

26 November 2020

Mrs Olivia Tsang
Assistant Director, Investigations Unit 4
Anti-Dumping Commission
GPO Box 1632
Melbourne Victoria 3001

Public File

Dear Ms Tsang,

Anti-Dumping/Subsidisation Investigation No. 558 – Aluminium Zinc Coated Steel exported from Korea, Taiwan, and Vietnam

I. Introduction

BlueScope Limited (“BlueScope”) refers to the submission by POSCO concerning its product referred to as “PosMAC” that it is claimed are not goods “particularised” in the public notice published by the Commissioner under subsection 269TAC(4) of the *Customs Act 1901*.

POSCO is unreasonably imposing its view as to what it considers are goods the subject of the investigation.

POSCO also claims – incorrectly – that aluminium zinc magnesium alloy coated steel is not included in the subject goods, and that BlueScope does not manufacture aluminium zinc magnesium alloy coated steel.

II. Subject goods

BlueScope submits that the goods defined by the goods description are the “subject goods”. The goods description is:

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

BlueScope provided supporting information in its application that was to assist the Anti-Dumping Commission (“the Commission”) with its understanding of the coverage of the goods – this information referenced aluminium zinc alloy coatings including the recently developed aluminium-zinc alloy coatings with the addition of magnesium (to enhance performance). This listing of examples is non-exhaustive in nature and includes aluminium zinc magnesium alloy. It should be noted that references to brand names, standards, etc are not intended to be binding, nor is it a fully inclusive listing.

In BlueScope’s view a key consideration is what constitutes an “alloy” as included within the goods description. BlueScope defines an alloy (in metallurgical terms) as “a metallic material consisting of a mixture of two or more metals or of metallic elements with non-metallic elements.” It has been, therefore, BlueScope’s clear intention, and expectation, that all variants of aluminium zinc alloy coated steel are classified as the subject goods to the inquiry.

By definition, the word ‘alloy’ includes all coating alloy combinations of two or more metallic elements or metallic elements combined with non-metallic elements. This captures all steel coated with an aluminium zinc and magnesium alloy coating, as well as aluminium zinc alloy coated steel products.

Dictionary definitions of “alloy” are unequivocal in their support of BlueScope’s above position. These include the following:

(i) Encyclopedia Britannica¹

Alloy, metallic substance composed of two or more elements, as either a compound or a solution. The components of alloys are ordinarily themselves metals, though carbon, a non-metal, is an essential constituent of steel.

(ii) Oxford English Dictionary²

A metal made by combining two or more metallic elements, especially to give greater strength or resistance to corrosion.

(iii) Platts³

An alloy is a “material comprising two or more elements, at least one of them a metal”. Alloys achieve better specific characteristics than their constituent parts, and steel is itself an alloy of iron.

Definitions from the *British Dictionary*, *Cambridge Dictionary*, *Collins Dictionary* and *Merriam-Webster Dictionary* all have similar explanations/characterisations of the word “alloy”.

It is worth noting that aluminium-zinc alloy coatings that do not contain magnesium are alloys that contain three metals or elements.

The aluminium-zinc alloy coatings that do contain magnesium are alloys that contain either three or four metals or elements.

BlueScope recalls that in 2011, Standards Australia conducted a review of AS1397 to take account of this new generation of aluminium zinc alloy coatings, with magnesium additions being developed by steel manufacturers in Australia and around the world.

BlueScope has identified a range of products that are manufactured and marketed by steel producers that fall within the family of “aluminium zinc alloy coated steels”. This listing is included at Non-Confidential Attachment 1.

It is therefore correct to conclude that the reference to alloys included in the goods description for Investigation 558 includes all steel coatings that contain any combination of aluminium zinc and magnesium.

POSCO states that “*PosMAC as a zinc-magnesium-aluminium alloy coated steel product is not within the goods the subject of the Section 269TC(4) notice*”. It further states that the notice refers only to “*aluminium-zinc alloy coated steel*” and contends that the commercial applications for its PosMAC product are different to galvanised and aluminium-zinc coated steel products. This assertion is incorrect and is inconsistent with the definitions provided of what constitutes an “alloy”.

¹ See <https://www.britannica.com/technology/alloy>

² See <https://www.lexico.com/definition/alloy>

³ See <https://www.steelbb.com/steeltglossary/>

III. BlueScope's locally produced goods

Contrary to POSCO's claims, BlueScope does manufacture aluminium zinc magnesium alloy coated steel. It is, in fact, the only variant of aluminium zinc alloy coated steel that has been manufactured and sold in Australia by BlueScope since late 2013⁴.

In 2013 BlueScope converted all of its manufacturing lines that produced the original ZINCALUME® aluminium zinc alloy coated steel product (55% aluminium, 1.5% silicon and remainder zinc) to the Next Generation ZINCALUME® with Activate® technology product that introduced magnesium into the aluminium zinc alloy coating (being 55% Aluminium, 1.5% silicon, 2%-4% magnesium, with the remainder zinc).

IV. Applicable International Standards

The alleged facts presented by POSCO about its product PosMAC conforming with certain International Standards are also incorrect.

BlueScope's examination of the latest applicable Japanese Standard JIS G3323-2019 ("JIS G3323") confirms that PosMAC does not meet the specific requirements of this standard. JIS G3323 specifies that the coating must contain 5.0% to 13.0% aluminium. This is the same requirement imposed in AS1397 for type ZM coatings. As POSCO's aluminium zinc magnesium coated steel includes only 2.5% aluminium in its coating composition, it does not comply with this particular standard (refer Non-Confidential Attachment 2).

Whilst PosMAC does not meet the requirements of AS1397 or JIS G3323, the issue to be considered is whether the local industry manufactures a like good to the imported good, including whether the goods are sold into the same end-use applications (see below at VI).

V. Tariff classification

All steel companies that manufacture zinc aluminium alloy coated steels also manufacture zinc coated steels (commonly referred to as galvanised iron or 'GI').

Every manufacturer of zinc coated steel is aware, and international zinc coated steel standards (Australian, Japanese and American) confirm, that the galvanised iron or GI coating is to contain not less than 99% zinc and not greater than 1% of alloying elements in the coating. The aluminium content within the alloying elements is noted to be 0.2% in the Australian standard and usually within the range of 0.05% to 0.25% in the American standard. The Japanese standard is silent on the specific amount of aluminium allowed within the total coating composition, except to stipulate that "elements other than zinc" have a 1.0% maximum total (refer Non-Confidential Attachment 3)⁵.

Heading 7210 of the Harmonised Tariff defines the importation of certain steel products, including:

- *flat rolled products of iron or non-alloy steel, of a width of 600mm or more, clad, plated or coated.*

The subsequent breakdown of the categories that fall within Heading 7210 include tin, zinc, aluminium or other. Only products with a coating of zinc as described above are to be classified under the tariff code 7210.4.

Tariff code 7210.4 is for goods:

- *otherwise plated or coated with zinc.*

⁴ See <http://www.steel.com.au/products/coated-steel/zincalume-steel>

⁵ Refer p.5 of Non-Confidential Attachment 3, and other pertinent highlights.

The intentional addition of aluminium to the zinc coating that is greater than the above noted alloying element additions – such as 2.5%, 5%-13% or 55% (whether or not magnesium is included in the coating) means that such a product must be classified to tariff code 7210.6.

Tariff code 7210.6 is for goods:

- *plated or coated with aluminium zinc alloys.*

POSCO has detailed in its PosMAC literature⁶ and submissions⁷ to the ADC that the PosMAC product is not a “like product” and has different performance characteristics to a zinc coated (GI) product (to which BlueScope agrees). It is of concern to BlueScope that POSCO readily imports PosMAC and declares this very same product as a zinc coated product under tariff classification code 7210.4 (contrary to detail in its publications and to general industry practice). Industry practice is that exporters/importers of aluminium zinc alloy coated steel – in all variants – correctly classify such products under tariff classification code 7210.6.

VI. Interchangeability

As previously stated by BlueScope, PosMAC is also a similar and competing product to a number of other steelmakers products, such as Arcelor Mittal’s Magnelis®, Tata Corus’s Magi Zinc®, Nippon Steel’s ‘SuperDyma® and Nishan’s ZAM®’ product; all of which have a coating comprised of aluminium, zinc and magnesium. Each of these manufacturers have developed and patented their own particular variant of an aluminium zinc and magnesium alloy coated steel product, with the key distinction being the varying amounts of aluminium and magnesium elements contained within the coatings.

ZINCALUME® steel is BlueScope’s Australian made variant of an aluminium zinc alloy coated steel product that also has a coating composition of aluminium, zinc and magnesium. Contrary to POSCO’s assertions, BlueScope only manufactures an aluminium zinc magnesium coated steel.

BlueScope reiterates its earlier representations that the Commission is required to examine whether the Australian industry manufactures “like goods” to the imported goods. In examining whether the locally produced goods are alike to the imported goods, the Commission has regard to the essential characteristics of the locally produced and imported goods. The Commission (in Consideration Report No. 558 at Section 2.5.3) examined the essential characteristics of whether the goods are *alike*, including:

- *physical likeness* – the locally produced and the imported goods appear to be manufactured in a similar range of steel grades, coating types, lengths, widths and thicknesses (i.e. the same physical characteristics);
- *commercial likeness* – the locally produced goods and the imported goods have a commercial likeness (both PosMAC and ZINCALUME® steel are supplied in similar structural steel grades and in a similar range of coating masses);
- *functional likeness* – the locally produced and imported goods can be used interchangeably in similar end-uses and can compete for sales to the same customers – there exists a commercial likeness; and
- *production likeness* – the production process and the raw material inputs are substantially identical for the locally produced and imported goods. Both goods are manufactured using similar processes (i.e. the hot dip coating process).

BlueScope again concurs with the Commission’s assessment concerning the key requirements of physical, commercial, functional and production likeness. It is reasonable to conclude that the locally produced goods

⁶ PosMAC® 3.0 brochure 2018 – pages 4, 7-15 and 37

⁷ Electronic Public Record Folio No.’s 14 and 24.

are alike in all respects to the imported goods. The goods can be used interchangeably in the same end-use applications and compete across the same customer base.

VII. Conclusion

BlueScope has demonstrated that it is a manufacturer of aluminium zinc magnesium alloy coated steel. It is recognised that an alloy is a material that includes two or more metals, of which one in the current circumstances is magnesium. It is therefore irrefutable that the PosMAC aluminium zinc magnesium alloy coated steel is a good that falls within the goods description of Investigation 558.

BlueScope welcomes the opportunity to discuss the matters raised in this submission with the Commission as required. If you have any questions, please do not hesitate to contact me on [REDACTED] [REDACTED].

Yours faithfully,

[REDACTED] [REDACTED]