



BlueScope Steel Limited
Sirius Building
Five Islands Road, Port Kembla NSW 2505
PO Box 1854, Wollongong NSW 2500



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Mrs Heidi Yang
Assistant Director, Operations 1
Anti-Dumping Commission
Level 35
55 Collins Street
Melbourne Victoria 3000

Public File

Dear Mrs Yang,

Review of anti-dumping measures Investigation No. 521 – Zinc Coated (Galvanised) Steel exported from China, India, Korea, Malaysia, Taiwan, and Vietnam

I. Introduction

BlueScope Steel Limited (“BlueScope”) is the Australian manufacturer of Zinc Coated (Galvanised) steel (hereafter referred to as “galvanised steel” and/or “the subject goods”) and is the applicant company for the review of anti-dumping measures.

In the conduct of this inquiry, the Anti-Dumping Commission (“the Commission”) has sought the views of BlueScope as to the appropriate basis for an Unsuppressed Selling Price (“USP”), Non-Injurious Price (“NIP”) and the form of measures to be applied.

This submission addresses BlueScope’s views.

II. Proposed USP/NIP

The USP is the selling price that the Australian industry could reasonable achieve in the market in the absence of dumped and/or subsidised imports. The Commission’s preferred approach, as outlined in Chapter 23 of the Dumping and Subsidy Manual, when establishing a USP is to consider the following hierarchy:

- Industry selling prices at a time unaffected by dumping;
- Constructed selling prices; industry cost-to-make-and-sell (“CTM&S”) plus profit; or
- Selling prices of un-dumped goods.

From the USP, the Commission will derive the NIP. The NIP is determined by deducting from the USP the costs incurred from the export Free-On-Board point (or another point if appropriate) to the relevant level of trade in Australia (e.g. at the distributor or customer level). The deductions normally include overseas freight, insurance, in-store costs, and amounts for importer selling, administration and warehousing expenses, and profit. The NIP will be used to determine, if appropriate, whether to recommend to the Minister that the lesser duty rule applies.

There are certain circumstances where the Minister may consider it inappropriate to have regard to the lesser duty rule. Subsections 8 (5BAAA) and 10 (3A) of the *Dumping Duty Act* detail certain circumstances where the Minister does not need to have regard to the lesser duty rule. These circumstances include:

- The normal value of the goods was not ascertained under subsection 269TAC(1) because a particular market situation was evident (under subsection 269TAC(2)(a)(ii));
- There is an Australian industry in respect of like goods that consists of at least two small to medium sized enterprises (“SMEs”), whether or not that industry consists of other enterprises; or
- A countervailable subsidy has been received in respect of the goods and the country in relation to which the subsidy has been provided has not complied with Article 25 of the *Agreement on Subsidies and Countervailing Measures* (“SCM Agreement”) for the compliance period.

The anti-dumping measures on galvanised steel (and aluminium zinc coated steel) extend to all exporters in China. In the original investigations (Investigations 190 and 193) and the recent continuation investigations (Investigations 449 and 450), the then Minister determined that a market situation applied in respect of both products sold in China. BlueScope submits that the lesser duty rule is therefore not required to be considered for exports of galvanised steel (and aluminium zinc coated steel) from China.

a) *China / Korea / Taiwan*

The galvanised steel measures as applicable to China, Korea and Taiwan were recently reviewed (Investigation No. 457). In this review (and concurrent Investigation No. 456), the Commission noted that:

“For the purpose of these inquiries, an unsuppressed selling price for galvanised steel and aluminium zinc coated steel has been established by reference to BlueScope’s CTMS, plus an amount of profit, actually realised during the review period for each of the goods. The Commission has then made deductions for the profit obtained and the SG&A expenses and into store costs incurred by the most efficient importer amongst those verified during each review in respect of the goods.”

The Commission has verified BlueScope’s CTM&S for the fiscal 2019 (“FY2019”) investigation period, and [commercially sensitive industry verification details].

b) *Vietnam / India / Malaysia*

In Final Report No. 370, the Commission concluded that:

“...in this instance determining the NIP based on industry’s selling prices in a period unaffected by dumping is not appropriate due to the number of previous cases for this product, including findings of circumvention of anti-dumping measures”.

Further that:

“The Commission also considers that a constructed price based on BlueScope’s production costs incurred during the investigation period plus an amount for profit is not appropriate for similar reasons”.

And that therefore:

“The Commission considers that in a market unaffected by dumping/subsidisation, it is reasonable to expect that BlueScope would continue to set prices with regard to benchmarked import prices, and its method for assessing these prices would collectively continue. The Commission therefore considers that setting the NIP at an undumped/unsubsidised FOB price is the most effective way to remove the effects of dumping and subsidisation.”

The Commissioner has determined that the most appropriate NIP in this case is the undumped and or/unsubsidised FOB export price for each exporter. As duty set at this level would be equal to that collected under the dumping margin, the lesser duty rule does not come into effect”.

The NIP price in Investigation 370 was the level of pricing established by the normal values for each exporter determined in the exporting countries.

c) *Recommended USP/NIP*

BlueScope has demonstrated that Australian selling prices for the subject goods have been influenced by dumping since the 2011/12 fiscal year (original Investigation No. 190 refers, plus subsequent anti-circumvention, anti/dumping/countervailing, continuation, and variable factor review inquiries).

As reflected in the Commission’s commentary in Investigation 370, there is an absence of a period unaffected by dumping over the fiscal years stipulated in Confidential Appendix A6.1, since the original investigation period.

In the absence of profitable selling prices over recent periods, BlueScope considers that the most appropriate NIP is that based on the exporter’s respective normal values, as was accepted by the Minister in Investigation 370.

III. Form of Measures

BlueScope notes the Assistant Minister’s acceptance of the Commissioner’s recommendation concerning the form of measures applicable to all exporters the subject of Review Investigation No. 457 (i.e. China, Korea and Taiwan).

The Commissioner proposed (and the Assistant Minister accepted) that:

“...duties be calculated:

- in respect of any ICD that may become payable, as a proportion of the export price of the goods; and*
- in respect of any IDD that may become payable, using the combination of fixed and variable duty method.*

BlueScope concurs with the Assistant Minister that the most appropriate form of measure to apply to exporters of galvanised steel (particularly in a rising market as is applicable during the review period) – is the combination duty method. This extends to exporters of the subject merchandise from India, Vietnam, and Malaysia. BlueScope does not consider the alternate methods of duty sufficiently address injurious dumping in the steel industry.

IV. Recommendations

BlueScope recommends that the Commission:

- (a) Determine a USP/NIP for galvanised steel based on undumped/unsubsidised FOB exporter prices; and
- (b) Apply IDD based upon the combination method for injurious exports from China, Taiwan, Korea, India, Malaysia and Vietnam.

If you have any questions concerning this submission, please do not hesitate to contact me on [REDACTED], or BlueScope's representative Mr John O'Connor on (07) 3342 1921.

Yours faithfully,

[REDACTED]

Manager – Trade Measures