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Public File

Investigation No. 706 – Zinc coated (galvanised) steel from Korea and Vietnam

I. Introduction

BlueScope Steel Limited (**BlueScope**), the applicant in Investigation No. 706 and the sole Australian producer of like goods makes this submission in relation to the Commission's investigation into alleged dumping of zinc coated (galvanised) steel exported to Australia from the Republic of Korea (**Korea**) by Dongkuk Steel Mill Co Ltd (**DSM**), Dongkuk Coated Metal Co. Ltd (**DCM**) and POSCO, and from the Socialist Republic of Vietnam (**Vietnam**) by Hoa Sen Group (**Hoa Sen**) and Nam Kim Steel Joint Stock Company (**Nam Kim**) (collectively, **the subject exporters**).

BlueScope makes this submission to:

- address whether a particular market situation (**PMS**) exists in relation to galvanised steel in Korea, having regard to the transmission of distorted Chinese hot rolled coil steel (**HRC**) and galvanised steel pricing into Korean costs and prices, and the implications of that transmission for the determination of normal values; and

- request that the Commissioner make a preliminary affirmative determination (**PAD**) under section 269TD of the *Customs Act 1901* (**Act**) and, if that determination is made, require securities under section 42 of the Act to prevent further material injury while the investigation continues.[1]

II. Particular market situation affecting galvanised steel in Korea

This submission should be read in light of the Commission's recent findings in related steel inquiries, particularly Final Report No. 658 (**REP 658**) concerning HRC from China and the Statement of Essential Facts in continuation inquiry 689 (**SEF 689**) concerning precision pipe and tube steel (**PPT**). Those findings are relevant to this investigation because they concern HRC, which is the principal upstream steel input used to produce galvanised steel, and because they address whether Korean HRC prices can be treated as prices formed under undistorted competitive conditions for trade remedy purposes.

BlueScope submits that those findings are relevant to two related questions in this investigation:

[1] All legislative references are to the Customs Act 1901 (Cth) unless otherwise stated.

1. whether distorted Chinese HRC pricing affects the cost of the principal input used to produce galvanised steel in Korea; and
2. whether that distortion, together with direct competition from Chinese galvanised steel, affects Korean home-market galvanised steel prices such that those sales are not suitable for determining normal values under subsection 269TAC(1).

On the evidence available to BlueScope, the Commission should find that a PMS exists in relation to galvanised steel in Korea for the purposes of subsection 269TAC(2)(a)(ii). The distortion is transmitted through both the HRC cost base and the import-parity price against which Korean producers compete. Those mechanisms bear directly on whether Korean home-market sales provide a suitable basis for determining normal values under subsection 269TAC(1).

BlueScope submits that, because of the PMS affecting galvanised steel in Korea, Korean home-market sales are not suitable for use in determining a price under subsection 269TAC(1), within the meaning of subparagraph 269TAC(2)(a)(ii). BlueScope further submits that the Commission should determine normal values on a constructed basis under paragraph 269TAC(2)(c), using costs that reflect undistorted competitive conditions, including a HRC cost that is unaffected by the identified distortion.

Commission findings concerning Chinese and Korean HRC price formation

In REP 658, the Commission first determined that a PMS existed in relation to Chinese HRC. In particular, the Commission found that Chinese HRC prices were affected by Government of China (**GOC**) influence, and the Commission considered that HRC prices would be substantially different in a market not characterised by GOC influence.[2] That finding is relevant to this investigation because it identifies a distortion in the upstream steel input used to produce galvanised steel.

The Commission then considered the implications of those findings for Korean HRC prices in SEF 689 concerning PPT, published on 22 May 2026. In section 6.3.5 of SEF 689, the Commission concluded that Korean steel coil prices were not an appropriate benchmark for determining the cost of HRC absent GOC distortion. The Commissioner's reasons included that:

- information obtained in REP 658 demonstrated that Korea was the largest importer of HRC from the cooperating Chinese exporters in the REP 658 investigation period; and

- the Commission's MEPS price analysis in Figure 6 of SEF 689 indicated that Korean steel coil prices were likely more influenced by Chinese exports of steel coils than Japanese prices were.

These findings are significant for this investigation because they identify a causal pathway through which distorted Chinese HRC exports may affect Korean HRC price formation. On that basis, Korean domestic HRC prices should not be assumed to reflect undistorted cost conditions for Korean galvanised steel producers and exporters.

Relevance of an externally caused PMS

Subsection 269TAC(2)(a)(ii) and the Commission's *Dumping and Subsidy Manual* (**the Manual**) provide that a PMS may arise from a factor, or combination of factors, affecting the relevant market in the country of export. The statutory question is whether, because of that situation, home-market sales are not suitable for determining a price under subsection 269TAC(1). Neither subsection 269TAC(2)(a)(ii) nor the Manual defines exhaustively the circumstances that may render home-market sales unsuitable for determining a price under subsection 269TAC(1). The relevant question is whether the situation affecting prices in the country of export means those sales are not suitable for that purpose. BlueScope submits that a distortion originating outside the country of export may be relevant where the evidence shows that it materially affects pricing conditions and price formation in the country of export.

The suitability inquiry required by subsection 269TAC(2)(a)(ii) is distinct from the transaction-level requirements ordinarily examined under subsection 269TAC(1). The relevant question is not whether individual domestic sales were made at arm's length or in the ordinary course of trade, but whether the broader pricing conditions in the market mean that those sales are

[2] REP 658, Section 6.3.3.1, p.56.

unsuitable for determining normal value. Transaction-level conditions may be satisfied, yet the sales may still be unsuitable under subsection 269TAC(2)(a)(ii) if a broader pricing distortion materially influences the prices at which the transactions occur.

BlueScope's submission is therefore not that every Korean domestic sale fails the ordinary-course-of-trade test. Rather, BlueScope submits that the Commission should not use those sales under subsection 269TAC(1) where the available pricing evidence indicates that the resulting prices are materially influenced by distorted Chinese pricing.

The Commission's findings establish the first part of the transmission pathway from the Chinese HRC PMS into Korean HRC price formation:

- the Chinese HRC market is subject to a PMS, with prices substantially below those that would prevail in conditions unaffected by GOC influence (SEF 689, section Appendix B4 referencing REP 658, Appendix A);

- Korea was the largest single destination for HRC exported by the cooperating Chinese exporters in the REP 658 investigation period (SEF 689, section 6.3.5, citing information obtained in REP 658); and

- Korean domestic HRC prices are likely influenced by the distorted prices of Chinese HRC imports (SEF 689, section 6.3.5 and Figure 6).

Taken together, REP 658 and SEF 689 support the conclusion that distorted Chinese HRC pricing materially affects Korean HRC price formation and can make Korean HRC prices unsuitable as an undistorted benchmark. That conclusion does not, by itself, determine the treatment of Korean galvanised steel sales. The remaining question is whether the same distortion is transmitted into the cost and price formation of galvanised steel in Korea. The analysis in Confidential Attachment 3 supports that transmission pathway.

The Commission applied a similar evidence-led approach in SEF 679 concerning light gauge steel stud and track. In selecting an appropriate HRC benchmark, the Commission assessed several candidate jurisdictions and considered the extent to which their HRC prices may have been affected by Chinese-origin steel pricing. The Commission ultimately selected the benchmark it considered most likely to reflect undistorted competitive conditions.

That approach is consistent with the broader principle discussed above. Where the available evidence demonstrates that Chinese-origin pricing materially participates in price formation within a proposed benchmark jurisdiction or country of export, the Commission has examined whether the resulting prices can reliably represent undistorted competitive conditions. SEF 679 therefore provides a further example of the Commission adopting an evidence-led assessment of pricing conditions when selecting an appropriate benchmark.

Application to galvanised steel

Galvanised steel is manufactured by coating HRC substrate. HRC is therefore the principal steel input and a central component of the cost and price of galvanised steel. Distorted Chinese pricing can be transmitted into Korean galvanised steel costs and prices through two connected channels:

- first, through the Korean HRC cost and pricing environment identified in SEF 689; and

- second, through direct competition from Chinese galvanised steel imports.

Those two channels reinforce each other because Korean producers price a downstream HRC product in a competitive environment that includes imports exposed to the same distorted Chinese steel-sector conditions.

The Commission has consistently recognised that distortion affecting HRC, as the principal raw material input, is relevant to the PMS assessment for downstream HRC-derived products. Recent examples include REP 550 concerning PPT, REP 590 concerning hollow structural sections, REP 610 concerning aluminium zinc coated steel, REP 611 concerning zinc coated steel and SEF 689 concerning PPT. Those findings establish the upstream economic mechanism. The analysis below demonstrates the additional downstream price-transmission mechanism in Korean galvanised steel.

Evidence of transmission into Korean galvanised steel prices

BlueScope has assessed Korean galvanised steel pricing and supply conditions over FY2022 to FY2025 using [***confidential text deleted:*** *trade statistics*]. This analysis tests whether Chinese-origin galvanised steel materially participates in Korean import supply, whether changes in Chinese import unit values are transmitted into Korean domestic prices, and whether downstream galvanised steel pricing remains linked to Korean HRC pricing.[3] The results are as follows:

- Chinese galvanised steel is the dominant source of Korean import competition. Imports from China increased from approximately [*XXX*] tonnes in FY2022 to approximately [*XXX*] tonnes in FY2025, an increase of approximately [*XX*] per cent. China represented approximately [*XX*] per cent of Korean galvanised steel imports in FY2022 and approximately [*XX*] per cent in FY2025. The significance of China is therefore not dependent on a recent change in supplier ranking: Chinese supply was consistently the dominant external price reference in the contestable import segment throughout the period;

- Chinese imports are also material relative to Korean apparent consumption. Using [***confidential text deleted:*** *trade statistics*] gross production of galvanised sheet [***confidential text deleted:*** *trade statistic trends and relevance*], total import penetration was approximately [*XX*] per cent of apparent consumption over FY2022 to FY2025. Chinese-origin imports accounted for the substantial majority of that penetration, increasing from approximately [*XX*] per cent of apparent consumption in FY22 to approximately [*XX*] per cent in FY2025. [***confidential text deleted:*** *trade statistic trends and relevance*];

- Korean domestic prices moved closely with Chinese import unit values. The [***confidential text deleted:*** *trade statistics*] Korean galvanised steel price declined from approximately AUD[*XXX*] per tonne in FY2022 to approximately AUD[*XXX*] per tonne in FY2025, a fall of approximately [*XX*] per cent. Over the same period, [***confidential text deleted:*** *trade statistics*] unit values for Chinese galvanised steel imports declined from approximately AUD[*XXX*] per tonne to approximately AUD[*XXX*] per tonne, a fall of approximately [*XX*] per cent. Korean domestic prices and Chinese import unit values declined by [***confidential text deleted:*** *trend*] over the period. This is consistent with a high degree of import-price transmission: [***confidential text deleted:*** *trend*];

- BlueScope does not rely on similarity in price movements alone as evidence that Chinese pricing influences Korean galvanised steel price formation. Rather, the pricing analysis forms one component of a broader body of evidence that includes import volumes, import penetration, the dominant position of Chinese imports within Korean import supply, and the separate transmission pathway through Korean HRC pricing identified above;

- the upstream HRC channel strengthened over the same period. Chinese HRC imports into Korea increased from approximately [*XXX*] million tonnes in FY2022 to approximately [*XXX*] million tonnes in FY2025, an increase of approximately [*XX*] per cent, and China's share of Korean HRC imports rose from [*XX*] per cent to [*XX*] per cent. Korean HRC prices declined from approximately AUD[*XXX*] per tonne to approximately AUD[*XXX*] per tonne, while Korean galvanised steel prices declined from approximately AUD[*XXX*] per tonne to approximately AUD[*XXX*] per tonne. The [***confidential text deleted:*** *trend*] in galvanised steel is economically consistent with coating and conversion costs supporting a processing margin; it does not sever the observable relationship between HRC input pricing and the downstream product; and

- the two transmission channels operate cumulatively. Distorted Chinese HRC pricing affects the input cost and opportunity cost of the principal substrate used by Korean producers. At the same time, Chinese galvanised steel imports provide the dominant external price reference in Korea. A Korean producer is unlikely to set its domestic galvanised steel price without regard to either the HRC pricing environment or the price of imports representing between approximately [*XX*] and [*XX*] per cent of Korean galvanised import supply over the period.

[3] Confidential Attachment 3: 1310 – Galv – PMS Analysis - 706.

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BlueScope does not rely on any one indicator as determinative. Import unit values are not transaction-level, model-matched prices, and the [***confidential text deleted:*** *trade statistics*]. Nor does import penetration of approximately [*XX*] per cent mean that Chinese imports constitute most Korean consumption. The relevant economic question is whether those imports are sufficiently present and price competitive to impact the marginal price. China's near-total dominance of Korean import supply, the scale and growth of its import penetration, the close correspondence in cumulative price movements between Chinese import unit values and Korean domestic prices, and the independent HRC transmission channel support the conclusion that Chinese import pricing materially participates in Korean galvanised steel price formation.

The same conclusion applies whether a Korean producer purchases HRC from an unrelated supplier, imports HRC, or is vertically integrated. Vertical integration may change the accounting route through which HRC enters the producer's records, but it does not insulate the producer from the opportunity cost of HRC or from the import-parity price for galvanised steel. Accordingly, unadjusted recorded costs and home-market sales prices may transmit rather than remove the underlying distortion.

Taken together, the evidence demonstrates a coherent transmission mechanism from the Chinese steel-sector distortion identified in REP 658 into Korean galvanised steel costs and prices. Distorted Chinese HRC affects Korean input pricing; Chinese galvanised steel constitutes the dominant source of imported galvanised steel in Korea; those imports are material relative to apparent consumption; and Korean domestic prices respond closely to Chinese import prices. Korean home-market prices therefore should not be assumed to provide an undistorted basis for comparison with export prices.

Consequence for normal value

BlueScope submits that the Commission should:

- find, under subsection 269TAC(2)(a)(ii), that a PMS exists in relation to galvanised steel in Korea and that, because of its effect on Korean galvanised steel price formation, home-market sales are not suitable for determining normal value under subsection 269TAC(1);
- determine normal values under subsection 269TAC(2)(c), using costs that reflect undistorted competitive conditions rather than unadjusted recorded HRC costs affected by Korean HRC price formation; and
- select a reliable external HRC benchmark that is not itself affected by the China-origin distortion, and explain the basis for that benchmark and any adjustments required to ensure comparability.

If the Commission uses Korean home-market sales or unadjusted Korean HRC costs without addressing the two transmission channels identified above, the resulting normal values may carry the distortion into the comparison with export prices and risk understating the dumping margins. BlueScope therefore requests that the Commission address this issue expressly in its preliminary findings and the Statement of Essential Facts, and apply the resulting normal-value methodology consistently to each Korean exporter.

III. Submission regarding provisional measures

On 18 August 2026, the Commissioner issued a Day 60 Status Report advising that a PAD had not been made at that time and that the Commission would continue to assess whether a PAD is warranted during the investigation. BlueScope submits that provisional measures are warranted in this investigation for the reasons set out below.

Section 269TD of the Act empowers the Commissioner to make a PAD no earlier than day 60 of the investigation where there appear to be sufficient grounds for the publication of a dumping duty notice. Once a PAD is made, the Commonwealth may apply provisional measures, including the taking of securities under section 42, in order to prevent material injury to an Australian industry occurring while the investigation continues.
BlueScope submits that the Commissioner should make a PAD under section 269TD and, if that determination is made, require and take securities under section 42 of the Act (as enabled by subsection 269TD(4)(b)). BlueScope further submits that

provisional measures are warranted to address the continued flow of subject imports into Australia during the investigation and to mitigate further injury pending the final outcome.

Import data available to BlueScope indicates that the volume of galvanised steel imported into Australia from Korea and Vietnam has remained at materially significant levels into the post-investigation period. Confidential Charts 1 and 2 below set out quarterly import volumes from each country across the injury analysis period and into the first two post-POI quarters, being January to June 2026.

[***Confidential chart deleted:*** *Confidential Chart 1: Galvanised steel import volumes from South Korea, by financial year and quarter*]

[***Confidential chart deleted:*** *Confidential Chart 2: Galvanised steel import volumes from Vietnam, by financial year and quarter*]

For Korea, quarterly import volumes across the investigation period (CY2025) ranged from approximately [*XXX*] (January – March 2025) to approximately [*XXX*] (April – June 2025), with an average of approximately [*XXX*] per quarter. In the first two post-POI quarters (January – June 2026), imports from Korea averaged approximately [*XXX*].[4] This was above the POI quarterly average and consistent with the elevated levels observed throughout the investigation period.

For Vietnam, quarterly import volumes across the investigation period (CY2025) ranged from approximately [*XXX*] (April – June 2025) to approximately [*XXX*] (January – March 2025), with an average of approximately [*XXX*] per quarter. In the first two post-POI quarters (January – June 2026), imports from Vietnam averaged approximately [XXX]. This remained materially significant, although below the POI quarterly average, and indicates that Vietnamese-origin imports continued at substantial levels after the close of the investigation period.

Korea and Vietnam together accounted for the substantial majority of all galvanised steel imports to Australia during the POI, with subject Korean and Vietnamese exporters understood to be the principal sources of supply. The country-level import volume data above is therefore relevant evidence of continuing imports into Australia from the subject countries at volumes materially equivalent to those observed during the POI. BlueScope recognises, however, that country-level import data should be considered alongside exporter-specific offer data and any exporter questionnaire information available to the Commission.

The continuing prevalence of import offers from the subject exporters at price levels indicative of dumping further supports BlueScope's submission that provisional measures are warranted in this investigation. BlueScope has analysed the import offers observed in Australia by reference to the exporting mill and country of origin.[5] The data shows that during the POI (CY2025), [*XXX*] total import offers ([*XX*] percent) observed by BlueScope came from, or were assumed to be from, subject exporters. Within Korean-origin offers, [*XX*] percent were attributable to the subject exporters; within Vietnamese-origin offers, the equivalent figure was [*XX*] per cent.

That prevalence has not changed or declined since the close of the POI. In the first post-POI quarter (January–March 2026), [*XXX*] offers ([*XX*] percent) observed by BlueScope were from the subject exporters, averaging [*XX*] offers per month against the POI monthly average of [*XX*]. When the forward-month offer data tracked by BlueScope through to August 2026 is included, the subject exporters account for [*XX*] of [*XX*] offers ([*XX*] percent), with monthly offers attributable to these exporters averaging [*XX*]. This is materially consistent with the POI run-rate. Confidential Chart 3 below depicts this:

[***Confidential chart deleted:*** *Confidential Chart 3: Monthly import offers observed by BlueScope in Australia: subject exporters versus all-origin total, January 2025 to August 2026*]

Sustained import volumes from Korea and Vietnam and the continuing prevalence of import offers from the subject exporters at prices indicative of dumping, support BlueScope's submission that the subject imports continue to unfairly compete with and displace BlueScope's sales and place downward pressure on the prices it is able to obtain in Australia.

In the absence of provisional measures early in the investigation, BlueScope submits that this displacement and price suppression is likely to continue for the balance of the investigation, compounding the material injury already documented in the

[4] Confidential Attachment 1.
[5] Confidential Attachment 2.

application and the post-POI evidence above. BlueScope therefore submits that the taking of securities under section 42 is warranted to prevent further material injury to the Australian industry while the investigation continues.

IV. Conclusion

For the reasons set out above, BlueScope submits that the Commission should:

1. find, on the available evidence and for the purposes of subsection 269TAC(2)(a)(ii), that a PMS exists in relation to galvanised steel in Korea and that Korean home-market sales are not suitable for determining normal values under subsection 269TAC(1);

2. determine normal values for Korean exporters under subsection 269TAC(2)(c), using costs that reflect undistorted competitive conditions, including a reliable external HRC benchmark not affected by the identified distortion; and

3. make a preliminary affirmative determination and, if that determination is made, require securities under section 42 while the investigation continues.

BlueScope further submits that the import volume and offer data referenced above support the application of provisional measures to prevent further material injury to the Australian industry while the investigation remains on foot.

For and on behalf of BlueScope.