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Australian Government
Department of Industry, Science,
Energy and Resources

Anti-Dumping
Commission

Consideration report number: 558

Application for a dumping duty notice and countervailing duty notice

Submitted by: BlueScope Steel Limited

In relation to aluminium zinc coated steel (of a width equal to or greater than 600 millimeters) exported to Australia from the Republic of Korea, Taiwan and the Socialist Republic of Vietnam

29 June 2020

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ABBREVIATIONS

Abbreviation / short form	Full reference
ABF	Australian Border Force
the Act	<i>Customs Act 1901</i> (Cth)
ADN	Anti-Dumping Notice
the applicant	BlueScope Steel Limited
the application	the application lodged by BlueScope with the Commission on 4 June 2020 as described in section 2.2
BlueScope	BlueScope Steel Limited
CBSA	Canada Border Services Agency
the Commission	the Anti-Dumping Commission
the Commissioner	the Commissioner of the Anti-Dumping Commission
CTMS	cost to make and sell
EPR	electronic public record
EXW	Ex Works
FOB	Free on Board
the goods	Aluminium zinc coated steel, as described at section 2.3
GOV	Government of the Socialist Republic of Vietnam
HRC	hot rolled coil
investigation period	1 April 2019 to 31 March 2020
Korea	the Republic of Korea
the Minister	the Minister for Industry, Science and Technology
SG&A	selling, general and administration
the subject countries	collectively, Korea, Taiwan and Vietnam
Vietnam	the Socialist Republic of Vietnam
WTO	World Trade Organisation
YE	Year ending

1. FINDINGS AND RECOMMENDATIONS

This report provides the result of the consideration by the Anti-Dumping Commission (the Commission) of an application under section 269TB(1)¹ of the *Customs Act 1901* (Cth) (the Act) by BlueScope Steel Limited (BlueScope or the applicant) for the publication of dumping and/or countervailing duty notices in respect of aluminium zinc coated steel of a width equal to or greater than 600 millimeters (mm) (the goods) imported into Australia from the Republic of Korea (Korea), Taiwan and the Socialist Republic of Vietnam (Vietnam) (collectively, the subject countries).

BlueScope alleges that the Australian industry for like goods has suffered material injury and material injury is threatened by the goods exported to Australia from:

- Korea and Taiwan at dumped prices; and
- Vietnam at dumped and subsidised prices.

The legislative framework that underpins the making of an application and the Commission's consideration of an application is contained in Divisions 1 and 2 of Part XVB of the Act.

1.1. Findings

In accordance with section 269TC(1), the Commission has examined the application and is satisfied that:

- the application complies with the requirements of section 269TB(4) (as set out in section 2.2 of this report);
- there is an Australian industry in respect of like goods (as set out in section 2.5 of this report);
- there appear to be reasonable grounds for the publication of dumping duty notices in respect of the goods the subject of the application exported to Australia from Korea and Taiwan (as set out in sections 3, 5 and 6 of this report); and
- there appear to be reasonable grounds for the publication of dumping and countervailing duty notices in respect of the goods the subject of the application exported from Vietnam (as set out in sections 3, 4, 5 and 6 of this report).

1.2. Recommendations

Based on the above findings, the Commission recommends that the Commissioner of the Anti-Dumping Commission (Commissioner) decide not to reject the application pursuant to section 269TC(2), and initiate an investigation to determine whether dumping and countervailing duty notices should be published.

The Commission further recommends that:

- exports to Australia during the investigation period from 1 April 2019 to 31 March 2020 be examined for dumping and/or subsidisation; and
- details of the Australian market from 1 April 2016 be examined for injury analysis purposes.

¹ All legislative references in this report are to the *Customs Act 1901* (Cth) unless otherwise specified.

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If the Commissioner agrees with these recommendations, the Commissioner must give public notice of the decision in accordance with the requirements set out in section 269TC(4).

2. THE APPLICATION AND THE AUSTRALIAN INDUSTRY

2.1. Lodgement of the application

2.1.1. Legislative framework

The procedures for lodging an application are set out in section 269TB. The procedures and timeframes for the Commissioner's consideration of the application are set out in section 269TC.

2.1.2. The Commissioner's timeframe

Event	Date	Details
Application lodged and receipted by the Commissioner under sections 269TB(1) and (5)	4 June 2020	The Commission received an application from BlueScope which alleged that the Australian industry has suffered and continues to suffer material injury and material injury is threatened by the goods imported into Australia from Korea and Taiwan that are dumped and Vietnam that are dumped and subsidised.
	5 June 2020	The Commission notified BlueScope of deficiencies in the application.
Applicant provided further information in support of the application under section 269TC(2A)	9 June 2020	BlueScope provided further information and/or data in support of their application without having been requested to do so and this restarted the 20 day period for consideration of the application.
Consideration decision due under section 269TC(1)	29 June 2020	The Commissioner shall decide whether to reject the application within 20 days of receiving a formally lodged application.

Table 1: Timeframe for Commissioner's decision

2.2. Compliance with section 269TB(4)

2.2.1. Finding

Based on the information submitted by BlueScope, the Commission considers that the application complies with section 269TB(4).

2.2.2. Legislative framework

Section 269TC(1) requires that the Commissioner reject an application for dumping and/or countervailing duty notices if, among other things, the Commissioner is not satisfied that the application complies with section 269TB(4).

2.2.3. The Commission's assessment

The table below summarises the Commission's assessment of compliance with section 269TB(4).

Requirement for the application	Details
Lodged in writing under section 269TB(4)(a)	BlueScope lodged, in writing, confidential and non-confidential versions of the application. The non-confidential version of the application can be found on the electronic public record on the Commission's website at www.adcommission.gov.au .

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Requirement for the application	Details
Lodged in an approved form under section 269TB(4)(b)	The application is in the approved form (Form B108) for the purpose of making an application under section 269TB(1).
Contains such information as the form requires under section 269TB(4)(c)	<p>BlueScope provided:</p> <ul style="list-style-type: none"> • a completed declaration; • answers to all questions that were required to be answered; • all relevant appendices; and • sufficient detail in the non-confidential version of the application to enable a reasonable understanding of the substance of the information submitted in confidence.
Signed in the manner indicated in the form under section 269TB(4)(d)	The application was signed in the manner indicated in Form B108 by a representative of BlueScope.
Supported by a sufficient part of the Australian industry under section 269TB(4)(e) and determined in accordance with section 269TB(6)	<p>BlueScope states it is the only Australian manufacturer of the goods.</p> <p>The Commission has considered the Australian industry for aluminium zinc coated steel in previous inquiries (most recently in Review of Measures no. 522) and is satisfied that BlueScope represents the entire Australian industry.</p> <p>Thus the Commission is satisfied that BlueScope accounts for more than 50 per cent of the portion of Australian industry producing or manufacturing like goods that has expressed support, or opposition, to, the application and accounts for not less than 25 per cent of the total production or manufacture of like goods in Australia.</p>
Lodged in the manner approved under section 269SMS for the purposes section 269TB(4)(f)	The application was lodged in a manner approved in the Commissioner’s instrument made under section 269SMS, being by email to the Commission’s nominated e-mail address provided in that instrument. ²

Table 2: Commission’s assessment of compliance with section 269TB(4)

² The instrument is available on the Commission [website](#).

2.3. The goods the subject of the application

The goods the subject of the investigation are:

Flat rolled iron and steel products (whether or not containing alloys), of a width equal to or greater than 600 millimeters (“mm”), plated or coated with aluminium-zinc alloys, not painted, and whether or not including resin coating.

Trade or further generic names often used to describe the subject goods include:

- ZINCALUME® steel;
- GALVALUME® steel;
- Aluzinc, Supalume, Superlume, ZAM, GALFAN;
- Zinc aluminium coated steel;
- Aluminium zinc coated steel;
- Aluminium zinc magnesium coated steel;
- Alu-Zinc Steel sheet in Coils;
- Al/Zn; and
- Hot Dipped 55% Aluminium-Zinc Alloy coated steel sheet in coil.

The imported goods the subject of this application covers aluminium zinc coated steel whether or not including any combination of surface treatment. For example, whether passivated (often referred to as chromated), resin coated or not resin coated (often referred to as Anti-Finger Print (“AFP”) or not AFP), oiled or not oiled, skin-passed or not skin-passed.

Excluded from the goods description of this application is un-passivated (often referred to as unchromated) aluminium zinc coated steel.

The amount of aluminium zinc coating on the steel is described as its coating mass and is nominated in grams per meter squared (g/m²), with the prefix being AZ (Aluminium Zinc). Common coating masses used are: AZ200, AZ150, AZ100, and AZ70.

There are several relevant International Standards for aluminium zinc coated steel, covering the full range of products via specific grade designations, and including the recommended or guaranteed properties of each of those product grades.

These relevant standards are noted below in the table below “Relevant International Standards for Aluminium Zinc Coated Steel”.³

International Standards	Product Grades
<i>General and Commercial Grades</i>	
AS/NZS 1397	G1, G2
ASTM A792	CS, type A, B and C
EN 10346	DX51D, DX52D
JIS 3321	SGLCC
<i>Forming, Pressing & Drawing Grades</i>	
AS/NZS 1397	G3
ASTM A792	FS, DS
EN 10346	DX53D, DX53D
JIS 3321	SGLCD, SGLCDD

³ BlueScope attached a summary of International Standards for product equivalents of the subject goods at Non-Confidential Attachment A-3.1.

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<i>Structural Grades</i>	
AS/NZS 1397	G250, G300, G350, G450, G550
ASTM A792	33 (230), 37(255), 40 (275), 50 (340), 55 (380), 80 (550)
EN 10346	S220GD, S250GD, S280GD, S320GD, S350GD, S550GD
JIS 3321	SGLC400, SGLC440, SGLC490, SGLC570

Table 3: Relevant International Standards for aluminium zinc coated steel

2.4. Tariff classification

The goods are generally, but not exclusively, classified to the following tariff classifications in Schedule 3 of the *Customers Tariff Act 1995*.

Tariff classification (Schedule 3 of the Customs Tariff Act 1995)		
Tariff Subheading	Statistical Code	Description
7210.61.00		FLAT-ROLLED PRODUCTS OF IRON OR NON-ALLOY STEEL, OF A WIDTH OF 600 mm OR MORE, CLAD, PLATED OR COATED: PLATED OR COATED WITH ALUMINIUM-ZINC ALLOYS
	60	Of a thickness of less than 0.5 mm
	61	Of a thickness of 0.5 mm or more but less than 1.5 mm
	62	Of a thickness of 1.5 mm or more
7225.99.00		FLAT-ROLLED PRODUCTS OF OTHER ALLOY STEEL, OF A WIDTH OF 600 mm OR MORE
	39	Other

Table 4: The goods and general tariff classification for the goods

2.5. Like goods and the Australian industry

2.5.1. Finding

The Commission is satisfied that there is an Australian industry producing like goods to the goods the subject of the application on the basis that:

- BlueScope produces goods that have characteristics that closely resemble the goods the subject of the application; and
- at least one substantial process in the manufacture of those goods is carried out in Australia.

2.5.2. Legislative framework

Section 269TC(1) requires that the Commissioner reject an application for a dumping or countervailing duty notice if, among other things, the Commissioner is not satisfied that there is, or is likely to be established, an Australian industry in respect of like goods.

Like goods are defined under section 269T(1). Sections 269T(2), (3), (4), and 269T(4A) are used to determine whether the like goods are produced in Australia and whether there is an Australian industry.

2.5.3. Locally produced like goods

The table below summarises the Commission's assessment of whether the locally produced goods are identical to, or closely resemble, the goods the subject of the application and are therefore like goods.

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Factor	The Applicant's claims	The Commission's assessment
Physical likeness	Products made locally by BlueScope have a physical likeness to the goods exported from Korea, Taiwan and Vietnam. BlueScope's locally produced aluminium zinc coated steel and the imported goods are manufactured to Australian and International Standards.	The information presented by BlueScope indicates that the locally produced and imported goods appear to be traded in a similar range of steel grades, coating types, lengths, widths and, thicknesses. This is supported by the Commission's own analysis of the Australian Border Force (ABF) import database. The Commission is therefore satisfied that the locally produced and imported aluminium zinc coated steel have similar physical characteristics.
Commercial likeness	Australian industry aluminium zinc coated steel competes directly with imported aluminium zinc coated steel in the Australian market.	The Commission reviewed the confidential attachments provided with the application and found that there appears to be direct competition in the Australian market for aluminium zinc coated steel between the imported and locally produced goods on the basis that they compete for sales to the same customers. The Commission is therefore satisfied that there is a commercial likeness.
Functional likeness	Both imported and Australian produced goods have comparable or identical end-uses.	The Commission found that imported and Australian industry produced goods appear to be used interchangeably for the same end use, on the basis that they directly compete for sales to the same customers. The Commission is therefore satisfied that the locally produced and imported goods are functionally alike.
Production likeness	Locally produced and imported aluminium zinc coated steel are manufactured in a similar manner.	The Commission reviewed the application and conducted online research and found that the production process and raw material inputs are substantially identical for locally produced and imported goods. This is also consistent with verified information from previous aluminium zinc coated cases of the same width. ⁴ The Commission is therefore satisfied that the locally produced and imported goods are manufactured using similar production process.
Commission's assessment		
Based on the analysis above, the Commission considers that locally produced aluminium zinc coated steel has characteristics that closely resemble the goods comprising the subject of the application and are, therefore, like goods.		

Table 5: Like goods assessment

2.5.4. Manufacture in Australia

The table below summarises the Commission's assessment of whether at least one substantial process of manufacture is carried out in Australia and whether the like

⁴ Investigation no. 190b, Continuation no. 450; Review of measure nos. 272, 375, 372, 367, 385, 409, 410, 456, and 522.

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goods are therefore considered to have been manufactured in Australia.

The Applicant's claims
BlueScope claims it is an integrated manufacturer of the goods with manufacturing operations in Springhill and Port Kembla in NSW, and Western Port in Victoria. BlueScope describes its production process on pages 14 -16 of its application. BlueScope submits that it undertakes more than one substantial process of manufacture in the production of the subject goods by manufacturing aluminium zinc coated steel from cold rolled coil that it transforms from hot rolled coil (HRC) which it manufactures from iron and coal.
The Commission's assessment
Based on the description of the manufacturing process provided by BlueScope in the application and that verified for Review no. 522, the Commission is satisfied that BlueScope transforms HRC into aluminium zinc coated steel through a substantial slitting, heat processing and coating process, and that this process takes place at facilities in Australia. The Commission is therefore satisfied that the goods are manufactured in Australia, with at least one substantial process in the manufacture of these goods being carried out in Australia.

Table 6: Manufacture of the goods in Australia

2.6. Australian industry information

The table below summarises the Commission's assessment of whether BlueScope have provided sufficient information in the application to analyse the performance of the Australian industry.

Have the relevant appendices to the application been completed?		
A1	Australian production	Yes
A2	Australian market	Yes
A3	Sales turnover	Yes
A4	Domestic sales	Yes
A5	Sales of other production	Yes
A6.1	Cost to make and sell (& profit) – Domestic sales	Yes
A6.2	Cost to make and sell (& profit) – Export sales	Yes
A7	Other injury factors	Yes
General administration and accounting information		
Ownership	BlueScope is a publicly listed company on the Australian Stock Exchange. It is not a subsidiary of another company nor does it have a parent company.	
Operations	BlueScope is an Australian manufacturer of steel products.	
Financial year	1 July to 30 June	
Audited accounts and Annual reports	Copies of BlueScope's financial information, including its past annual reports, are available from the company's website at www.bluescope.com . The 2020 Annual Financial Report had not been finalised as of the date of application.	
Production and sales information	Cost to make and sell information	Other injury factors
BlueScope has provided sales and production information for the period 1 April 2016 to 31 March 2020.	BlueScope has provided detailed cost to make and sell (CTMS) information for	BlueScope has provided data on other injury factors on yearly basis for the period

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	the period 1 April 2016 to 31 March 2020.	1 April 2016 to 31 March 2020.
The Commission's assessment		
Based on the information in the application, the Commission is satisfied that there is sufficient data to analyse the performance of the Australian industry for the purposes of this report. The analysis in sections 3, 4, 5 and 6 has relied on the data submitted in the application.		

Table 7: Australian industry information

2.6.1. Market size

Applicant estimation

BlueScope has estimated the size of the Australian market for the goods based on its own data and data from independent industry suppliers. BlueScope completed *Confidential Appendix A2* to the application, using the above data.

Commission analysis

The Commission is satisfied that the tariff classification identified by BlueScope is suitable for estimating the size of the Australian market for this report.

In its examination of the volume of imports of the goods into Australia, the Commission has used data extracted from the ABF import database in respect of consignments declared under the identified tariff classifications. To exclude outlying data, which may distort any findings, the Commission has then filtered the data to ensure transactions within a reasonable price range were considered.

The Commission's analysis of the size of the Australian market for the goods is provided at **Confidential Attachment 1**.

Findings

There is a minor variance between BlueScope's estimates of import volumes of the goods, from both the subject countries and non-subject countries, and the import volumes calculated by the Commission. On account of this variance, the Commission has relied on data from the ABF import database (because it enables a more granular analysis of import data) and BlueScope's sales volume in Australia to estimate the size of the Australian market for the goods.

In line with the above, the size of the Australian market is estimated by the Commission as depicted in the figure below. It should be noted that imports from both subject and non-subject countries have been included. Figure 1 compares years ending (YE) 31 March 2020.



Figure 1 – Australian market for the goods

The Commission estimates that the size of the Australian market for the goods has remained relatively steady since 2016, with a slight increase in YE March 2018 before dropping in YE March 2020.

The Commission will further examine the size of the Australian market throughout the course of the investigation.

2.7. Consultation with the Government of Vietnam

In accordance with section 269TB(2A), the Commission notified the Government of the Socialist Republic of Vietnam (GOV) of the receipt of an application in respect of their country's exporters. The GOV was provided with a non-confidential version of the application.

The GOV wrote to the Commission on 26 June 2020. The GOV raised a number of points regarding the application for the consideration of the Commission. Details are provided at section 4.3 of this report.

The Commission will continue to seek information from the GOV throughout the course of the investigation.

3. REASONABLE GROUNDS – DUMPING

3.1. Findings

Pursuant to section 269TC(1)(c), the Commission considers that there appear to be reasonable grounds to support the claims that:

- the goods have been exported to Australia from the subject countries at dumped prices;
- the estimated dumping margin for exports from each of the subject countries is greater than 2 per cent and therefore is not negligible; and
- the estimated volume of goods from each of the subject countries that appear to have been dumped is greater than 3 per cent of the total Australian import volume of goods and therefore is not negligible.

3.2. Legislative framework

Section 269TC(1) requires that the Commissioner reject an application for a dumping duty notice if, among other things, the Commissioner is not satisfied that there appear to be reasonable grounds for the publication of a dumping duty notice.

Under section 269TG, one of the matters that the Minister for Industry, Science and Technology (the Minister) must be satisfied of in order to publish a dumping duty notice is that the export price of goods that have been exported to Australia is less than the normal value of those goods, i.e. that dumping has taken place (to an extent that is not negligible). This issue is considered in the following sections.

3.3. Export price

3.3.1. Legislative framework

Export price is determined by applying the requirements in section 269TAB, taking into account whether the purchase or sale of goods was an arms length transaction under section 269TAA.

3.3.2. The Applicant's estimate

The table below summarises the approach taken by the applicant to estimate export prices and the evidence relied upon.

Country	Basis of estimate	Details
Korea, Taiwan and Vietnam	Third party commercial data.	BlueScope has used import data from third party commercial sources to determine export prices for goods classified under the tariff codes relevant to the goods under consideration.

Table 8: BlueScope's estimate of export prices from the subject countries

3.3.3. The Commission's assessment

The Commission examined the export price calculations and supporting evidence provided by BlueScope. The Commission considers that BlueScope's approach to estimating export prices is reasonable, considering the potential limitations of the information available to BlueScope.

To assess the reliability of the export price estimated by BlueScope, the Commission calculated an export price for each country using data obtained from the ABF import database. These calculations were compared to the export prices for each country in BlueScope's application. The Commission's approach was consistent with the approach taken in section 2.6.1 to filter the ABF data. As a result of this analysis, the

Commission has observed material variances between the weighted average export prices calculated by BlueScope and those calculated by the Commission.

In light of the above, the Commission considers the ABF import database to be a more reliable basis for the calculation of an export price for Korea, Taiwan and Vietnam for the purposes of this report.

BlueScope's calculation of export price and the Commission's comparison is provided at **Confidential Attachment 2**.

3.4. Normal value

3.4.1. Legislative framework

Normal value is determined by applying the requirements in section 269TAC taking into account whether:

- the purchase or sale of the goods was an arms length transaction under section 269TAA;
- the goods were sold in the ordinary course of trade under section 269TAAD;
- there has been an absence or low volume of sales of like goods in the country of export; and
- the situation in the market of the country of export is such that sales in that country are not suitable for determining normal value under section 269TAC(1).

If there has been an absence (or low volume) of sales of like goods in the country of export or the situation in the market of the country of export is such that sales in that country are not suitable for determining normal value (referred to as "a particular market situation"), normal value is calculated to take into account, either:

- section 269TAC(2)(c): the cost of production or manufacture of the goods in the country of export; plus administrative, selling and general costs associated with the sale and the profit on that sale; or
- section 269TAC(2)(d): the price paid (or payable) for like goods sold in the ordinary course of trade in 'arms length' transactions for exportation from the country of export to an appropriate third country.

3.4.2. The Applicant's estimate

The table below summarises the approach taken by the applicant to estimate normal values and the evidence relied upon.

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Country	Basis of estimate	Details
Korea and Taiwan	<p>BlueScope does not have access to domestic selling prices for the goods in Korea and Taiwan.</p> <p>On this basis, BlueScope has calculated constructed normal values using:</p> <ul style="list-style-type: none"> • a HRC cost benchmark; • estimated conversion costs; • a labour cost adjustment; • estimated selling, general and administrative (SG&A) costs; and • a profit margin. 	<p>BlueScope has estimated normal values for the goods for the YE 31 March 2020 at ex-works (EXW) terms on a constructed selling basis.</p> <p><u>Raw material costs</u></p> <p>Raw material costs have been estimated by BlueScope using HRC selling prices in Korea and Taiwan sourced from an independent steel industry subscription service.</p> <p><u>Conversion and SG&A costs</u></p> <p>Conversion and SG&A costs have been estimated based upon BlueScope's own costs to manufacture the goods as a benchmark. A downwards adjustment, based on independent third party data, has been made to account for labour cost variances, compared to the benchmark conversion and SG&A costs.</p> <p><u>Profit margin</u></p> <p>BlueScope has applied an amount of profit, based on a minimum level of profitability to be expected under normal conditions of competition.⁵</p>
Vietnam	<p>BlueScope claims that there is a particular market situation in Vietnam (see below).</p> <p>On this basis, BlueScope has calculated constructed normal values using:</p> <ul style="list-style-type: none"> • a HRC cost benchmark; • estimated conversion costs; • a labour cost adjustment; • estimated selling, general and administrative (SG&A) costs; and • a profit margin. 	<p>BlueScope has estimated normal values for the goods for the YE 31 March 2020 at ex-works (EXW) terms on a constructed selling basis.</p> <p><u>Raw material costs</u></p> <p>On the basis that Vietnam does not have a significant domestic HRC manufacturing industry, prices for imported HRC into Vietnam (sourced from an independent steel industry subscription service) have been used as a benchmark.</p> <p><u>Conversion and SG&A costs</u></p> <p>Conversion and SG&A costs have been estimated based upon BlueScope's own costs to manufacture the goods.⁶</p> <p><u>Profit margin</u></p> <p>BlueScope has applied an amount of profit, based on a minimum level of profitability to be expected under normal conditions of competition.⁷</p>

Table 9 - BlueScope estimate of normal values in the subject countries

⁵ Further details are provided in the confidential version of the application.

⁶ Further details are provided in the confidential version of the application.

⁷ Further details are provided in the confidential version of the application.

BlueScope informed the Commission that it determined normal values for each country at EXW level, while export prices were determined at the Free on Board (FOB) level. As it does not have the relevant information to be able to do so, BlueScope has made no adjustments for:

- domestic inland freight costs;
- domestic and export credit terms; and
- domestic and export packaging.

3.4.3. The Commission's assessment

The Commission must determine whether there appear to be reasonable grounds for supporting a claim that the goods have been exported at dumped prices. The Commission is therefore required to assess whether the estimated normal value provided in the application is a reasonable estimate.

For an estimated constructed normal value, as in the present application, the Commission will assess whether the costs used by BlueScope to construct the normal value reasonably reflect the costs of production in the subject countries. When making this assessment, the Commission is cognisant of the fact that applicants usually have access to limited data to enable them to estimate the costs in the country of production. The Commission considers it reasonable for applicants to use their own costs, but where it is reasonable and practicable to do so, the Commission considers that those costs should be adjusted to reflect costs in the country of production.

In certain circumstances, the Commission will have access to information which will enable it to make an assessment of the reasonableness of the information relied on by the applicant, on a comparison basis. The Commission may also have other sources of information that are directly relevant to the application, which the Commission may prefer to use in making its own assessment, particularly if that information is considered more relevant and reliable than the information relied upon by the applicant.

Particular market situation claims

BlueScope has based its claim that a particular market situation exists within Vietnam because the Government of the Socialist Republic of Vietnam (GOV) has intervened in the domestic steel industry through:

- electricity prices;
- Steel Master Plans;⁸
- Industrial Development Strategy;
- state ownership of aluminium zinc coated steel producers;
- domestic price stabilisation initiatives;
- steel industry construction project and investment control; and
- steel industry subsidisation.

⁸ The Commission notes that the GOV has stated in its public responses to two other ongoing Anti-Dumping investigations (Investigations 550 and 553) that as of 2019, the steel industry is no longer the subject of master plans developed by the GOV (refer to the EPR for those investigations). The Commission will assess each of the claims made by BlueScope in relation to whether a particular market situation exists within Vietnam during the course of the investigation.

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The Commission notes that during the consideration phase of this application, the GOV submitted claims that its Master Plans no longer extend to steel manufacturing. Whilst the Commission has taken this information into account, the Commission considers it appropriate to examine BlueScope's market situation claims during the course of the investigation, noting that it is a key question to resolve in establishing the normal value.

The Commission will seek the necessary information from exporters and from the GOV in order to independently assess BlueScope's claims.

Normal value

The Commission considers the general approach taken by BlueScope appears reasonable.

The Commission has accordingly assessed the elements of the normal value calculations. In making its assessment of whether BlueScope's estimate of normal value is reasonable, the Commission has had regard to the information contained in the application and other information the Commission considers relevant.

The Commission's assessment of normal values with respect to Korea, Taiwan and Vietnam is provided at **Confidential Attachment 3, 4 and 5** respectively. BlueScope's calculation of normal values is provided at **Confidential Attachment 6**.

Raw material costs

The Commission considers the use of the respective HRC selling prices of Korea and Taiwan sourced from an independent steel industry subscription service is a reasonable basis for estimating the domestic raw material costs of HRC for those countries. The Commission considers that the imported price of HRC into Vietnam sourced from an independent steel industry subscription service is a reasonable basis for estimating the domestic raw material costs of HRC for Vietnam.

Conversion and SG&A costs

The Commission considers BlueScope's method for estimating conversion and SG&A costs to be reasonable for the purposes of this report.

The Commission has used data provided by BlueScope in its application to make amendments to the calculation of the normal value which the Commission considers would more reasonably reflect the conversion costs for each subject country. The amendments had the effect of decreasing the normal values calculated by BlueScope.

Profit

The Commission assessed the profit margin applied by BlueScope in its construction of normal value. However, the Commission considers that data relevant to each subject country would be more reflective, instead of a minimum profit rate expected of companies.

For Korea, the Commission has estimated a rate of profit based on a weighted average of verified data of exporters from Korea from the most recently completed inquiries of aluminium zinc coated steel, Review of measures no. 456 (REV 456).

Since there is no data available with respect to Taiwanese aluminium zinc coated steel exporters, the Commission has estimated a rate of profit based on verified data from exporters from Taiwan for a similar good, galvanised steel, in the most recently completed inquiry relevant to Taiwan, Review of measures no. 457 (REV 457).

Since there is no data available with respect to Vietnamese aluminium zinc coated steel exporters, the Commission has estimated a rate of profit based on verified data from exporters from Vietnam for a similar good, galvanised steel, in the most recently completed inquiry relevant to Vietnam, Review of measures no. 370 (REV 370).

Adjustments

BlueScope has access to limited information to adjust the EXW normal value it has calculated to ensure a fair comparison with FOB export prices.

Accordingly, the Commission has had regard to information obtained from the most recently completed relevant inquiries. The Commission has used the weighted average export expenses of exporters from REV 456 for Korea, REV 457 for Taiwan, and REV 370 for Vietnam.

The Commission has made the following adjustments:

- added the cost of export packaging;
- added the cost of export inland transport;
- added the cost of export handling expenses; and
- added the cost of bank charges.

3.5. Dumping margins

3.5.1. Legislative framework

Dumping margins are determined in accordance with the requirements of section 269TACB.

Dumping margins and dumping volumes cannot be negligible, otherwise the investigation is terminated. Whether the dumping margins and dumping volumes are negligible is assessed under section 269TDA.

3.5.2. The Commission's assessment

The table below summarises the dumping margins estimated by the applicant and dumping margins calculated by the Commission using the method described in section 3.3 and 3.4 of this report.

Dumping margins are expressed as a percentage of the export price.

Country	Applicant estimate	Commission estimate
Korea	45.0%	26.8%
Taiwan	45.8%	33.1%
Vietnam	37.5%	13.9%

Table 10: Estimated dumping margins

Based on the above, the Commission is satisfied that there appears to be reasonable grounds that the dumping margins are above negligible levels for the subject countries.

The Commission’s assessment of dumping with respect to Korea, Taiwan and Vietnam is provided at **Confidential Attachment 3, 4 and 5** respectively. BlueScope’s calculation of dumping margins is provided at **Confidential Attachment 6**.

3.5.3. Volume of dumped goods

Sections 269TDA(3) and (4) provide that an investigation into dumping must be terminated if the total volume of goods exported to Australia over the relevant investigation period that may have been dumped is negligible. A negligible volume of goods is less than 3 per cent of the total Australian import volume. Using the method set out in section 2.6.1, the Commission has estimated the volumes of goods exported from each of the subject countries. Based on the Commission's assessment, the Commission is satisfied that there appears to be reasonable grounds to consider that the volume of dumped goods are above negligible levels for Korea, Taiwan and Vietnam.

4. REASONABLE GROUNDS – SUBSIDISATION

4.1. Findings

Pursuant to section 269TC(1)(c), the Commission considers that there appears to be reasonable grounds to support the claims that:

- the goods exported to Australia from Vietnam have been subsidised;
- the estimated subsidy margin for exports from Vietnam is greater than 2 per cent and therefore is not negligible⁹; and
- the estimated volume of goods, from Vietnam, that appear to have been subsidised is greater than 4 per cent of the total Australian import volume of the goods, and therefore is not negligible.

4.2. Legislative framework

Section 269TC(1) requires the Commissioner to reject an application for a countervailing duty notice, if (among other things) the Commissioner is not satisfied that there appear to be reasonable grounds for its publication. This requires, consistent with section 269TJ, satisfaction that subsidisation has taken place to an extent that is not negligible. This issue is considered in the following sections.

4.3. Consultation with the Government of Vietnam

In accordance with section 269TB(2C), the Commission invited the GOV for consultations during the pre-initiation phase. The purpose of the consultations was to provide an opportunity for the GOV to respond to the claims made within the application in relation to countervailable subsidies.

To assist in determining whether it wished to undertake consultations and what it would like to consult on, the GOV was provided with a non-confidential version of the countervailing application.

In its letter to the Commission on 26 June 2020, the GOV indicated that the application lacked sufficient evidence in relation to the claim that there is a particular market situation in Vietnam. The GOV also indicated that several subsidy programs listed in the application are outdated. In particular, the GOV submitted claims that its Master Plans no longer extend to steel manufacturing.

The information submitted by the GOV has been considered by the Commission in preparing this report.

The Commission will continue to seek information from the GOV throughout the course of the investigation.

4.4. Subsidy programs

4.4.1. Legislative framework

The determination as to whether there is a countervailable subsidy is made in accordance with section 269T(1), section 269T(2AA), section 269TACC and section 269TAAC.

⁹ Vietnam are developing countries and accordingly the threshold for determining whether countervailable subsidies are negligible is 2 per cent (section 269TDA(16) refers).

4.4.2. The applicant's claims

The table below summarises the claims by BlueScope that the goods exported to Australia have benefited from countervailable subsidies and the evidence relied upon.

Country	Summary of claims
Vietnam	<p>BlueScope relies on the findings of anti-dumping and countervailing cases conducted by the Canada Border Services Agency (CBSA) in relation to the provision of subsidies granted by the GOV, as well as Vietnam's notifications in March 2013¹⁰ and September 2015¹¹ to the World Trade Organisation (WTO) Committee on Subsidies and Countervailing Measures pursuant to Article XVI:1 of the GATT 1994 and Article 25 of the <i>WTO Agreement on Subsidies and Countervailing Measures</i>.</p> <p>The Commission has examined the claimed subsidy programs with respect to Vietnam in BlueScope's application. These programs, and the evidence relied upon by BlueScope in its application, are summarised in Non-confidential Attachment 1.</p>

Table 11: Summary of countervailable subsidies

4.4.3. The Commission's assessment

The Commission assessed the claims made by BlueScope, with respect to the provision of subsidies granted by the GOV, which exporters of aluminium zinc coated steel from Vietnam may have received.

With respect to the subsidy programs relevant to Vietnam, the existence and nature of the subsidy programs appears to be confirmed by publicly available information reported on by the GOV to the WTO in accordance with its reporting obligations under the *Agreement on Subsidies and Countervailing Measures*.

The Commission has previously assessed subsidy programs from Vietnam. In *Termination Report No. 370*, the Commission identified three countervailable programs in relation to zinc coated (galvanised) steel exported from Vietnam. The Commission found negligible (less than 2 per cent) levels of subsidisation and terminated the countervailing investigation.¹²

In its application, BlueScope has detailed a large number of subsidy programs in addition to those previously examined by the Commission, relying on the findings of the CBSA anti-dumping and countervailing cases in relation to the export of commodities (steel and copper goods) exported from Vietnam to Canada in determining the estimated magnitude of subsidy margin.¹³ The range of the subsidy

¹⁰ WTO Committee on Subsidies and Countervailing Measures (2013) *New and Full Notification Pursuant to Article XVI of the GATT 1994 and Article 25 of the Agreement on Subsidies and Countervailing Measures – Vietnam*, G/SCM/N/155/VNM

¹¹ WTO Committee on Subsidies and Countervailing Measures (2015) *New and Full Notification Pursuant to Article XVI of the GATT 1994 and Article 25 of the Agreement on Subsidies and Countervailing Measures – Vietnam*, G/SCM/N/253/VNM

¹² Refer to the [report](#) on EPR 370, an inquiry concerning the investigation of dumping and countervailing applying to zinc coated (galvanised) steel from India, Malaysia, Vietnam.

¹³ Refer to non-confidential Attachment 1 for a summary of the programs and the cases cited by BlueScope as evidence.

margins determined by CBSA for finalised inquiries in respect of exports of commodity goods from Vietnam was between 6.5 per cent and 30.6 per cent. These subsidy margins were determined under circumstances in which the exporters and the GOV provided no or insufficient information.

The Commission considers CBSA to be a reputable agency of a comparable jurisdiction which, in the absence of additional information, can provide the Commission with a guide as to the likely type and estimated magnitude of subsidy margins of exports from Vietnam. The Commission has considered the relevance of the subsidy programs assessed by the CBSA. On review of the program names of the subsidy programs assessed by the CBSA, and considering that several programs relate to more than one type of commodity, the subsidy programs assessed by the CBSA could reasonably apply to a range of commodities including aluminium zinc coated steel. The Commission also notes that most of the programs which have been identified by CBSA and which have been cited by BlueScope have been assessed recently (e.g. 2017, 2018) and as such are contemporaneous.

The Commission further notes that CBSA published a Preliminary Determination - Statement of Reasons in relation to certain corrosion resistant steel sheet exported from Vietnam¹⁴ and found that exporters from Vietnam (including exporters from Vietnam which the Commission are likely to examine in relation to the goods the subject of this application) were found to be in receipt of countervailable benefits. These preliminary margins were determined under circumstances in which exporters from Vietnam and GOV provided substantially complete responses to CBSA's Government Subsidy Request for Information.

Whilst the subsidy margins preliminarily determined by the CBSA in relation to exports of certain corrosion resistant steels from Vietnam to Canada are small, CBSA states that it intends to continue to verify and collect information from each exporter. Since CBSA has not completed its investigation, and since the countervailable subsidies were not examined in relation to specifically, aluminium zinc coated steel, the subject of this investigation, the Commission considers that there appears to be reasonable grounds for the claims by BlueScope in its application that the subsidy programs it identified could be relevant for exports of aluminium zinc coated steel from Vietnam to Australia.

Conclusion

The Commission considers that the evidence relied on by BlueScope as summarised and assessed at sections 4.4.2 and 4.4.3 establishes a reasonable basis for the alleged subsidy programs.

The Commission will further assess the existence of subsidy programs during the course of the investigation.

4.4.4. Volume of subsidised goods

Sections 269TDA(7) and (8) provide that an investigation into whether there are countervailing subsidies must be terminated if the total volume of goods exported to Australia over the relevant investigation period that may be subsidised is negligible. A negligible volume of goods is less than 4 per cent of the total Australian import volume. Using the method set out in section. 2.6.1, the Commission has estimated

¹⁴ CBSA Corrosion-Resistant Steel Sheet 2, *Certain corrosion-resistant steel sheet*, April 2020, Preliminary Determination - Statement of Reasons: <https://www.cbsa-asfc.gc.ca/sima-lmsi/i-e/cor22019/cor22019-pd-eng.html>

the volumes of goods exported from Vietnam. Based on the Commission's assessment, the Commission is satisfied that there appears to be reasonable grounds to consider that the volume of subsidised goods is above negligible levels for Vietnam.

4.5. Amount of countervailable subsidy

4.5.1. Legislative framework

Subsidy margins are determined under section 269TACD.

The amount of the countervailable subsidisation and the volume of subsidised goods cannot be negligible. Whether the countervailable subsidisation and the volume of subsidised goods are negligible is assessed under section 269TDA.

For current purposes, the Commission must assess whether there appear to be reasonable grounds for asserting that the rate of countervailable subsidisation and the volume of subsidised goods are not negligible.

4.5.2. The Commission's assessment

BlueScope has not provided an estimated amount of subsidy received overall, or subsidy margins for the programs identified in section 4.4 in relation to exports of aluminium zinc coated steel from Vietnam. However, the Commission accepts that an applicant can only provide information available to it. Evidence regarding amounts of subsidies received is not always publicly available and estimating subsidy margins can be difficult.

As discussed in section 4.4.3, the Commission has previously assessed subsidy programs relevant to exports of zinc coated (galvanised) steel from Vietnam and found negligible (less than 2 per cent) levels of subsidisation. However, there are a number of programs in BlueScope's application that have not previously been assessed by the Commission, and the programs previously examined have not been assessed contemporaneously or in respect of aluminium zinc coated steel.

The Commission notes that the CBSA has recently (in 2018) found subsidy margins which ranged from 6.5 per cent to 30.6 per cent for Vietnam, which are above the negligible threshold.¹⁵ As the Commission considers the CBSA a reputable organisation from a comparable jurisdiction, in the absence of detailed information, the findings of the CBSA provide a reasonable basis for concluding that the subsidy margins are not negligible. The Commission will further examine whether subsidies are provided to Vietnamese exporters of the goods throughout the course of the investigation.

¹⁵ The Commission notes here and in **Non-confidential Attachment 1** that the CBSA subsidy margins were determined under circumstances in which the exporters and the GOV provided no (or insufficient) information.

5. REASONABLE GROUNDS – INJURY TO THE AUSTRALIAN INDUSTRY

5.1. Findings

Pursuant to section 269TC(1)(c), having regard to the matters contained in the application, and to other information considered relevant, the Commission considers that there appear to be reasonable grounds to support the claims that the Australian industry has experienced injury in the form of:

- price depression;
- price suppression;
- loss of profits; and
- reduced profitability.

5.2. Legislative framework

Under sections 269TG and 269TJ, one of the grounds that must be satisfied before a dumping duty and/or a countervailing duty notice may be published is that the Australian industry has experienced material injury. This issue is considered in the following sections.

5.3. The Applicant's claims

BlueScope claims that the Australian industry has been injured through:

- loss of sales volume;
- reduced market share;
- price depression;
- price suppression;
- loss of profits;
- reduced profitability;
- reduced return on investment;
- reduced productivity; and
- reduced capital investment.

BlueScope claims that injury commenced in the financial year 2017/18, following an increase in import volumes from the subject countries.

5.4. Approach to injury analysis

5.4.1. Legislative framework

The matters that may be considered in determining whether the industry has suffered material injury are set out in section 269TAE.

5.4.2. The Commission's approach

This section analyses the economic condition of the Australian industry and provides an assessment as to whether there appear to be reasonable grounds to support a claim that the Australian industry has suffered material injury.

In its analysis of volume effects and market share, the Commission has used data provided by the applicant in *Confidential Appendix A2* in respect of Australian industry sales, and import data from the ABF imports database. The method for determining volumes is discussed in section 2.6.1.

The Commission's assessment of the economic condition of the Australian aluminium zinc coated steel industry (and therefore the basis for the figures set out in this section) forms **Confidential Attachment 1**.

The Commission will consider BlueScope’s claims of threat of material injury in section 6 of this report.

5.4.3. Injury analysis period

The purpose of the injury analysis period is to enable the Commission to identify and examine trends in the Australian market, which in turn assists the Commission in its examination of whether material injury has been caused by dumping. BlueScope has provided data from 1 April 2016 to 31 March 2020 for this purpose.

5.5. Volume effects

BlueScope claims that its sales volumes have been generally flat in an otherwise growing market, thereby suffering injury in the form of a loss of market share.

5.5.1. Sales volume

The figure below depicts the applicant’s total sales volumes for the last four years (up until 31 March 2020). The Commission notes that sales have increased in YE March 2019 before a small decline in YE March 2020.

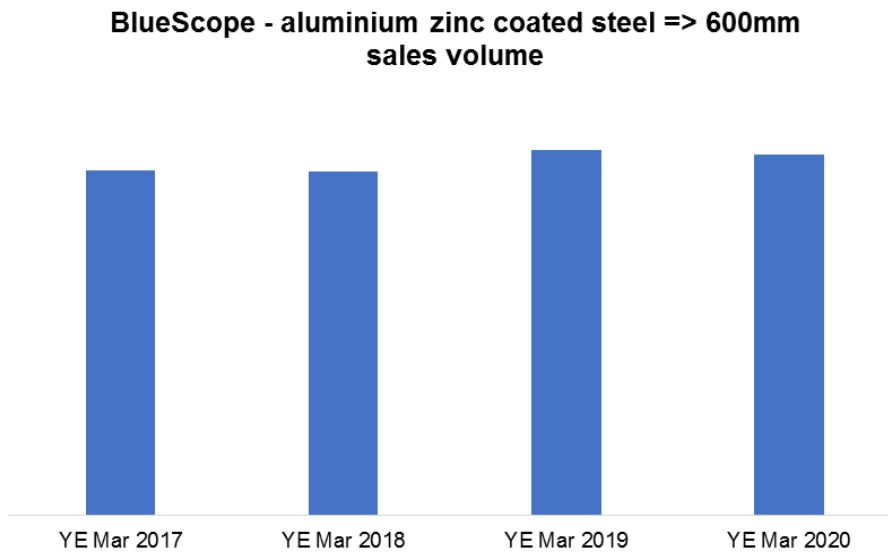


Figure 2 – Australian industry sales volume

5.5.2. Market share

BlueScope claims it suffered a reduction in its market share as a result of increased imports from the subject countries.

Figure 1 Figure 3 sets out the Commission’s assessment of the market share held by the Australian industry (made up solely by BlueScope), imports from the subject countries, and imports from all other countries since 1 April 2016.

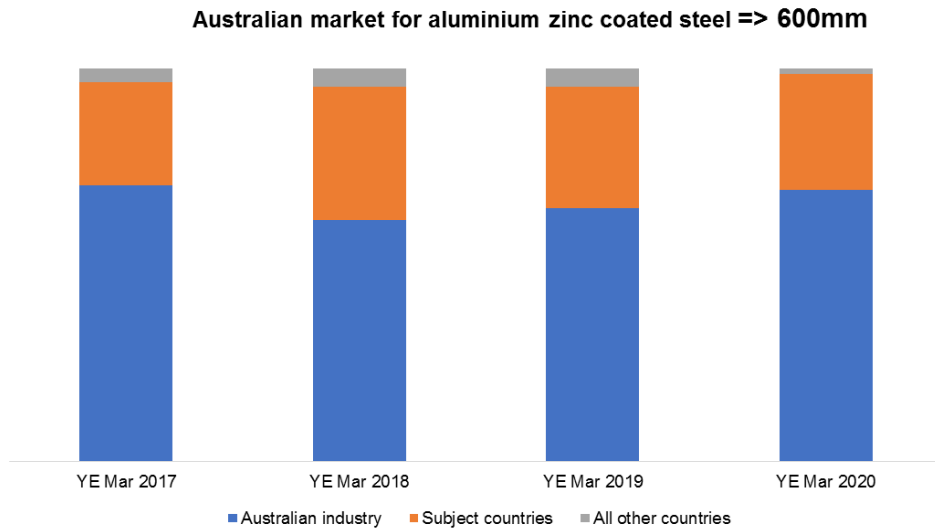


Figure 3 – Australian market share for aluminium zinc coated steel => 600 mm

The Commission notes that BlueScope’s market share dropped between YE March 2017 and YE March 2018 after which it has trended upwards. The market share in YE March 2020 matched those recorded in YE March 2017. The market share for subject countries has increased overall whilst the market share for non-subject countries has declined over the injury period.

5.5.3. Import volumes

The figure below depicts import volumes from both subject and non-subject countries.

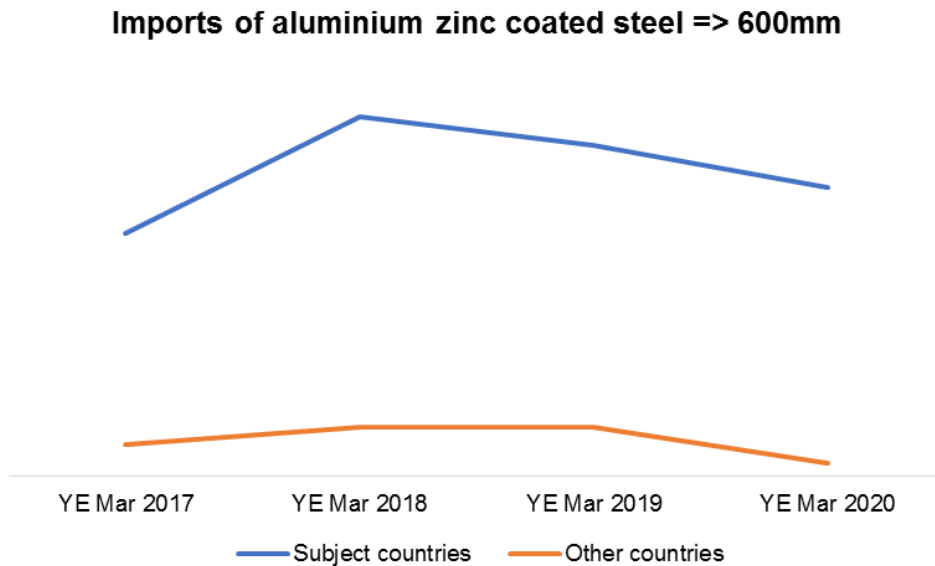


Figure 4 – Imports of the goods

Import volumes from the subject countries increased in YE March 2018 then experienced a gradual decline thereafter. Imports volumes from other countries have declined over the injury period.

5.5.4. Conclusion – volume effects

The Commission’s analysis of volume from 1 April 2016 to 31 March 2020 is somewhat consistent with the claims made by BlueScope in its application.

BlueScope’s sales volume has been flat in a market that has grown over the injury period, though its market share appears to have been largely retained over the injury period with the increase in subject countries market share appearing to be gained from non-subject countries whose market share has declined.

Based on the above and the current information available to the Commission, the Commission is not satisfied that there appear to be reasonable grounds to conclude that the Australian industry has suffered injury in the form of lost sales volume and reduced market share.

5.6. Price effects

Price depression occurs when a company, for some reason, lowers its prices. Price suppression occurs when price increases, which otherwise would have occurred, have been prevented. An indicator of price suppression may be the margin between prices and costs.

5.6.1. Price effects – analysis

BlueScope claims that it has suffered both price depression and price suppression.

Figure 5 compares the movement in weighted average unit CTMS and unit selling prices since April 2016.

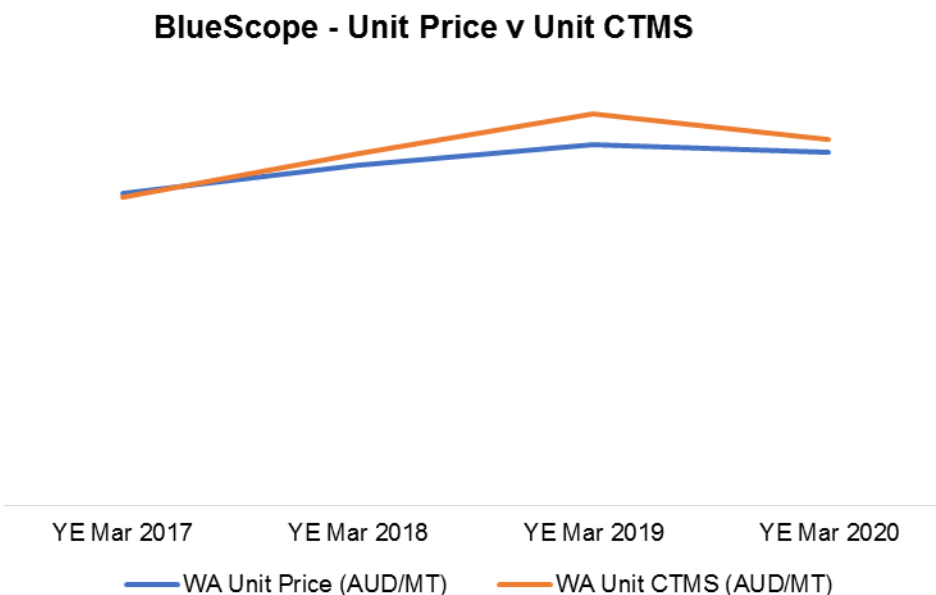


Figure 5 – Unit price and unit CTMS comparison

BlueScope’s prices have increased over the injury period however a price decrease is observed in the YE March 2020. The increase in CTMS was greater than the increase in prices between YE March 2017 and YE March 2019, which is indicative of price suppression, with a drop in both CTMS and unit price between YE March 2019 and YE March 2020. Except for YE March 2017, the unit selling price is below the unit CTMS for the goods during the injury period.

5.6.2. Conclusion – price effects

Based on the above, there appears to be evidence of price suppression and price depression in the injury period.

5.7. Profit and profitability effects

BlueScope claims it has suffered material injury in the form of lost profit and profitability.

Figure 6 shows the applicant’s total profit and unit profitability in respect of the goods since April 2016.

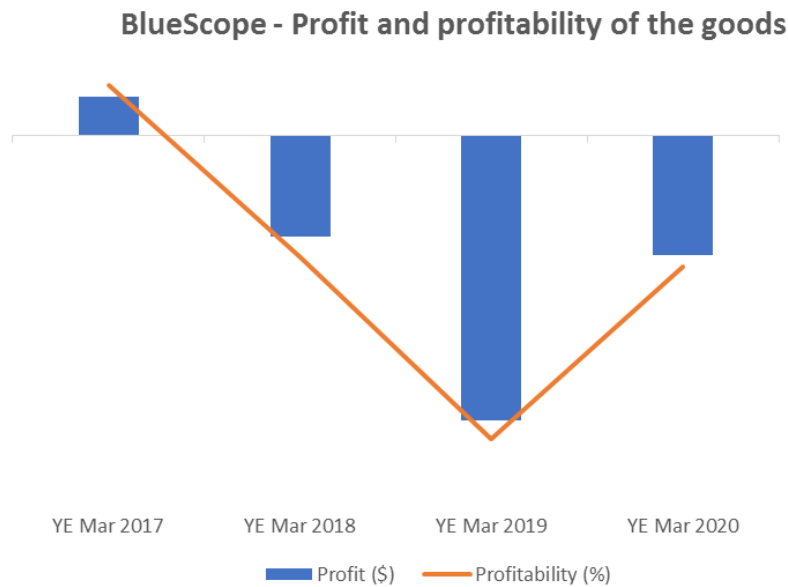


Figure 6 – Profit and profitability

Consistent with BlueScope’s application, BlueScope has been incurring losses and negative profitability in respect of the goods during the injury period except YE March 2017.

5.7.1. Conclusion – profit and profitability effects

In light of the above, there appear to be reasonable grounds to support the claim that BlueScope has suffered injury in the form of lost profits and profitability.

5.8. Other injury factors

BlueScope also claims injury in the form of reduced return on investment, reduced productivity and reduced capital investment. The Commission has examined the data provided by the applicant in respect of each of these claims (set out in the indices on page 28 of its application). However, the Commission considers that it has insufficient data to assess BlueScope’s claims at this stage. The Commission will assess these, and other areas of injury, during the course of the investigation.

6. REASONABLE GROUNDS – CAUSATION FACTORS

6.1. Findings

Having regard to the matters contained in the application, and to other information considered relevant, the Commission considers that there appear to be reasonable grounds to support the claims that the Australian industry has suffered injury caused by dumping and subsidisation, and that the injury is material.

6.2. Cause of injury to the Australian industry

6.2.1. Legislative framework

Under sections 269TG and 269TJ, one of the matters that the Minister must be satisfied of in order to publish a dumping duty and/or a countervailing duty notice is that the material injury suffered by the Australian industry was caused by dumping and/or subsidisation. This issue is considered in the followings section.

Matters that may be considered in determining whether the Australian industry has suffered material injury caused by dumped or subsidised goods are set out in section 269TAE.

6.3. The Applicant’s claims

The table below summarises the causation claims of the applicant.

Injury caused by dumping and/or subsidisation
<p><u>Volume effects</u></p> <ul style="list-style-type: none"> BlueScope states it has lost sales volumes of the goods over the four-year period from April 2016 due to lower priced imports from the subject countries. <p><u>Price effects</u></p> <ul style="list-style-type: none"> BlueScope claims that its production costs have increased since 2016, but it has been unable to increase its selling prices due to distributors purchasing dumped and subsidised imports from Vietnam and dumped imports from Korea and Taiwan at prices that undercut BlueScope’s selling prices in Australia. BlueScope claims it has had to reduce its selling prices in order to maintain sales volumes. BlueScope states that its average selling price is below its costs. BlueScope claims it has been subjected to price undercutting, price depression and price suppression as it competes with dumped imports of the goods from the subject countries. BlueScope has provided a series of examples of price undercutting and where it reduced its prices in order to compete with the goods imported from the subject countries. <p><u>Profit and profitability</u></p> <ul style="list-style-type: none"> BlueScope states that as a result of the price depression and suppression, it has suffered consistent losses for the past 3 years starting April 2017.
Injury caused by other factors
<ul style="list-style-type: none"> BlueScope claims that there has been an increase in input costs (HRC, electricity) which it has not been able to pass on to customers due to price undercutting from dumped and/or subsidised goods from the subject countries.

Table 12: BlueScope’s injury claims

6.4. The Commission's assessment

6.4.1. Cumulative effect on injury

Section 269TAE(2C) sets out the requirements for assessing the cumulative material injury effects of exports of goods to Australia from different countries, such as in the present case. Where exports are from more than one country and are simultaneously the subject of an investigation, the Minister may cumulatively assess the effects of such imports if:

- the margin of dumping established for each exporter and/or the amount of countervailable subsidy received is not negligible;
- the volume of dumped and/or subsidised imports from each country is not negligible; and
- a cumulative assessment is appropriate in light of the conditions of competition between the imported goods, and between all of the imported goods and the like domestic goods.

Margins of dumping and subsidisation

As outlined at sections 3.5.2 and 4.4.3, the dumping margins and subsidy margins for the subject countries are not negligible.

Volumes of dumping and subsidisation

As outlined at sections 3.5.3 and 4.4.4, the volumes of dumped and subsidised goods imported from the subject countries are not negligible.

Conditions of competition

The Commission has had regard to the conditions of competition between the exported goods¹⁶ and the conditions of competition between the exported goods and the domestically produced goods.¹⁷ The Commission has found, based on examples provided by BlueScope in its application of price undercutting,¹⁸ and based on findings from previous aluminium zinc coated steel cases¹⁹ that the domestically produced goods and the exported goods compete in the same market and that the goods are functionally interchangeable.²⁰

Conclusion

The Commission considers that there are reasonable grounds to conclude that:

- the dumping margin for exporters from the subject countries is not negligible;
- the overall volume of dumped imports is not negligible;

¹⁶ 269TAE(2C)(e)(i).

¹⁷ 269TAE(2C)(e)(ii).

¹⁸ Refer section 6.4.4 of this report.

¹⁹ Investigation no. 190, section 10.5 of *Anti-Dumping Commission Report No. 190* (EPR 190b).

²⁰ Refer section 2.5.3 of this report.

- the amount of the countervailable subsidy margin for exporters from Vietnam is not negligible;
- the overall volume of subsidised imports is not negligible; and
- the conditions of competition between the imported goods, and between all of the imported goods and the like domestic goods, are essentially the same.

Accordingly, for the purposes of this report the Commission considers that the requirements of section 269TAE(2C) have been satisfied and that it is appropriate to examine the cumulative effect of the exports from the subject countries to determine whether the Australian industry has experienced injury caused by dumped goods.

The analysis in the remainder of this section is therefore based on the cumulative effect of exports from the subject countries.

6.4.2. Margins of dumping and subsidisation

Under section 269TAE(1)(aa) the Minister may have regard to the size of the dumping margins worked out in respect of the goods exported to Australia. As set out in section 3.5.2, there are reasonable grounds for concluding that the goods exported from the subject countries are dumped at margins ranging between 13.9 and 33.1 per cent.

Under section 269TAE(1)(ab) the Minister may have regard to the particulars of any countervailable subsidy received in respect of the goods exported to Australia. As set out in section 4.4.3, the Commission considers that there are reasonable grounds for concluding that the amount of countervailable subsidy received in respect of the goods exported from Vietnam is greater than 2 per cent.

6.4.3. Volume effects

As noted in section 5.5, the Commission considers that BlueScope's sales volumes and market share have been relatively stable in the period from 1 April 2016 to 31 March 2020. The Commission also considers that, based on its analysis of the ABF import database, sales volumes and market share of the subject countries has reduced in the YE March 2020. As a result, the Commission's preliminary view is that there do not appear to be reasonable grounds to establish that the Australian industry has experienced volume injury as a result of dumped or subsidised goods exported from the subject countries.

6.4.4. Price effects

BlueScope states in their application that customers can purchase the goods either from the Australian Industry or from an import supply source. Based on verified information from previous anti-dumping investigations, inquiries and reviews on aluminium zinc coated steel, the Commission therefore accepts import offers and movement in the price of import offers can therefore be used to negotiate prices with the Australian industry.

BlueScope indicates in its application that the market for the goods under consideration is price sensitive, with even small changes in price influencing a customer's purchasing decision. BlueScope also claims that it is unable to increase its prices as a result of distributors purchasing dumped and subsidised imports from Vietnam and dumped imports from Korea and Taiwan at lower prices.

This view is supported by the examples of sale negotiations presented by BlueScope in its application. BlueScope states in its application that it has experienced a reduction in market participation as a result of increasing imports from the subject countries that have undercut BlueScope's selling prices. The examples provided are based on BlueScope's own experiences within the Australian market. The examples

show instances of price negotiations where it had to lower its prices as a result of competition from exporters from the subject countries, to secure sales resulting in lost sales revenue. On this basis, the Commission considers it reasonable to conclude that the Australian industry therefore responds to the price of imports in order to remain price competitive.

As discussed in section 5.6, the Commission is satisfied that BlueScope has suffered injury in the form of price depression and price suppression. This coincides with the finding made by the Commission in sections 3.5.3 and 4.4.4 that there are reasonable grounds for concluding dumped and subsidised goods from the subject countries were imported during YE March 2020.

The Commission is also satisfied that there appears to be reasonable grounds to conclude that the margins of dumping and subsidisation for imports from the subject countries provides exporters from the subject countries with a price advantage over Australian industry.

In light of the above, the Commission considers there appear to be reasonable grounds to support BlueScope's claim that the importation of dumped and subsidised goods from Vietnam and the importation of dumped goods from Korea and Taiwan has caused the Australian industry to suffer price depression and price suppression.

The Commission will undertake an undercutting analysis as part of the investigation once it has obtained sufficient information to compare export price information for the subject countries with Australian industry prices for the goods subject of this application.

6.4.5. Profit effects

BlueScope has provided examples including evidence to demonstrate it has lowered its selling price which impacted its profit level. Selling prices being lower than BlueScope's unit CTMS as shown in Figure 5, along with continual losses and negative profitability as shown in Figure 6, as coincided with BlueScope's claims of increased pricing pressure from the subject countries. The relatively constant year-on-year sales volumes over the injury period as depicted in Figure 2 supports BlueScope's claims it has reduced its prices in response to import prices in order to maintain sales volume.

The period of losses and negative profitability coincides with the dumping and subsidy allegations.

The Commission considers that there appear to be reasonable grounds to support BlueScope's claim that the dumped and/or subsidised goods have caused injury to the Australian industry in the form of reduced profit and profitability.

6.4.6. Injury caused by factors other than dumping

As set out in its application, BlueScope has acknowledged that it experienced an increase in its HRC costs and electricity costs over the period since 1 April 2016.

In accordance with section 269TAE(2A), the Commission will assess these and other potential causes of injury to the Australian industry during the course of the investigation.

6.4.7. Is the injury material?

Based on information available at this time, the Commission considers it is reasonable to find that increasing raw material costs have likely impacted the Australian industry in YE March 2020. However, these increased costs have occurred at a time when the Australian market appears to have been impacted by the alleged presence of dumped and/or subsidised goods.

On the basis that BlueScope appears to have reduced its margins to respond to import prices, and noting the size of the corresponding losses and negative profitability, the Commission considers that there appear to be reasonable grounds to conclude that any injury to the Australian industry caused by dumping and/or subsidisation is material.

6.5. Threat of material injury

BlueScope has completed section C-2 of the application form relating to threat of material injury. BlueScope cites increases in the volume of dumped and subsidised imports of the goods, excess capacity in the global steel market, the vulnerability of the steel industry from current global economic and trade factors, and specific factors relating to the subject countries, including that the subject countries' are export orientated.

As relevant, the Commission will consider information provided by BlueScope in its application and other information in relation to threat of material injury throughout the course of the investigation.

6.6. Conclusion

The Commission considers that:

- the level of the dumping and/or countervailing margins indicated in the application and in the Commission's calculations;
- the preliminary assessment of price suppression and depression; and
- the preliminary assessment of reduced profit and profitability.

support BlueScope's claim that there appear to be reasonable grounds that exports of the goods from the subject countries at dumped and/or subsidised prices have caused material injury to the Australian industry.

7. APPENDICES AND ATTACHMENTS

Attachments	Title
Confidential Attachment 1	Commission Australian market and injury analysis
Confidential Attachment 2	Commission export price analysis
Confidential Attachment 3	Commission analysis of dumping margin for Korea
Confidential Attachment 4	Commission analysis of dumping margin for Taiwan
Confidential Attachment 5	Commission analysis of dumping margin for Vietnam
Confidential Attachment 6	Applicant dumping margin calculations
Confidential Attachment 7	GOV's written submission regarding BlueScope's application
Non-confidential Attachment 1	BlueScope claims of countervailable programs from Vietnam

8. NON-CONFIDENTIAL ATTACHMENT 1

Summary of BlueScope's claims of countervailable programs relevant to Vietnam.

No	Program name	Summary of claims
27	Accelerated Depreciation of Fixed Assets	<p>BlueScope claims that these programs were the subject of CBSA investigations:</p> <ul style="list-style-type: none"> • CBSA Corrosion resistant steel (2019) which was initiated on 22 November 2019;²¹ • CBSA Cold rolled steel (2018) which found a subsidy rate of 6.5%;²² • CBSA Certain copper pipe fittings (2018) which found a subsidy rate of 30.6%;²³ and • CBSA Oil Country Tubular Goods (2015) which found a subsidy rate of 19%.²⁴ <p>All the subsidy margins were determined under circumstances in which the exporters and the GOV provided no or insufficient information.</p>
33	Exemptions/reductions of Land Rent, Tax, and Levies (consisting of five separate programs)	
22	Acquisition of State Assets at Less Than Fair Market Value	<p>BlueScope claims that these programs were the subject of CBSA investigation of Oil Country Tubular Goods (2015) which found a subsidy rate of 19%.²⁵ The subsidy margin was determined under circumstances in which the exporters and the GOV provided no or insufficient information.</p>
24	Export Support Loans at Preferential Rates	
25	Interest Rate Support Program under the State Bank of Vietnam	
26	Preferential Lending under the Viet Bank Export Loan Program	
28	Additional Income Tax Preferences for Exporters	
36	Preferential Provisions for Carry-forward of Losses	

²¹ CBSA Corrosion-Resistant Steel Sheet 2, *Certain corrosion-resistant steel sheet*, November 2019, Initiation - Statement of Reasons: <https://www.cbsa-asfc.gc.ca/sima-lmsi/i-e/cor22019/cor22019-in-eng.html>

²² CBSA Cold-Rolled Steel, *Certain cold-rolled steel in coils or cut lengths*, November 2018, Final Determination - Statement of Reasons: <https://www.cbsa-asfc.gc.ca/sima-lmsi/i-e/crs2018/crs2018-fd-eng.html>

²³ CBSA Copper Pipe Fittings 2, *Certain copper pipe fittings*, May 2018, Final Determination - Statement of Reasons: <https://www.cbsa-asfc.gc.ca/sima-lmsi/i-e/cpf22017/cpf22017-fd-eng.html>

²⁴ CBSA Oil country tubular goods (OCTG2), *Certain Oil Country Tubular Goods*, March 2018, Final Determination - Statement of Reasons: <https://www.cbsa-asfc.gc.ca/sima-lmsi/i-e/ad1404/ad1404-i14-fd-eng.html>

²⁵ Ibid.

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No	Program name	Summary of claims
40	Tax Exemptions and Reductions for Investments in Economic Zones or High-Tech Industrial Parks	
42	Excessive Duty Exemptions for Imported Raw Materials for Exported Goods	
1	Preferential Import Tariff Rates contingent upon Localisation Ratios with respect to products and Parts of Mechanical-Electric-Electronic Industries (updating Programme II of Notification of Subsidies period 2003-2004)	<p>BlueScope claims that Vietnam provided the WTO Committee on Subsidies and Countervailing Measures with a new and full notification pursuant to Article XVI.1 of the GATT and Article 25 of the Agreement on subsidies and countervailing measures. BlueScope claims that the notifications provided in March 2013 and September 2015 contained details of these programs.²⁶</p> <p>These programs were assessed by the Commission in a previous inquiry.²⁷ Program 1 and 6 were found to be countervailable subsidies with respect to some Vietnamese exporters of zinc coated (galvanised) steel.</p>
2	Support for the Implementation of Projects Manufacturing Priority Industrial Products (Updating Programme III of 2003-2004)	
3	Investment Incentives Contingent upon Export Performance For Domestic Businesses (Updating Programme IV of 2003-2004)	
4	Other Investment Incentives for Domestic Businesses (Updating Program V of Period 2003-2004)	
5	Investment Incentives Contingent upon Export Performance for Foreign Invested Enterprises (Updating Programme VI of the Period 2003-2004)	
6	Other Investment Incentives for Foreign Invested Enterprises (Updating Programme VII for Period 2003-2004)	

²⁶ WTO Committee on Subsidies and Countervailing Measures, *New and Full Notification Pursuant to Article XVI of the GATT 1994 and Article 25 of the Agreement on Subsidies and Countervailing Measures – Vietnam*: G/SCM/N/155/VNM (2013) and G/SCM/N/253/VNM (2015)

²⁷ Refer to the [Termination Report 370](#) on EPR 370, an inquiry concerning the investigation of dumping and countervailing applying to zinc coated (galvanised) steel from India, Malaysia, Vietnam.

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No	Program name	Summary of claims
7	Preferential Investment Credit for Development Contingent upon Export Criteria (Updating Programme VIII of Period 2003-2004)	
8	Preferential Development Credit for Investment Contingent Upon Localisation Ratios (Updating Programme IX of Period 2003-2004)	
9	Other Preferential Investment Credit for Development (Updating Program X of Period 2003-2004)	
11	Trade Promotion (Updating of Programme XIII of Period 2003-2004)	
12	Support for Mechanical Products (Updating Program XV of Period 2003-2004)	
13	Support for Shipbuilding Industry (Updating of Programme XV of Period 2003-2004)	
14	Assistance for Commercial Development in Mountainous, Island and Ethnic Minority Areas (Updating Programme XVI of Period 2003-2004)	
16	Incentives for Investment Projects in Science and Technology (Updating Programme XVIII of Period 2003-2004)	

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No	Program name	Summary of claims
15	Assistance to Enterprises Facing Difficulties due to Objective Reasons	<p>BlueScope claims that Vietnam provided the WTO Committee on Subsidies and Countervailing Measures with a new and full notification pursuant to Article XVI.1 of the GATT and Article 25 of the Agreement on subsidies and countervailing measures. BlueScope claims that the notifications provided in March 2013 and September 2015 contained details of this program.²⁸</p> <p>Additionally, BlueScope claims that this program was the subject of CBSA investigations:</p> <ul style="list-style-type: none"> • CBSA Corrosion resistant steel (2019) which was initiated on 22 November 2019;²⁹ • CBSA Cold rolled steel (2018) which found a subsidy rate of 6.5%;³⁰ and • CBSA Oil Country Tubular Goods (2015) which found a subsidy rate of 19%.³¹ <p>All the subsidy margins were determined under circumstances in which the exporters and the GOV provided no or insufficient information.</p> <p>This program was assessed by the Commission in a previous inquiry and found not to be countervailable with respect to Vietnamese exporters of zinc coated (galvanised) steel.³²</p>
29	Enterprise Income Tax Exemption/Reduction for Business Expansion and Intensive Investment Projects	<p>BlueScope claims that these programs were the subject of CBSA investigations regarding certain copper pipe fittings (2018) which found a subsidy rate of 30.6%.³³ The subsidy margin was</p>

²⁸ WTO Committee on Subsidies and Countervailing Measures, *New and Full Notification Pursuant to Article XVI of the GATT 1994 and Article 25 of the Agreement on Subsidies and Countervailing Measures – Vietnam: G/SCM/N/155/VNM (2013) and G/SCM/N/253/VNM (2015)*

²⁹ CBSA Corrosion-Resistant Steel Sheet 2, *Certain corrosion-resistant steel sheet*, November 2019, Initiation - Statement of Reasons: <https://www.cbsa-asfc.gc.ca/sima-lmsi/i-e/cor22019/cor22019-in-eng.html>

³⁰ CBSA Cold-Rolled Steel, *Certain cold-rolled steel in coils or cut lengths*, November 2018, Final Determination - Statement of Reasons: <https://www.cbsa-asfc.gc.ca/sima-lmsi/i-e/crs2018/crs2018-fd-eng.html>

³¹ CBSA Oil country tubular goods (OCTG2), *Certain Oil Country Tubular Goods*, March 2018, Final Determination - Statement of Reasons: <https://www.cbsa-asfc.gc.ca/sima-lmsi/i-e/ad1404/ad1404-i14-fd-eng.html>

³² Refer to the [Termination Report 370](#) on EPR 370, an inquiry concerning the investigation of dumping and countervailing applying to zinc coated (galvanised) steel from India, Malaysia, Vietnam.

³³ CBSA Copper Pipe Fittings 2, *Certain copper pipe fittings*, May 2018, Final Determination - Statement of Reasons: <https://www.cbsa-asfc.gc.ca/sima-lmsi/i-e/cpf22017/cpf22017-fd-eng.html>

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No	Program name	Summary of claims
35	Preferential Income Tax Rates for Enterprises within Economic Zones or Industrial Parks	determined under circumstances in which the exporters and the GOV provided no or insufficient information.
41	Tax Preferences for Investors Producing and/or Dealing in Export Goods	
21	Investment Support (consisting of two separate programs)	<p>BlueScope claims that these programs were the subject of CBSA investigations:</p> <ul style="list-style-type: none"> • CBSA Corrosion resistant steel (2019) which was initiated on 22 November 2019;³⁴ and • CBSA Cold rolled steel (2018) which found a subsidy rate of 6.5%.³⁵ <p>All the subsidy margins were determined under circumstances in which the exporters and the GOV provided no or insufficient information.</p>
23	Export & Import Support in the Form of Preferential Loans, Guarantees, and Factoring (consisting of five separate programs)	
30	Enterprise Income Tax Preferences, Exemptions, and Reductions (consisting of seven separate programs)	
43	Exemptions of Import Duty (consisting of seven separate programs)	
44	Refund of Import Duty	
31	Establishments Dealing with Exported Goods	<p>BlueScope claims that this program was the subject of CBSA investigations:</p> <ul style="list-style-type: none"> • CBSA Cold rolled steel (2018) which found a subsidy rate of 6.5%.³⁶ • CBSA Certain copper pipe fittings (2018) which found a subsidy rate of 30.6%.³⁷ <p>All the subsidy margins were determined under circumstances in which the exporters and the GOV provided no or insufficient information.</p>
32	Exemption of Import Tax on Equipment and Machinery Imported to Create Fixed Assets	<p>BlueScope claims that these programs were the subject of CBSA investigations:</p> <ul style="list-style-type: none"> • CBSA Certain copper pipe fittings (2018)

³⁴ CBSA Corrosion-Resistant Steel Sheet 2, *Certain corrosion-resistant steel sheet*, November 2019, Initiation - Statement of Reasons: <https://www.cbsa-asfc.gc.ca/sima-lmsi/i-e/cor22019/cor22019-in-eng.html>

³⁵ CBSA Cold-Rolled Steel, *Certain cold-rolled steel in coils or cut lengths*, November 2018, Final Determination - Statement of Reasons: <https://www.cbsa-asfc.gc.ca/sima-lmsi/i-e/crs2018/crs2018-fd-eng.html>

³⁶ Ibid.

³⁷ CBSA Copper Pipe Fittings 2, *Certain copper pipe fittings*, May 2018, Final Determination - Statement of Reasons: <https://www.cbsa-asfc.gc.ca/sima-lmsi/i-e/cpf22017/cpf22017-fd-eng.html>

³⁸ Ibid.

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No	Program name	Summary of claims
34	Land-Use Levy Exemptions/Reductions	<p>which found a subsidy rate of 30.6%;³⁸ and</p> <ul style="list-style-type: none"> • CBSA Oil Country Tubular Goods (2015) which found a subsidy rate of 19%.³⁹ <p>All the subsidy margins were determined under circumstances in which the exporters and the GOV provided no or insufficient information.</p>
37	Tax Exemptions and Reductions for Encouraged Sectors	
38	Tax Exemptions and Reductions for Foreign-Invested Enterprises	
39	Tax Exemptions and Reductions for Investment in Disadvantaged Regions	
10	Export Promotion	<p>BlueScope claims that these programs were the subject of CBSA investigations:</p> <ul style="list-style-type: none"> • CBSA Corrosion resistant steel (2019) which was initiated on 22 November 2019;⁴⁰ • CBSA Cold rolled steel (2018) which found a subsidy rate of 6.5%.⁴¹ <p>All the subsidy margins were determined under circumstances in which the exporters and the GOV provided no or insufficient information.</p> <p>Additionally, BlueScope claims that Vietnam provided the WTO Committee on Subsidies and Countervailing Measures with a new and full notification pursuant to Article XVI.1 of the GATT and Article 25 of the Agreement on subsidies and countervailing measures. BlueScope claims that the notifications provided in March 2013 and September 2015 contained details of these programs.⁴²</p> <p>This program was assessed by the Commission in a previous inquiry and found not to be countervailable with respect to Vietnamese exporters of zinc coated (galvanised) steel.⁴³</p>

³⁹ CBSA Oil country tubular goods (OCTG2), *Certain Oil Country Tubular Goods*, March 2018, Final Determination - Statement of Reasons: <https://www.cbsa-asfc.gc.ca/sima-lmsi/i-e/ad1404/ad1404-i14-fd-eng.html>

⁴⁰ CBSA Corrosion-Resistant Steel Sheet 2, *Certain corrosion-resistant steel sheet*, November 2019, Initiation - Statement of Reasons: <https://www.cbsa-asfc.gc.ca/sima-lmsi/i-e/cor22019/cor22019-in-eng.html>

⁴¹ CBSA Cold-Rolled Steel, *Certain cold-rolled steel in coils or cut lengths*, November 2018, Final Determination - Statement of Reasons: <https://www.cbsa-asfc.gc.ca/sima-lmsi/i-e/crs2018/crs2018-fd-eng.html>

⁴² WTO Committee on Subsidies and Countervailing Measures, *New and Full Notification Pursuant to Article XVI of the GATT 1994 and Article 25 of the Agreement on Subsidies and Countervailing Measures – Vietnam*: G/SCM/N/155/VNM (2013) and G/SCM/N/253/VNM (2015)

⁴³ Refer to the [Termination Report 370](#) on EPR 370, an inquiry concerning the investigation of dumping and countervailing applying to zinc coated (galvanised) steel from India, Malaysia, Vietnam.

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No	Program name	Summary of claims
20	Grants to Firms that Employ more than 50 Employees	<p>BlueScope claims that these programs were the subject of CBSA investigations:</p> <ul style="list-style-type: none"> • CBSA Cold rolled steel (2018) which found a subsidy rate of 6.5%;⁴⁴ • CBSA Certain copper pipe fittings (2018) which found a subsidy rate of 30.6%;⁴⁵ and • CBSA Oil Country Tubular Goods (2015) which found a subsidy rate of 19%.⁴⁶ <p>All the subsidy margins were determined under circumstances in which the exporters and the GOV provided no or insufficient information.</p>
19	Incentives on non-agricultural land use	<p>BlueScope claims that these programs were the subject of CBSA investigations:</p> <ul style="list-style-type: none"> • CBSA Corrosion resistant steel (2019) which was initiated on 22 November 2019;⁴⁷ • CBSA Cold rolled steel (2018) which found a subsidy rate of 6.5%;⁴⁸ and • CBSA Certain copper pipe fittings (2018) which found a subsidy rate of 30.6%.⁴⁹ <p>All the subsidy margins were determined under circumstances in which the exporters and the GOV provided no or insufficient information.</p> <p>This program was assessed by the Commission in a previous inquiry and found not to be countervailable with respect to Vietnamese exporters of zinc coated (galvanised) steel.⁵⁰</p>

⁴⁴ CBSA Cold-Rolled Steel, *Certain cold-rolled steel in coils or cut lengths*, November 2018, Final Determination - Statement of Reasons: <https://www.cbsa-asfc.gc.ca/sima-lmsi/i-e/crs2018/crs2018-fd-eng.html>

⁴⁵ CBSA Copper Pipe Fittings 2, *Certain copper pipe fittings*, May 2018, Final Determination - Statement of Reasons: <https://www.cbsa-asfc.gc.ca/sima-lmsi/i-e/cpf22017/cpf22017-fd-eng.html>

⁴⁶ CBSA Oil country tubular goods (OCTG2), *Certain Oil Country Tubular Goods*, March 2018, Final Determination - Statement of Reasons: <https://www.cbsa-asfc.gc.ca/sima-lmsi/i-e/ad1404/ad1404-i14-fd-eng.html>

⁴⁷ CBSA Corrosion-Resistant Steel Sheet 2, *Certain corrosion-resistant steel sheet*, November 2019, Initiation - Statement of Reasons: <https://www.cbsa-asfc.gc.ca/sima-lmsi/i-e/cor22019/cor22019-in-eng.html>

⁴⁸ CBSA Cold-Rolled Steel, *Certain cold-rolled steel in coils or cut lengths*, November 2018, Final Determination - Statement of Reasons: <https://www.cbsa-asfc.gc.ca/sima-lmsi/i-e/crs2018/crs2018-fd-eng.html>

⁴⁹ CBSA Copper Pipe Fittings 2, *Certain copper pipe fittings*, May 2018, Final Determination - Statement of Reasons: <https://www.cbsa-asfc.gc.ca/sima-lmsi/i-e/cpf22017/cpf22017-fd-eng.html>

PUBLIC RECORD

No	Program name	Summary of claims
17	Preferential Import Tariff Rates for enterprises investing in regions or sectors entitled to investment incentives	BlueScope did not identify these programs in its application, however the Commission identified and assessed them in a previous inquiry. ⁵¹ The Commission considers that the programs may be relevant to the goods. Program 18 was found to be countervailable with respect to zinc coated (galvanised) steel. ⁵²
18	Incentives on corporate income tax for enterprises operating in regions or sectors entitled to incentives	

⁵⁰ Refer to the [Termination Report 370](#) on EPR 370, an inquiry concerning the investigation of dumping and countervailing applying to zinc coated (galvanised) steel from India, Malaysia, Vietnam.

⁵¹ Ibid.

⁵² Ibid.