [XX] percent). Vietnam imports declined from a quarterly average of [XX] metric tonnes to [XX] metric tonnes (down [XX] percent). This can be shown as follows:

[*Confidential Chart 2.3: AlZn import volume trends, INV 558 onwards*<sup>50</sup>]

### **2.3 The likely price and profit effects would be significant in the absence of measures**

Profit and profitability are products of the margin of sales price over costs, and sales volume. A decrease in either price or volume, or an increase in costs which is unmatched by a price increase, will result in a corresponding decrease in profit and profitability.

In considering the likely price and profit effects of subject imports, the Commission considers whether there is likely to be significant undercutting by the subject imports, and whether the subject imports are likely to enter the Australian market at prices that otherwise would have a significant depressing or suppressing effect on domestic like product prices. In this proposed continuation review, the evidence relating to these factors demonstrates that the likely price effects of Korean and Vietnamese AlZn imports on the domestic like goods would be significant.

Given the substitutability of the domestic like goods and subject imports and price-based competition for AlZn in the Australian market, if the measures expire, a significant volume of the dumped goods from Korea and Vietnam would continue to undersell the domestic like goods to gain market share. In turn, this would depress and suppress domestic like goods prices to a significant degree. With subject exporters no longer bound by the measures, a continuation and further recurrence of the price injury experienced by the Australian industry in the original investigation period is highly likely.

The fact that subject export volumes represent a majority proportion of all AlZn exports to the Australian market, and that any acceleration of displaced volumes to Australia from Korea and Vietnam would result in a materially scalable and deleterious impact on the Australian industry, should only lead the Commission to conclude that allowing the measures to lapse would result in even higher levels of price suppression and depression than is already the case.

BSL's current levels of price depression and emerging price suppression are the direct result of the ongoing presence of dumped subject country exports to Australia:

[*Confidential Chart 2.3.1: BSL AlZn price depression/suppression, indexed, 2022 – 2025*<sup>51</sup> <sup>52</sup>]

[*Confidential Chart 2.3.2: BSL AlZn price depression/suppression, actual, 2022 – 2025*<sup>53</sup> <sup>54</sup>]

Confidential Attachment 4 provides details of BSL's IPP mechanism by which it competes against subject country AlZn prices.<sup>55</sup> On a monthly basis, BSL collates and reviews all available Korean and Vietnamese import offers in order to set customer prices. Clearly evident is the decline in the monthly IPP base rate import price, translating to lower realised selling prices for BSL AlZn,<sup>56</sup> which is depicted annually above. These trends have been driven by, and will continue to be driven by, Korean and Vietnamese underselling. Any removal or

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<sup>50</sup> Confidential Appendix A2.

<sup>51</sup> Confidential Appendix A6.1.

<sup>52</sup> FY date references are to the first financial quarter, the quarter ending September, of each period noted.

<sup>53</sup> Confidential Appendix A6.1.

<sup>54</sup> FY date references are to the first financial quarter, the quarter ending September, of each period noted.

<sup>55</sup> [*Confidential text deleted: BSL IPP data specifics*].

<sup>56</sup> *Ibid.*

lessening of the existing measures will cause further price depression and accelerate instances of price suppression, resulting in greater injury than is already the case.

BSL like goods profit levels have stabilised since the imposition of measures, albeit at points that remain below the required level necessary to sustain BSL's Australian manufacturing operations and to reinvest in plant, equipment and people.

Confidential Chart 2.3.3 below shows the influence of the price of dumped imports on the Australian industry's unit gain/(loss). This shows the influence of the price of dumped imports on the Australian industry's quarterly profits and profitability:

*[Confidential Chart 2.3.3: BSL AlZn profitability v's Korea/Vietnam \$FOB/tonne, 2022 – 2025<sup>57</sup>]*

Broadly, but also notably since the quarter ending June 2024, during periods of export price inflation the Australian industry profits and profitability improved, compared to the periods of export price deflation where the opposite was the case.

BSL therefore submits that further likely price undercutting from Korea and Vietnam will occur should the measures be allowed to expire. This will exacerbate the material price depression injury already being incurred, will lead to material price suppression injury, and will result in an increase in the material price effect injury being experienced by the Australian industry.

### 3. Conclusion

In its continuation assessment, the Commission needs to appropriately consider the period beyond the life of the current measures to determine if it is likely that dumped and injurious AlZn exports from Korea and Vietnam will continue. The Commission's recommendations must be based on judgements about future probabilities. Demonstrated commercial behaviors relating to an inquiry period are essential pointers in determining what would be more likely or less likely to happen in that future.

This application demonstrates that the likely impact of AlZn imports from Korea and Vietnam on the domestic industry would be significant if the measures were discontinued. Should the discipline of the measures be removed, subject producers will likely export significantly higher volumes of the subject goods to the Australian market than is already the case. Those unfairly traded imports would likely take further sales from the Australian industry and depress and/or suppress Australian prices. These developments would then likely cause Australian industry's output, sales, market share, profits, productivity, return on investments, and capacity utilisation to further decline. They would also likely have significant further negative effects on other aspects of the industry's performance, such as employment, wages, growth, and investment.

BSL has detailed in this application that the expiration of the measures on AlZn exported from Korea and Vietnam will likely lead to a continuation and further recurrence of the material injury that the measures are intended to prevent. BSL is seeking the Commissioner to commence an investigation into the continuation of the anti-dumping measures and recommend to the Minister that the measures not be allowed to expire on 24 December 2026.

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<sup>57</sup> Confidential Appendix A2/A6.1.