

PUBLIC RECORD

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The Director – Investigations
Anti-Dumping Commission
GPO Box 2013
Canberra ACT 2601

Continuation Inquiry No. 698
Aluminium Zinc Coated Steel exported from
the Republic of Korea and the Socialist Republic of Vietnam

Dear Director,

This submission is made on behalf of KG Dongbu Steel Co., Ltd (KG Dongbu), a cooperating Korean exporter of aluminium zinc coated steel (AlZn) the subject of continuation inquiry No. 698 (CON 698). It responds to the submission of BlueScope Steel Limited (BlueScope) lodged on 19 June 2026, in which BlueScope contends that a particular market situation (PMS) exists in the Korean domestic market for hot rolled coil (HRC), the principal input into AlZn, and invites the Commission to make a PMS finding and to construct normal values using an external HRC benchmark.

KG Dongbu considers that BlueScope's submission discloses no proper basis for the Commission to entertain, inquire into, or make any market-situation finding in respect of Korean AlZn. For the reasons outlined below, the submission should be rejected and the Commission should not commit the resources of this continuation inquiry to a market-situation assessment that the material before it does not support.

This is based on the following key points, each of which is sufficient on its own:

- the onus lies with BlueScope and has not been met. The Commission's own Manual notes that a market-situation inquiry is only possible where relevant and reasonably reliable evidence is submitted. BlueScope has put forward no evidence specific to AlZn or to the Korean AlZn market.
- the claim is directed at the wrong market. It concerns the cost of an upstream input, whereas the relevant provision and the Manual require any such influence to be shown to affect the domestic prices of the like goods (AlZn), which BlueScope has not attempted to show.
- the Manual's market-situation and substitute-cost framework is triggered by government influence in the country of export. BlueScope alleges no Korean government influence, as its theory is based on foreign import competition, for which the Act or the WTO Anti-Dumping Agreement provide no such mechanism.

The onus lies with BlueScope and has not been met

The primary rule in section 269TAC(1) is that normal value is determined from domestic selling prices in the ordinary course of trade. A departure on market-situation grounds is exceptional, and the party asserting it must put forward a proper evidentiary basis for it. The Manual stresses this point as the Commission adopts the market-situation investigation procedure only "*when relevant and*

reasonably reliable evidence supporting the proposition that domestic selling prices are unsuitable for normal values is set out in the application”.

BlueScope’s submission contains no such evidence. It advances no analysis of the Korean AlZn market, no AlZn domestic price data, no comparison of AlZn domestic and export sales, and no examination of KG Dongbu’s costs. Its mere assertion is assembled entirely from findings about other goods in other proceedings, that involve other exporters and the records of those other exporters. There is nothing in the current continuation inquiry capable of engaging the Commission’s market-situation procedure for the goods actually under inquiry.

The claim is directed at the wrong market and the wrong prices

The market-situation provision in section 269TAC(2)(a)(ii) is concerned with whether the situation in the market renders domestic sales of the like goods unsuitable for determining a price under subsection (1). BlueScope’s submission is concerned only with the cost of an upstream input, HRC. It makes no attempt and provides no evidence connecting that alleged input-cost effect to the price of AlZn at all.

That gap is fatal on the Commission’s own guidance. The Manual states that the “*mere existence of any government influence on the costs of inputs would not be enough to make sales unsuitable*”, and that “*government influence on costs can only disqualify the sales if those costs can be shown to be affecting the domestic prices*”. It reflects the requirement that an affected input-cost must be carried through to the domestic prices of the like goods, and impairs proper comparison between those domestic sales and the exported sales, before those sales can be rejected. BlueScope has offered no such analysis for AlZn, and fails the Commission’s own stated test.

This is also the requirement that the WTO has twice held Australia to have overlooked, the obligation to determine those domestic sales “do not permit a proper comparison”, applied against Australia in *A4 Copy Paper*¹ and, in the steel context, in *Certain Products from China*² (DS603). So as no effect on AlZn domestic prices has been shown, there is no basis to reject KG Dongbu’s AlZn sales.

The Manual’s market-situation framework is not engaged

Notwithstanding the absence of evidence, BlueScope’s claim does not fit the PMS framework. The Manual’s treatment of market situation, and its substitute-cost methodology for a major input, are built around government influence in the country of export. The substitution mechanism is triggered only “*where a finding has been made that a major cost input is supplied by a government-owned enterprise, or there are other forms of government influence*”, in which case a substitute value “*first*” drawn from in-country sources may be used.

BlueScope alleges no Korean government influence on HRC of any kind. The Manual provides no mechanism to treat a domestic input cost as uncompetitive merely because it correlates with competitively-priced imports. Even if the Commission followed its policy and practice outlined in its Manual, BlueScope’s argument still wouldn’t trigger the substitute-cost rules. There’s simply no provision that applies to this claim.

It is also not possible for the phrase “*other forms of government influence*” to be stretched to cover Bluescope’s assertion. Read in context, that phrase concerns the exporting country’s own government

¹ DS529

² DS603

influencing the supply or price of the input within that country. The Manual's substitute sources begin with the price of the input supplied by non-government-owned enterprises in the country of export. A third country's government influencing a third-country export that then competes in the Korean market is a different matter altogether, and one the Manual's framework does not accept.

Consequences of an unbounded PMS practice

BlueScope's submission should be seen in context. The methodology it urges, namely rejecting a producer's recorded input cost and substituting an out-of-country benchmark to remove a perceived distortion, is not confined to this inquiry. It is the latest in a sequence of attempts to extend the particular market situation provisions beyond their limits.

BlueScope's assertion relies on an 'externally caused' distortion it considers stems from China and is transmitted into Korea through import competition. The theory has no logical stopping point. China is the world's largest producer and exporter of steel, and its exports are made into virtually every open, steel-importing economy. If the price of Chinese imports were sufficient to characterise an entire domestic input market as subject to a particular market situation, every open steel market would qualify, including Japan. BlueScope's approach would leave no domestic steel market capable of being treated as competitive, and no benchmark that was not itself 'distorted'.

That outcome is not permissible under the ADA. The particular market situation exception is a narrow departure from the primary rule that normal value rests on the exporter's own domestic sales and its own recorded costs. It is not a licence to substitute international benchmarks wherever an industry perceives that global overcapacity affects domestic prices.