



Australian Government
**Department of Industry,
Innovation and Science**

**Anti-Dumping
Commission**

CUSTOMS ACT 1901 - PART XVB

CONSIDERATION REPORT NO. 528

**Consideration of an application for review of Anti-dumping
measures applying to**

Hot rolled coil steel exported to Australia from Taiwan

18 October 2019

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ABBREVIATIONS

Abbreviation	Full title
ABF	Australian Border Force
the Act	the <i>Customs Act 1901</i>
ADN	Anti-Dumping Notice
BlueScope	BlueScope Steel Limited
the Commission	the Anti-Dumping Commission
the Commissioner	the Commissioner of the Anti-Dumping Commission
EPR	Electronic Public Record
FOB	free on board
the goods	the goods to which the current dumping duty notice applies
HRC	hot rolled coil
IDD	Interim dumping duty
Korea	the Republic of Korea
NIP	non-injurious price

1 SUMMARY AND RECOMMENDATIONS

1.1 Background

This report provides the results of consideration by the Anti-Dumping Commission (the Commission) of an application lodged by BlueScope Steel Limited (BlueScope) for a review in respect of the anti-dumping measures (in the form of a dumping duty notice¹) applying to hot rolled coil (HRC) steel exported to Australia from Taiwan.

BlueScope considers it appropriate to review the anti-dumping measures on the basis that one or more of the variable factors relevant to the anti-dumping measures have changed.² The variable factors that have allegedly changed are the export price, the normal value and the non-injurious price (NIP).

1.2 Legislative background

Division 5 of Part XVB of the Customs Act 1901 (the Act)³ sets out, among other things, the procedures to be followed by the Commissioner of the Anti-Dumping Commission (the Commissioner) in assessing applications for a review of anti-dumping measures.

Division 5 empowers the Commissioner to reject or not reject an application for review of anti-dumping measures. If the Commissioner does not reject an application, he is required to publish a notice indicating that he is proposing to review the anti-dumping measures covered by the application. Section 269ZC(4) provides that the Commissioner, if he decides to not reject the application, may recommend to the Minister for Industry, Science and Technology (the Minister) that the review be extended to include any additional matters.⁴

1.3 Findings and conclusions

Based on the findings outlined in this report, the Commission is satisfied that, in relation to BlueScope's application for a review of variable factors:

- the application complies with sections 269ZB(1) and (2); and
- there appear to be reasonable grounds for asserting that the variable factors of export price, normal value and NIP relevant to the taking of the anti-dumping measures have changed.

¹ ADN [2012/66](#)

² Section 269ZA(1)(b)(i) of the Customs Act 1901.

³ All legislative references are to the Customs Act 1901, unless otherwise stated.

⁴ As this review relates to all exporters, additional matters includes requests by affected parties for the review be extended to consider whether the measures are no longer warranted.

1.4 Recommendation

The Commission recommends that the Commissioner not reject the application for the reasons outlined at chapter 3 of this report and publish a notice on the Anti-Dumping Commission website accordingly.

2 BACKGROUND

2.1 The goods subject to the anti-dumping measures

Full description of the goods the subject of the application

The goods subject to anti-dumping measures, in the form of a dumping duty notice⁵ (the goods), are:

Hot rolled coil (including in sheet form), a flat rolled product of iron or non-alloy steel, not clad, plated or coated (other than oil coated).

Goods excluded from this application are hot rolled products that have patterns in relief (known as checker plate) and plate products.

Further information

There are several relevant international standards for HRC covering the range of products based on grade designations, including the recommended or guaranteed properties of each of these product grades. The relevant Australian Standard that applies is AS/NZS 1594.

Hot rolled sheet 4.75 millimetres (mm) thick or more is considered to be plate, and is not covered by the notice. Hot rolled sheet below 4.75mm thick is included within the goods description.

Tariff classification

The goods subject to the measures are classified to the following tariff subheadings of Schedule 3 to the *Customs Tariff Act 1995*:

- 7208.26.00 statistical code 33;
- 7208.27.00 statistical code 34;
- 7208.39.00 statistical code 38;
- 7208.53.00 statistical code 42;
- 7208.54.00 statistical code 43;
- 7208.90.00 statistical code 39;
- 7211.19.00 statistical code 41.

⁵ ADN [2012/66](#)

2.2 History of the measures

The Commission has conducted previous inquiries into HRC, a summary of these inquiries is set out in the table below. This summary focuses on cases relating to all exporters and therefore excludes exemption inquiries. Further information regarding the measures on hot rolled coil steel is also available on the Commission's electronic public record (EPR).⁶

Case	ADN	Minister's decisions ADN date	Country of export	Findings
188 (Investigation)	2012/66 ⁷	20 December 2012	Japan, the Republic of Korea (Korea), Malaysia and Taiwan	<ul style="list-style-type: none"> Interim dumping duties (IDD) imposed on Japan, Korea, Malaysia and Taiwan.
Reinvestigation <i>Anti-Dumping Commission Report No. 209</i>	2013/49 ⁸	17 July 2013	Japan, Korea, Malaysia and Taiwan	<ul style="list-style-type: none"> Notice amended to require the lesser duty rule should only apply to Japanese exports of pickled and oiled (PO) HRC. The effective rate of duty for PO HRC from Japan is revised to 0 per cent.
400 (Continuation)	2017/166 ⁹	16 December 2017	Japan, Korea, Malaysia and Taiwan	<ul style="list-style-type: none"> Dumping measures cease to apply in relation to exports of goods from Japan, Korea, and Malaysia. Measures continue in respect of Taiwan.
454 (Review)	2018/126 ¹⁰	18 September 2018	Taiwan	<ul style="list-style-type: none"> The ascertained export price, ascertained normal value and ascertained NIP was changed for all exports from Taiwan.

⁶ See www.adcommission.gov.au.

⁷ Refer to Final Report [REP 188](#) and ADN [2012/66](#).

⁸ Refer to Final Report [REP 209](#) and ADN [2013/49](#).

⁹ Refer to Final Report [REP 400](#) and ADN [2017/166](#).

¹⁰ Refer to Final Report [REP 454](#) and ADN [2018/126](#).

2.3 Current anti-dumping measures

The current measures applying to exporters of HRC are set out in the table below. Further details of the measures in place on exports of the goods are available in the *Dumping Commodity Register* on the EPR.

Country	Exporter	Effective rate of duty	Variable (basis of floor price component)
Taiwan	China Steel Corporation	0%	The lower of ANV and NIP
	Chung Hung Steel Corporation	0%	The lower of ANV and NIP
	Shang Chen Steel Co., Ltd	0%	The lower of ANV and NIP
	Uncooperative and all other exporters	0%	The lower of ANV and NIP

2.4 The current application

On 25 September 2019, BlueScope lodged an application requesting a review of the anti-dumping measures applying to the HRC exported to Australia from Taiwan. The application claims there has been a change in one or more variable factors.

BlueScope is the sole Australian manufacturer of the goods for sale in the domestic market. The Commission considers that BlueScope falls within the definition of an “affected party” in subsection 269T(1) as BlueScope represents the Australian industry. Accordingly, BlueScope is eligible to lodge an application for a review of measures under subsection 269ZA(1).

The application is not precluded by section 269ZA(2), which provides that an application for review must not be lodged earlier than 12 months after the publication of a dumping duty notice, or a notice declaring the outcome of the last review of the dumping duty notice.

Pursuant to section 269ZC(1), the Commissioner must examine the application and, within 20 days, decide whether to reject the application. As such, the decision to reject the application must be made no later than **15 October 2019**.

If the Commissioner is not satisfied, having regard to the application and to any other information that he considers relevant, of one or more of the matters referred to in subsection 269ZC(2), the Commissioner must reject the application.

2.5 Model Control Code

On 9 August 2018, the Commission advised in ADN No. 2018/128 that a model control code (MCC) structure would be implemented in new investigations, reviews of

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exporters generally or continuation inquiries for cases initiated after this date.¹¹ As noted in that ADN, in developing the MCC structure the Commission will have regard to differences in physical characteristics that give rise to distinguishable and material differences in price.

The Commission has proposed a MCC structure taking into account BlueScope's exporter visit briefing¹² and the China Steel Corporation verification report¹³ in Review 454. The proposed MCC structure is at Appendix A.

BlueScope and interested parties are encouraged to make submissions on whether the proposed MCC structure should be accepted by the Commission. All submissions with respect to the proposed MCC structure will be considered by the Commission. In the absence of further evidence or submissions, the Commission may adopt the MCC structure as proposed.

¹¹ Full guidance regarding the Commission's application of an MCC structure is provided in ADN No. [2018/128](#)

¹² Document 10 on the [EPR for Review 454 refers.](#)

¹³ Document 14 on the [EPR for Review 454 refers.](#)

3 CONSIDERATION OF THE APPLICATION

3.1 Assessment of the application – compliance with section 269ZB

When considering the requirements of sections 269ZB(1) and (2), the Commission notes that the application submitted:

- is in writing;
- is in the approved form (Form B602 – Application for a review of measures), and contains such information as the form requires (including evidence in support of the amount by which the variable factors have changed since last ascertained, information on the causes of the change to the variable factors and an opinion of whether these causes are likely to persist);¹⁴
- is signed in the manner required by the form;
- was lodged in a manner approved under section 269SMS, being by email to the Commission’s nominated email address (as nominated in the Commissioner’s instrument made under section 269SMS);
- provides a description of the kind of goods to which the anti-dumping measures the subject of the application relates; and
- provides a description of the anti-dumping measures the subject of the application.; and
- includes a statement of the opinion of the applicant concerning the variable factors relevant to the taking of the anti-dumping measures that have changed, the amount by which each factor has changed, and the information that establishes that amount.

The Commission is satisfied that BlueScope’s application has satisfied the requirements of subsections 269ZB(1) and (2).

3.2 Compliance with section 269ZC

In accordance with section 269ZB(2)(c), the applicant must provide information to establish that, in the applicant’s opinion, one or more of the variable factors have changed. The applicant does not have to provide information to establish that all the variable factors have changed.

Variable Factor	Applicant’s Claims	Commission Assessment
Normal Value	BlueScope’s application claims domestic Taiwanese HRC steel prices have trended upwards materially since the review period in Review 454. ¹⁵ BlueScope claims that the main driver for the change in HRC	The Commission has analysed BlueScope’s confidential information relating to HRC steel and raw material prices. As part of the analysis, the Commission obtained data relating to HRC prices and raw

¹⁴ Section 3.3.2 of this report refers.

¹⁵ The review period in Review 454 was 1 October 2016 to 30 September 2017.

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Variable Factor	Applicant's Claims	Commission Assessment
	<p>steel prices is the change in the traded prices for iron ore and coking coal¹⁶ and that the current price levels for HRC are sustainable due to the continued strong demand for steel globally.</p> <p>In support of its claims, BlueScope provided confidential evidence of the increase in iron ore and coking coal prices, the increase in HRC prices, and an excerpt from a confidential source stating that the profit outlook for leading steel mills is favourable.</p>	<p>material prices from a reputable publisher of industry information.</p> <p>The Commission's analysis is consistent with BlueScope's claims that domestic HRC prices and raw material prices have increased.</p> <p>As such, the Commission is satisfied that there appear to be reasonable grounds for asserting that normal values may have increased since Review 454 (Confidential Attachment 1 refers).</p>
Export Price	<p>BlueScope's application claims that steel export prices have also been impacted by raw material costs and this has resulted in export price increases in HRC steel from Taiwan.</p> <p>In support of this claim, BlueScope provided a confidential graph showing the free on board (FOB) import prices of HRC exported to Australia from Taiwan.</p>	<p>The Commission has compared the confidential information provided by BlueScope relating to Taiwanese HRC export prices to Australia to the Australian Border Force (ABF) import database.</p> <p>The ABF data shows that there has been a change in export price of HRC from Taiwan since Review 454 (Confidential Attachment 2 refers).</p> <p>The Commission therefore is satisfied that there appear to be reasonable grounds for asserting that the export price has changed.</p>
Non Injurious Price (NIP)	<p>BlueScope has claimed a change in the NIP in the application and has provided confidential data that has allowed the Commission to conduct an analysis on the NIP.</p>	<p>The Commission's analysis (Confidential Attachment 3 refers) shows that the NIP has increased since Review 454. As such, the Commission considers it necessary to review the NIP.</p>

16 The Commission understands that main raw materials used in steel making include iron ore and coking coal.

3.3 Assessment of application — compliance with sections 269ZB and 269ZC

Based on the Commission's analysis in section 3.2, the Commission is satisfied that the application complies with subsections 269ZB(1) and (2). In addition, there appear to be reasonable grounds for BlueScope to assert under subsection 269ZC(2)(b)(i) that at least one of the variable factors relevant to the taking of the anti-dumping measures have changed.

Based on this assessment, the Commission considers that the Commissioner must not reject the application pursuant to subsection 269ZC(1) as he should be satisfied of the matters referred to in subsection 269ZC(2) are met.

4 CONCLUSIONS AND RECOMMENDATIONS

The Commission has considered the application in accordance with sections 269ZB and 269ZC. On the basis of the information provided in the application, and other relevant information as detailed in this report, the Commission is satisfied, that:

- the application complies with section 269ZB; and
- there appear to be reasonable grounds for asserting that at least one of the variable factors relevant to the taking of each of the anti-dumping measures have changed.

The Commission recommends that:

- the Commissioner not reject the application for review of the variable factors and initiate a review into the current anti-dumping measures, being the dumping duty notice as it affects exporters of the goods generally;
- the period from 1 October 2018 to 30 September 2019 be examined for the purpose of reviewing the variable factors; and
- the Commissioner publish a notice on the Anti-Dumping Commission website indicating that a review of measures covered by the application be initiated.

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5 ATTACHMENTS

Appendix A	Model Control Code
Confidential Attachment 1	Normal Value Analysis
Confidential Attachment 2	Export Price Analysis
Confidential Attachment 3	Non Injurious Price Analysis

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APPENDIX A: MODEL CONTROL CODE

Item	Category	Sub-category	Identifier	Sales Data	Cost data	Key category
1	Quality	Prime	P	Mandatory	Not applicable	Yes
		Non-Prime	N			
2	Form	Coil	C	Mandatory	Mandatory	Yes
		Sheet	S			
3	Surface condition	As rolled	A	Mandatory	Mandatory	Yes
		Pickled (with or without oil)	PI			
4	Standard/ Grade	HA1(S) / G250 / HA250 / SPHC / SS400 (AS1594 / JIS G3131 / JIS G3101)	1	Mandatory	Mandatory	Yes
		G300 / HA300 (AS1594)	2			
		G350 / HA350 / SS490 (AS1594 / JIS G 3106)	3			
		HW350 / SMA490 / 'Corten' (AS 1594 / JIS G 3114)	4			
		Other	5			
5	Thickness (BMT)	< 1.6mm	T1	Mandatory	Mandatory	Yes
		=>1.6mm to <2.0mm	T2			
		=>2.0mm to <4.75mm	T3			
6	Width	<= 1000 mm	W1	Mandatory	Mandatory	Yes
		>1000 mm	W2			