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

Investigation No. 706 — Zinc coated (galvanised) steel exported from the Republic of Korea and the Socialist Republic of Vietnam

Dear Director,

This submission is lodged by Nam Kim Steel Joint Stock Company ("Nam Kim"), a cooperating exporter of the goods under consideration produced in Vietnam. Nam Kim proposes to modify the Model Control Code structure for Investigation 706.

Nam Kim requests that the Commission modify the coating-type category of the MCC (Item 3 of the notified structure) so that zinc-aluminium-magnesium alloy coated product (the "ZM" coating class, marketed by Nam Kim as "Zinmag") is identified by its own distinct coating-type code, separate from conventional zinc (hot-dip galvanised, or "GI") product. The current Item 3 groups "Z, ZA, ZM etc." coating classes under a single identifier "Z". That grouping treats metallurgically, functionally and commercially distinct products as though they were the same model.

The request asks only that the Commission's model-matching architecture reflect a physical characteristic, coating composition, that the evidence set out below shows gives rise to distinguishable and material differences in cost, corrosion performance and price. That is precisely the inquiry the Commission's own *Dumping and Subsidy Manual* directs when an MCC structure is settled.

If ZM product is not separately coded, the Commission's model-matching will be liable to compare ZM against conventional GI (and vice versa) as if the two were identical goods. As ZM commands a materially higher price and carries a materially higher cost to make, that mismatch would distort normal value, the export price comparison, and therefore the dumping margin, and would do so in a manner inconsistent with the fair-comparison obligation in section 269TAC of the *Customs Act 1901* (Cth) (the "Act") and Article 2.4 of the WTO *Anti-Dumping Agreement* (the "ADA"). A discrete coating-type category avoids that distortion at the source, and is more reliable than attempting to correct it later by ad hoc price adjustments.

1. The coating-type category as notified

The exporter questionnaire for Investigation 706 notifies an eight-item MCC structure. Item 3, "Coating Type", presently offers only two sub-categories:

Item	Category	Sub-category (as notified)	Code
3	Coating Type	Zinc coated or non-zinc/iron alloy coating variations (Z, ZA, ZM etc. coating classes)	**Z**
3	Coating Type	Zinc/iron alloy coating (ZF coating class)	**F**

The single code "Z" therefore captures at least three metallurgically different coatings:

- conventional zinc (Z / GI);
- zinc-aluminium (ZA); and
- zinc-aluminium-magnesium (ZM).

The remaining MCC items contain no field in which the difference between a ZM coating and a GI coating is recorded. On the notified structure, a ZM coil and a GI coil that share the same thickness, steel base, prime status, yield strength, coating mass band, width and form will carry an identical MCC, and will be treated by the model-matching algorithm as the same model.

2. What is ZM ("Zinmag")

Zinmag is Nam Kim's trade name for its zinc-aluminium-magnesium metallic-coated flat steel. The coating is a ternary alloy of nominal composition zinc–aluminium (5%)–magnesium (3%)[1]. As zinc remains the dominant element (of the order of 92% of the coating), ZM product falls within the goods description for Investigation 706, which covers product "plated or coated with zinc, where zinc comprises equal to or greater than 50 per cent of the total coating composition". Nam Kim does not contend that ZM product is outside the scope of this investigation. This submission deals simply with comparability.

The addition of aluminium and, critically, magnesium changes the coating from substantially pure zinc into a distinct metallurgical system. The magnesium promotes the formation of a dense, stable and adherent protective layer over the coating surface and at cut edges, which is the mechanism responsible for ZM's markedly superior corrosion resistance[2]. ZM is manufactured to its own coating-mass designations ([redacted]) that run in parallel to, but are not equivalent to, the conventional zinc Z-series ([redacted]).

3. The evidence that ZM is materially different from GI

3.1 Coating chemistry and metallurgy

The distinction is one of coating composition, not merely coating thickness. A ZM coating and a GI coating of the same grammage (g/m²) are different materials, with the former being a Zn-Al-Mg alloy with a different microstructure, corrosion mechanism and hardness, and the latter being a substantially pure zinc. This is a difference in a "fundamental characteristic of the goods" of exactly the kind the MCC exists to record.

[1] Nam Kim Steel Joint Stock Company, *Zinmag — Superior Anti-corrosion Coated Steel* (product catalogue), "What is Zinmag?" (coating composition Zn–Al (5%)–Mg (3%)).
[2] Nam Kim, *Zinmag* catalogue, "Zinmag's anti-corrosion mechanism" (flat surface and cut edge).

3.2 Corrosion performance

The difference in performance is large and has been measured by an independent laboratory. Neutral salt-spray testing to ASTM B117-19 was conducted by [redacted] ([redacted]) on paired panels (Sample 11, a Z350 (conventional GI) panel, and Sample 12, a ZM350 panel). At the 2,600-hour interim report[3] and again at the 4,000-hour final report, the GI panel exhibited "[redacted]", whereas the ZM panel showed only edge white-corrosion and, at 4,000 hours, "[redacted]"[4].

A separate engineering analysis of the same test series records that [redacted] appeared on the GI (Z350) material at approximately [redacted] hours and was clearly visible overall by [redacted] hours, while the ZM350 material showed no equivalent overall [redacted] even at [redacted] hours, and that ZM coating loss over the controlled final [redacted] -hour window was of the order of one-third to one-quarter that of the galvanised material. The analysis concludes that ZM offers "about [redacted] times the life" of conventional galvanised steel.[5]

3.3 Hardness and coating-mass efficiency

ZM is also mechanically distinct. Nam Kim's catalogue records Vickers hardness of the order of [redacted] HV for ZM, against roughly [redacted] HV for aluminium-zinc (GL) and only [redacted] HV for conventional GI[6], confirming that the ZM coating is more than twice as hard as GI, with corresponding differences in abrasion and handling behaviour.

Critically for the MCC, ZM delivers equivalent or superior corrosion protection at a lower coating mass than GI. Nam Kim's environmental-classification data pairs, for a given service environment, a ZM coating with a conventional zinc coating of substantially higher grammage. For example, a ZM coating in the region of [redacted] g/m² is positioned against conventional zinc coatings of roughly [redacted] g/m²[7]. It follows that the coating-mass category in Item 6 cannot serve as a proxy for the coating-type difference, as a lighter ZM coating and a heavier GI coating may sit in different Item 6 bands yet deliver comparable protection, while a ZM coating and a GI coating in the same Item 6 band are not comparable at all.

3.4 Raw-material input cost difference

The distinction between ZM and GI is not confined to corrosion performance. It begins at the raw-material input, with conventional GI coating applied from zinc ingot, whilst ZM coating is applied from a different raw material, being a zinc-aluminium-magnesium ingot. These are separately sourced, separately priced coating metals, and the ZM alloy ingot is materially more expensive.

Nam Kim's purchase records for the two coating metals demonstrate a consistent and material cost gap. On a unit-price basis (cost per kilogram of ingot), the zinc-aluminium-magnesium ingot was more expensive than ordinary zinc ingot in every month examined. The evidence

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[3] SRG Global Asset Care (DuBois), *Salt Spray Test — 2,600 Hours*, Report No. MA200405-3Eng, 21 January 2025 (neutral salt spray to ASTM B117-19; Sample 11 = Z350 with chromate; Sample 12 = ZM350 with AFP).
[4] SRG Global Asset Care (DuBois), *Salt Spray Test — 4,000 Hours*, Report No. MA200405-5Eng, 25 March 2025 (final report; observation at 4,000 hours — Sample 12 (ZM350): "No red corrosion").
[5] *ZM350 Test Report* (analysis of the ASTM B117 salt-spray series; laboratory report ref ACTB202502140, 8 August 2025), J. McLanders, Cold Formed Steel Specialist.
[6] Nam Kim, *Zinmag* catalogue, "Specifications" (Vickers hardness (HV): Zinmag 140–160; GL 100–110; GI 55–65).
[7] Nam Kim, *Zinmag* catalogue, "Environmental classification and usage recommendations".

demonstrates that ZM alloy-ingot unit cost were approximately [redacted] % higher across the sampled months, and approximately [redacted]% higher on a weighted-average basis across the whole investigation period. The underlying quantities, values and unit prices are commercially sensitive and are set out in Confidential Annex A.

The significance of this evidence is that it is a difference in the cost of the very input that defines the coating type. It is not a difference in overhead allocation, freight or a downstream margin. It is a direct, measurable difference in the cost of the coating metal, arising inevitably from the aluminium and, in particular, the magnesium alloy additions. That input-cost difference feeds directly into the cost to make and sell ZM product, the very data the Commission collects, by MCC, both to apply the ordinary-course-of-trade test to domestic sales and to build any constructed normal value under section 269TAC(2)(c). If ZM and GI are reported under a single "Z" code, these structurally different cost bases are blended, adversely impacting both the ordinary-course-of-trade assessment and any constructed normal value.

The Commission's Manual makes cost a criterion for MCC design, not merely a by-product of it. Chapter 14.1 provides that "*unit costs may also be taken into account in assessing differences in physical characteristics where the Commission is reasonably satisfied that those cost differences affect price comparability*". Chapter 14.2 goes further and ties the model-matching hierarchy itself to cost, stating that the most comparable model "is usually considered to be the surrogate model that has the closest physical characteristics (an indicator of this may be the model that has the *smallest difference in cost of production per unit*)". A coating-metal input-cost difference of the order of [redacted]% to [redacted]% is precisely the cost deviation the Manual treats as marking a distinct model. To match a ZM model to a GI model is to pair the two models with one of the largest, not smallest, differences in cost of production per unit, the opposite of what the hierarchy is designed to achieve.

3.4 Price

The physical and cost differences translate inevitably and directly into price. Nam Kim's own pricing offers show that ZM (Zinmag) product is transacted at a consistent and material premium over conventional GI product of the same strength grade and comparable base-metal thickness. ZM product is priced at a premium of roughly [redacted]% to [redacted]%. That premium is, if anything, understated by the underlying data, because several of the GI comparators are narrow slit strip (which ordinarily carries a slitting premium over wide master coil), whereas the ZM comparators are wide master coil. The actual figures underlying this index are commercially sensitive and are set out in Confidential Annex B.

A price difference of this order is not a rounding margin. It reflects both the higher input cost of a ZM coating (the aluminium and magnesium alloy additions and the associated processing) and the higher value the market ascribes to ZM's corrosion performance. Under the Manual, such "distinguishable and material differences in price" are the very trigger for an MCC category.

4. The legal framework requires a like-with-like comparison

The normal value of goods is ordinarily the price paid for like goods sold in the ordinary course of trade in the exporter's domestic market (section 269TAC(1)). "Like goods" are defined in

section 269T(1) as “goods that are identical in all respects to the goods under consideration or that, although not alike in all respects to the goods under consideration, have characteristics closely resembling those of the goods under consideration”. The statutory test is comparative and characteristic-based, and it is the same inquiry the MCC operationalises.

Where normal value is based on the domestic price of like goods, section 269TAC(8) requires that, if that price and the export price “are not in respect of identical goods” (among other listed differences), the domestic price “is to be taken to be such a price adjusted … so that those differences would not affect its comparison with that export price”. Where normal value is constructed under section 269TAC(2)(c), section 269TAC(9) requires the Minister to “make such adjustments … as are necessary to ensure that the normal value so ascertained is properly comparable with the export price”. Section 269TACB(10) requires that any comparison of export prices with normal values “must be worked out in respect of similar units of goods”.

These provisions confirm that the dumping margin must be a comparison of like with like, and where the two sides of the comparison differ in a way that affects price, the difference must be neutralised. A single “Z” code that equates ZM with GI fails that objective at the threshold, because it presents non-identical goods to the comparison as if they were identical. The reliable way to give effect to sections 269TAC(8)–(9) and 269TACB(10) is to ensure the model-matching does not pair ZM with GI in the first place, which is to code ZM separately.

4.1 The Commission’s own model-matching policy

Chapter 14.1 of the Commission’s Manual states that appropriate model matching “is critical when ascertaining normal values under section 269TAC(1)” and “ensures the Commission is comparing the exported goods to the most comparable domestic goods”. It continues:

> *“In determining the MCC structure, the Commission will have regard to differences in physical characteristics that give rise to distinguishable and material differences in price. Unit costs may also be taken into account in assessing differences in physical characteristics where the Commission is reasonably satisfied that those cost differences affect price comparability … Modifications to the MCC structure may be considered based on the facts and evidence pertaining to a particular exporter.”*

The evidence above answers that test precisely. Coating composition is a difference in physical characteristics, and it gives rise to measurable and material differences in performance, costs and price,. Chapter 14.2 adds that the MCC “will establish the model matching hierarchy”, with categories “listed, in descending order, according to the significance of the category to the goods”, and that the most comparable surrogate model “is usually considered to be the surrogate model that has the closest physical characteristics (an indicator of this may be the model that has the smallest difference in cost of production per unit)”. A framework built around closest physical characteristics and smallest cost difference cannot treat a Zn-Al-Mg coating and a pure-zinc coating as interchangeable.

4.2 Australia’s WTO obligations

The domestic provisions implement Australia's obligations under the ADA. Article 2.4 requires that "a fair comparison shall be made between the export price and the normal value" and that "due allowance shall be made in each case, on its merits, for differences which affect price comparability, including differences in … physical characteristics, and any other differences which are also demonstrated to affect price comparability". Article 2.6 defines the "like product" in characteristic terms materially identical to section 269T(1).

WTO panels have confirmed that a failure to make due allowance for differences in physical characteristics that affect price comparability is itself a breach of Article 2.4. In *Argentina – Ceramic Tiles*[8], a report the Commission cites in the Manual in the model-matching context, the investigating authority was found to have acted inconsistently with Article 2.4 by failing to make due allowance for differences in physical characteristics affecting price comparability. Coating composition is such a difference. The most robust and administrable way to make "due allowance" for it is to capture it in the MCC, rather than to leave it to be corrected by a contestable adjustment on which the exporter would bear the burden.

5. Coating mass (Item 6) is not a proxy for coating type

The Commission may ask whether the existing coating-mass category already distinguishes ZM from GI. It does not, for two reasons.

First, coating mass measures grammage, not composition. Item 6 records how many grams of coating are present per square metre, and says nothing about whether that coating is pure zinc or a Zn-Al-Mg alloy. Two coatings of identical grammage, fall in the same Item 6 band despite being different materials with different corrosion performance, hardness, cost and price.

Second, and compounding the problem, ZM achieves equivalent protection at lower grammage than GI. A ZM coating and the GI coating it replaces in a given environment will typically sit in different Item 6 bands. So Item 6 does not merely fail to separate ZM from GI, it instead misaligns them, placing a light ZM coating and a heavy GI coating of comparable real-world performance into different bands, while placing a ZM coating and a GI coating of the same grammage but very different performance into the same band. Only a dedicated coating-type code resolves this.

6. The proposed amendment

Nam Kim proposes that Item 3 (Coating Type) be amended by dividing the current "Z" identifier so that ZM is separately coded, while preserving backward compatibility for all other coatings. The proposed structure is:

Item	Category	Sub-category (proposed)	Code
3	Coating Type	Zinc coating / conventional hot-dip galvanised, and other zinc-based coatings not separately specified (Z, ZA classes)	**Z**

[8] Panel Report, *Argentina — Definitive Anti-Dumping Measures on Imports of Ceramic Floor Tiles from Italy*, WT/DS189/R.

3	Coating Type	**Zinc-aluminium-magnesium alloy coating (ZM class, e.g. Zn-Al-Mg / "Zinmag")**	**M**
3	Coating Type	Zinc/iron alloy coating (ZF class)	**F**

The change is minimal and administrable. It adds a single new sub-category and a single new code ("M"). It requires no change to any other MCC item and no change to the goods description. Sales and cost data would continue to be reported against the MCC exactly as the questionnaire requires, with the only difference being that ZM lines would be identified by code "M" in the coating-type position rather than being merged with GI under "Z".

7. Attachments and references

A. Confidential Annex A — coating-metal ingot input-cost comparison, zinc ingot v zinc-aluminium-magnesium ingot (confidential; lodged separately).

B. Confidential Annex B — ZM v GI output price comparison (confidential; lodged separately).

C. Public Annex C — Nam Kim *Zinmag* product catalogue (Zn-Al(5%)-Mg(3%); coating designations; anti-corrosion mechanism; hardness; environmental classification).

D. Confidential Annex D — DuBois 2,600 hours (confidential; lodged separately).

E. Confidential Annex E — DuBois 4,000 hours (confidential; lodged separately).

F. Confidential Annex F — ZM350 Test Report (confidential; lodged separately).