15 September 2026

Director
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Public File

Dear Director,

Continuation Inquiry No. 698 – Aluminium zinc coated steel (≥600mm) from Korea, Vietnam

Introduction

BlueScope Steel Limited (**BlueScope**) makes this supplementary submission in Continuation Inquiry No. 698 concerning aluminium zinc coated steel (**AlZn**) exported to Australia from the Republic of Korea.

This submission supplements BlueScope's submission of 19 June 2026 concerning whether a particular market situation (**PMS**) affects Korean AlZn costs and prices.[1] It responds to the submission made by KG Dongbu Steel Co., Ltd (**Dongbu**)[2] and addresses the Commission's subsequent exporter verification report for Dongbu.

BlueScope's earlier submission identified a potential transmission pathway from the distortion affecting Chinese hot rolled coil (**HRC**) prices, through Chinese HRC exports to Korea and the formation of Korean HRC prices, to the costs and prices of AlZn produced in Korea. HRC is the principal raw-material input used to manufacture AlZn.[3]

Since BlueScope and Dongbu lodged their submissions, the Commission has issued Report No. 689 following the Precision Pipe and Tube Steel Continuation Inquiry. Report No. 689 provides further relevant evidence concerning the influence of Chinese HRC exports on Korean HRC prices.[4] BlueScope has also provided additional analysis of Korean HRC import volumes, import shares and pricing outcomes in Confidential Attachment 1.[5]

The Dongbu verification report records preliminary findings concerning Dongbu's sales, costs and normal value. For the purposes of that report, the verification team found that Dongbu's production records reasonably reflected competitive market

[1] Anti-Dumping Commission, Continuation Inquiry No. 698, folio 8, BlueScope submission dated 19 June 2026
[2] Anti-Dumping Commission, Continuation Inquiry No. 698, folio 9, KG Dongbu Steel Co., Ltd submission responding to BlueScope's Korean HRC PMS claim dated 29 June 2026.
[3] Anti-Dumping Commission, Report No. 610, Aluminium Zinc Coated Steel exported from China and Vietnam – Continuation Inquiry, p.78
[4] Anti-Dumping Commission, Report No. 689, Precision Pipe and Tube Steel exported from China and Korea – Continuation Inquiry, pp. 55-56
[5] Confidential Attachment 1 – Analysis of Korean Hot Rolled Coil Pricing Outcomes and Chinese Import Influence.

costs and calculated normal value under subsection 269TAC(1). However, the report also states that the Commission continues to consider BlueScope's PMS submission and that the subsection 269TAC(1) calculation is subject to the outcome of that consideration. The verification report therefore does not finally determine the PMS issue raised by BlueScope.[6]

BlueScope does not challenge whether Dongbu accurately recorded its HRC acquisition costs or whether its accounting records comply with applicable accounting requirements. The separate questions are whether the market conditions in which those costs were formed affect the suitability of Korean domestic AlZn sales under subparagraph 269TAC(2)(a)(ii) and, if the Commission consequently constructs normal value under paragraph 269TAC(2)(c), whether Dongbu's recorded HRC costs reasonably reflect competitive market costs for the purposes of subsection 43(2) of the Regulation.

BlueScope submits that the Commission should first assess whether Korean domestic AlZn sales are unsuitable under subparagraph 269TAC(2)(a)(ii), having regard to the cumulative evidence concerning Chinese HRC distortions, Chinese HRC supply to Korea, Korean HRC price formation, the significance of HRC in AlZn production and the effect of those conditions on Korean domestic AlZn prices. BlueScope's PMS contention concerns conditions affecting Korean HRC price formation and Korean AlZn pricing generally, rather than circumstances unique to any individual exporter. The verified information obtained from Dongbu is relevant because it provides exporter-specific evidence through which the Commission can test the operation and significance of those broader Korean market conditions in relation to a cooperating Korean AlZn producer. If the Commission finds that those sales are unsuitable and constructs normal value under paragraph 269TAC(2)(c), it should then, as part of constructing that normal value, assess under subsection 43(2) of the Regulation whether Dongbu's production records reasonably reflect competitive market costs.

Relevant analytical framework

The existence of a distortion affecting an input does not, by itself, establish that domestic sales of a downstream product are unsuitable for determining normal value. The Commission must assess whether, because of the PMS, domestic sales are unsuitable for determining a price under subsection 269TAC(1). In undertaking that assessment, relevant considerations include whether the situation affects the relationship between costs and prices in the domestic and export markets differently, such that the domestic sales do not permit a proper comparison with the export price.[7]

Earlier Commission reports provide relevant, but not determinative, guidance concerning the downstream transmission of input-cost conditions.

REP 590 found that HRC was the major raw-material input used in HSS production, accounted for a significant proportion of the cost to make HSS, and had a significant impact on both HSS production costs and selling prices.[8]

REP 610[9] and REP 611[10] applied related reasoning to aluminium zinc coated steel and zinc coated steel produced in China, finding that distorted HRC prices affected the costs and domestic prices of those downstream products.

Those reports did not determine the specific China-to-Korea transmission pathway advanced in this inquiry. Indeed, on the evidence available during the inquiry periods considered in those proceedings, the Commission treated Korean HRC prices as reflecting competitive conditions and as unaffected by Chinese prices.

REP 689 contains the Commission's materially more recent assessment, made in the context of benchmark selection, that Chinese HRC exports influenced Korean domestic HRC prices during its inquiry period.[11]

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[6] Anti-Dumping Commission, Continuation Inquiry No. 698, folio 11, KG Dongbu Steel Co., Ltd Verification Report, pp.4-5 and 10.
[7] Customs Act 1901 (Cth), subparagraph 269TAC(2)(a)(ii); Anti-Dumping Commission, Report No. 590, Hollow Structural Sections exported from China, Korea, Malaysia and Taiwan – Continuation Inquiry, pp.175-176; Anti-Dumping Commission, Report No. 611, Zinc Coated (Galvanised) Steel exported from China, Korea and Taiwan – Continuation Inquiry, pp. 131-132.
[8] Report No. 590, p. 170, Table 25.
[9] Report No. 610, pp. 78-82.
[10] Report No. 611, pp. 108-109, 124-125, 135-138.
[11] Report No. 689, pp.55-56.

BlueScope acknowledges that REP 590, REP 610 and REP 611 treated Korean HRC prices as reflecting normal competitive conditions and as unaffected by Chinese prices during the earlier periods considered in those proceedings. BlueScope does not seek to revisit those historical findings. REP 689 considered materially more recent evidence, including the relative movement of Chinese, Korean and Japanese steel-coil prices and the volume of Chinese HRC exports to Korea, and in selecting Japan rather than Korea as the external benchmark, REP 689 assessed Korean domestic steel-coil prices as more influenced by Chinese steel-coil exports than Japanese prices during the inquiry period. The relevant question in this inquiry is therefore whether the more recent conditions identified in REP 689, and further examined in Confidential Attachment 1, prevailed during the period relevant to CON 698.

REP 689 provides more recent evidence concerning the first stage of the transmission pathway advanced by BlueScope. In selecting a competitive steel-coil cost benchmark for China, the Commission considered whether Chinese steel-coil exports affected prices in potential benchmark markets. The Commission observed that Korean domestic HRC prices were more similar to Chinese domestic prices than Japanese domestic prices during the inquiry period. Having regard to that price relationship, the findings in REP 658 and the volume of Chinese black HRC exports to Korea, for the purposes of benchmark selection, the Commission considered that Chinese HRC exports influenced Korean domestic HRC prices. The Commission expressly stated that the issue was not whether Korean prices tracked Chinese prices exactly.[12]

That finding does not, by itself, establish a PMS affecting Korean AlZn, but it supports examination of whether the identified influence on Korean HRC pricing was transmitted into Korean AlZn costs and domestic prices. However, the relevance of the finding is not confined to Dongbu. If Chinese HRC exports materially influence Korean HRC prices, the resulting conditions may affect Korean AlZn producers to the extent that their input costs or pricing decisions are exposed to those conditions. The significance of that question is reinforced by the Commission's previous findings in REP 590, REP 610 and REP 611 that HRC represents a major cost component of downstream steel products and materially affects their production costs and domestic selling prices.

BlueScope notes that subparagraph 269TAC(2)(a)(ii) does not expressly state that every factor contributing to the relevant market situation must originate within the country of export.[13] The relevant statutory inquiry is whether the situation affecting the market in the country of export renders domestic sales unsuitable for determining a price under subsection 269TAC(1).

BlueScope does not submit that exposure to Chinese imports is sufficient, without more, to establish a PMS. The scale and share of Chinese imports, their price competitiveness and evidence concerning their participation in the formation of Korean domestic HRC prices are relevant indicators in assessing whether Chinese exports materially affect Korean HRC price formation.

This evidence-based limitation answers Dongbu's contention that BlueScope's approach has no logical stopping point. BlueScope does not submit that every country importing Chinese steel is affected by a PMS. The conclusion depends on the evidence for the particular market and period, including the volume and share of the relevant imports, the relationship between import and domestic prices, the existence of plausible transmission mechanisms and the influence on prices of the like goods.

Evidence concerning Korean HRC price formation

Confidential Attachment 1 analyses Korean HRC pricing outcomes and Chinese import influence between CY2022 and CY2025.

The analysis indicates that Chinese HRC imports increased their share of total Korean HRC imports from approximately [*XX*] per cent in CY2022 to approximately [*XX*] per cent in CY2025. Chinese HRC also increased its share of Korean apparent consumption over the same period, indicating that Chinese supply accounted for an increasing proportion of Korean HRC demand.

[12] Report No. 689, pp.55-56.
[13] Customs Act 1901 (Cth), s269TAC(2)(a)(ii).

The analysis also identifies a close relationship between Chinese HRC import prices and Korean domestic HRC prices over the period examined.

BlueScope does not rely on price co-movement alone as proof of causation. Price co-movement may reflect common global or regional factors. The pricing evidence should therefore be considered together with the volume, import-share and apparent-consumption evidence, and with the Commission's analysis in REP 689.

Taken together, those indicators support the conclusion that Chinese HRC exports participate materially in the formation of Korean domestic HRC prices. They also support further examination of whether Korean HRC prices reasonably reflect competitive market conditions and whether any identified influence was transmitted into Korean AlZn costs and domestic prices during the inquiry period.

Transmission into AlZn costs and prices

Dongbu correctly identifies that evidence concerning HRC prices does not, without more, determine whether Korean domestic AlZn sales are unsuitable under subparagraph 269TAC(2)(a)(ii). The remaining question is whether the identified HRC pricing conditions materially affected the costs and domestic prices of AlZn in Korea during the inquiry period.

HRC is the principal raw-material input used to manufacture AlZn. [14]

BlueScope submits that changes in Korean HRC prices provide an economically plausible pathway through which the identified conditions may affect AlZn production costs and prices.

The Commission should examine the potential transmission pathway having regard to the producer's actual HRC supply arrangements, including whether HRC is purchased domestically, imported or produced within an integrated production process.

BlueScope submits that vertical integration does not necessarily mean that Korean HRC market conditions are irrelevant to a producer's AlZn pricing decisions. The Commission should test that proposition against Dongbu's verified production, cost-accounting and domestic-sales information.

BlueScope nevertheless accepts that the significance of HRC as an input does not remove the need to examine the effect on AlZn prices.

The combination of the market evidence discussed above, the significance of HRC as a production input, and the Commission's access to verified exporter-specific information provides a reasonable and non-speculative basis for undertaking that assessment.

The Commission should assess the evidence available in this inquiry concerning:

- the proportion of Dongbu's AlZn cost to make represented by HRC;
- Dongbu's sources and terms of HRC supply;
- the relationship between movements in Dongbu's HRC costs and its Korean domestic AlZn prices;
- the relationship between Korean HRC prices and Korean domestic AlZn prices during the inquiry period;
- the extent to which AlZn conversion costs, coating costs, product mix and margins explain differences in price movements; and
- whether the identified HRC pricing conditions prevent Korean domestic AlZn sales from permitting a proper comparison with export sales.

[14] Report No. 610 p. 78.

The Commission has access to verified exporter-specific cost and sales information that is not available to BlueScope. Although that information relates to Dongbu, it provides the Commission with evidence capable of testing whether the Korean market conditions identified above materially affected the costs and prices of AlZn produced in Korea during the inquiry period.

BlueScope requests that the Commission use that information to test the asserted transmission pathway rather than assume either that the pathway exists or that accurate accounting records resolve the market-level question.

Response to the verification report

The verified information obtained from Dongbu may assist the Commission in assessing whether the Korean HRC market conditions identified in this submission were transmitted into Dongbu's AlZn costs and Korean domestic AlZn prices.

The verification team's finding that Dongbu's production records reasonably reflect competitive market costs must be considered together with the report's express reservation concerning BlueScope's PMS claim.[15]

BlueScope does not contend that Dongbu's records are inaccurate. Nor does BlueScope rely on any alleged accounting irregularity or deficiency in Dongbu's cost-allocation methodology. Its contention concerns the economic conditions under which Korean HRC costs were formed.

If the Commission finds that Korean domestic AlZn sales are unsuitable under subparagraph 269TAC(2)(a)(ii) and constructs normal value under paragraph 269TAC(2)(c), it should then assess the cost of production in accordance with the Customs (International Obligations) Regulation 2015. As part of that constructed-normal-value exercise, the fact that an acquisition cost is accurately recorded does not, without more, establish that the recorded cost reasonably reflects competitive market costs for the purposes of subsection 43(2) of the Regulation.[16]

Conversely, evidence that Chinese HRC exports influence Korean HRC prices does not automatically establish that Dongbu's recorded HRC costs are unsuitable for use in constructing normal value. If the Commission reaches the constructed-normal-value stage, it must determine that issue by reference to Dongbu's verified data and the market evidence now before it.

Accordingly, the verification finding should not be treated as finally resolving the PMS issue. The report expressly states that the Commission continues to consider BlueScope's submission and that its subsection 269TAC(1) calculation is subject to the outcome of that consideration.[17] If the Commission ultimately determines that Korean domestic AlZn sales are unsuitable and constructs normal value under paragraph 269TAC(2)(c), the Commission should reconsider the suitability of Dongbu's recorded HRC costs within the subsection 43(2) assessment required for that constructed normal value.

Response to Dongbu's remaining submissions

Dongbu submits that BlueScope relies on findings from other proceedings involving different goods and exporters.

BlueScope does not ask the Commission to transfer the factual findings from those proceedings automatically into this inquiry. BlueScope relies on those reports as relevant analytical and factual context, supplemented by current evidence concerning Korean HRC pricing conditions generally and the Commission's verified information concerning Dongbu. The Dongbu information is relevant because it assists in assessing the impact of those broader Korean market conditions, not because BlueScope's contention is confined to a single exporter.

Dongbu also submits that a relevant PMS must arise from Korean government intervention.

[15] Verification Report No 698/11, KG Dongbu Steel Co., Ltd, p 10 concerning Dongbu's production records and p. 4 concerning the Commission's continuing consideration of BlueScope's PMS submission.
[16] Customs (International Obligations) Regulation 2015 (Cth), subsection 43(2); Report No. 590, pp. 184-187.
[17] Verification Report No. 698/11, KG Dongbu Steel Co., Ltd, p.4.

BlueScope submits that subparagraph 269TAC(2)(a)(ii) does not require every factor contributing to the relevant market situation to originate within the country of export. Rather, the statutory inquiry is directed to whether the situation affecting the market in the country of export renders domestic sales unsuitable for determining a price under subsection 269TAC(1).

BlueScope nevertheless accepts that the effect on Korean AlZn prices, rather than the foreign origin of the alleged distortion, must be demonstrated.

Dongbu further relies on WTO findings concerning whether domestic sales permit a proper comparison.

BlueScope's position is not that a difference between observed and hypothetical competitive costs is sufficient by itself. BlueScope submits that the Commission should determine whether the cumulative effect of the identified conditions on Korean AlZn prices makes the domestic sales unsuitable for determining normal value and prevents a proper comparison with export sales.

The Commission should explain its findings on that issue in the Statement of Essential Facts and final report.

Conclusion and request

REP 658 found that a PMS existed in the Chinese domestic HRC market and that government influence affected HRC production costs and selling prices.[18]

REP 689 assessed, in selecting an external steel-coil cost benchmark for China and having regard to its inquiry-period evidence, that Korean domestic HRC prices were influenced by Chinese exports of black HRC.[19]

Confidential Attachment 1 provides updated evidence concerning the scale and pricing significance of Chinese HRC supply in Korea.

HRC is the principal raw-material input used to manufacture AlZn.

Those matters do not remove the need to determine whether the identified conditions materially affected Korean domestic AlZn prices and whether their effect on Korean domestic AlZn prices was such that domestic sales did not permit a proper comparison with export prices.

BlueScope's contention is that those conditions potentially affect Korean AlZn pricing generally. Dongbu's verified information provides the Commission with a practical means of testing that broader proposition using exporter-specific evidence.

The Commission possesses verified exporter-specific cost and sales information unavailable to BlueScope and is therefore uniquely placed to test that question using both that information and the broader market evidence before it.

BlueScope therefore requests that the Commission:

1. examine whether the identified influence of Chinese HRC exports on Korean HRC pricing materially affected Dongbu's HRC costs and Korean domestic AlZn prices;
2. determine whether, because of those conditions, Korean domestic AlZn sales are unsuitable for determining a price under subsection 269TAC(1), within the meaning of subparagraph 269TAC(2)(a)(ii);
3. if the Commission makes that finding, determine normal values under paragraph 269TAC(2)(c), or as otherwise permitted by section 269TAC;
4. if the Commission constructs normal value under paragraph 269TAC(2)(c), then assess, as part of determining the cost of production or manufacture under subparagraph 269TAC(2)(c)(i), whether subsection 43(2) of the Customs

[18] Report No. 658, Anti-Dumping Commission, Hot Rolled Coil Steel exported from China, Appendix A, pp.151-152.
[19] Report No. 689, pp. 55-56.

(International Obligations) Regulation 2015 requires the use of Dongbu's records, including whether the recorded HRC costs reasonably reflect competitive market costs;

5. if those records do not satisfy subsection 43(2), determine an appropriate cost of production or manufacture under subparagraph 269TAC(2)(c)(i), having regard to transparent benchmark-selection criteria and any adjustments necessary to ensure comparability; and
6. address these matters expressly in the Statement of Essential Facts and final report.

Alternatively, if the Commission considers that the present evidence does not permit a final PMS finding, BlueScope requests that the Commission obtain and analyse the exporter-specific information necessary to test the transmission into Korean domestic AlZn prices before relying finally on Korean domestic sales under subsection 269TAC(1). If the Commission subsequently constructs normal value under paragraph 269TAC(2)(c), BlueScope requests that it assess Dongbu's recorded HRC costs under subsection 43(2) before relying on those costs in determining the cost of production or manufacture.

For and on behalf of BlueScope