

27 May 2021

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

Email: Investigations4@adcommission.gov.au

Public File

Dear Ms Tsang,

Anti-Dumping/Subsidisation Investigation No. 558 – Aluminium zinc coated steel exported from Korea, Taiwan and Vietnam – Whether Dumping and/or Subsidisation will continue

I. Introduction

BlueScope Limited (“BlueScope”) is the manufacturer of the subject goods Aluminium Zinc Coated steel in Australia. BlueScope was the applicant company that requested the Anti-Dumping and Subsidisation investigation applicable to Aluminium Zinc Coated steel exported from the Republic of Korea (“Korea”), Taiwan, and the Socialist Republic of Vietnam (“Vietnam”) – refer ADN 2020/067.

In advance of the Anti-Dumping Commission’s (“the Commission”) Statement of Essential Facts (“SEF”), BlueScope makes the following comments and representations as to whether dumping and/or subsidisation will continue, and provides further evidence in support of the Vietnamese Particular Market Situation (“PMS”) claim.

II. Whether dumping will continue

In order to publish a notice under sections 269TG(2) and/or 269TJ(2)¹ the Minister² must be satisfied that, among other things, dumping and subsidisation may continue. In assessing whether dumping or subsidisation may continue, the Commission considers the term ‘may’ to mean ‘possible’. The Commission also considers prior evidence of dumping and/or subsidisation to be a relevant consideration.

BlueScope asserts that dumping has and will continue in the periods following the current investigation period (“POI”). To evidence this, BlueScope has had regard to the following:

1. Movements in dumping margins;
2. Export volumes and prices following the POI; and
3. Domestic prices in the subject markets.

1. *Movements in dumping margins*

In Consideration Report 558 (“CON 558”)³ the Commission concluded that BlueScope’s determination of constructed normal values for Korea, Taiwan, and Vietnam were reasonable⁴ on the basis that:

- For Korea and Taiwan, BlueScope did not have access to domestic selling prices for the goods; and

¹ References in this submission to legislative provisions are those of the *Customs Act 1901*, unless otherwise stated.

² Minister for Industry, Science and Technology.

³ EPR 558/002.

⁴ CON 558, p. 16.

- For Vietnam, a PMS existed, and therefore domestic selling prices could not be relied upon in determining prima facie dumping margins.

In CON 558, the Commission's own normal value determinations were structured as follows:

Normal Value Component	Basis of Estimate	Comments
Raw material costs	For Korea and Taiwan, Hot Rolled Coil ("HRC") selling prices from an independent steel industry subscription service. ⁵ For Vietnam, imported HRC prices sourced from an independent steel industry subscription service. ⁶	No further details were provided in CON 558 as to the source of the industry subscription service.
Conversion Costs /SG&A	Data provided by BlueScope in its application, with amendments to reasonably reflect the conversion costs for each subject country. ⁷	The Commission considered BlueScope's method for estimating conversion and SG&A costs reasonable. ⁸ CON 558 did not further comment on the specifics of the amendments made.
Profit	For Korea, a rate of profit based on verified Korean exporter data in subject goods Review of measures inquiry No. 456. ⁹ For Taiwan, a rate of profit based on verified Taiwanese exporter data in galvanised steel Review of measures inquiry No. 457. ¹⁰ For Vietnam, in the absence of verified exporter data for the subject goods, a rate of profit based on galvanised steel investigation No. 370. ¹¹	The investigation period for Review's 456/457 covered the 12 months ending September 2017. The investigation period for inquiry No. 370 covered the 12 months ending June 2016. BlueScope asserts that the profit rate applied in its application is a more contemporary approximation, given the lapse in time between the current investigation period, and those noted above for Review's 456/457, and Investigation 370.
Adjustments	Normal value adjustments made for packaging, inland transport, handing expenses, and bank charges. ¹²	As a conservative approach, BlueScope did not make any normal value adjustments in its prima facie assessments.

Applying this methodology, and utilising Australian Border Force import data as the basis for export prices, the Commission estimated dumping margins as follows:

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

⁵ CON 558, p. 16.

⁶ Ibid.

⁷ Ibid.

⁸ Ibid.

⁹ Ibid.

¹⁰ Ibid.

¹¹ Ibid.

¹² Ibid, p. 17.

In continuing to utilise the prima facie methodology accepted by the Commission,¹³ BlueScope has determined dumping margins for the subject countries for the year following the POI (i.e. for the 12 months ending March 2021).¹⁴ These margins are depicted as follows:



Confidential Chart 1 – Subject Country Monthly Dumping Margins; 2020/21.

BlueScope asserts that Korea, Taiwan, and Vietnam have continued to dump the subject goods post the investigation period for inquiry No. 558. Further, these margins are on an upward trajectory. The period-of-time that will have elapsed between the investigation period and the publication of the SEF¹⁵ will have afforded the Commission an opportunity to fully assess the post-POI margins and affirm the above trend. BlueScope welcomes a finding in the SEF in this regard.

2. Export Volumes & Prices following the POI

In consideration of BlueScope's estimate of the Australian market size for goods during the POI, the Commission found in CON 558 that:

“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...and BlueScope's sales volume in Australia to estimate the size of the Australian market for the goods.”¹⁶

BlueScope has assessed the Australian market size for the goods for the 12 months ending March 2021¹⁷ and, subject to similar potential minor variances to the Commission's approach (as was the case during the POI), submits that the estimates are accurate and reflect an accelerating upward trend in cumulative subject goods exports to Australia from the named countries:

¹³ Accommodating for the variance between the Commission's estimates and BlueScope's in CON 558 and applying this variance to the forward period.

¹⁴ Refer Confidential Attachment 1 – 2020/21 AlZn AD Margin Summary – Wide.

¹⁵ Currently scheduled for publication no later than 3 September 2021.

¹⁶ CON 558, p. 10.

¹⁷ Refer Confidential Attachment 2 – Appendix A2 2020/21 AlZn – Wide.

Subject Country	POI Volumes (tonnes)	Post-POI Volumes (tonnes)	Volume Mvt. (tonnes)	% Mvt.
Korea	[XXX]	[XXX]	[XXX]	[XX]%
Taiwan	[XXX]	[XXX]	[XXX]	[XX]%
Vietnam	[XXX]	[XXX]	[XXX]	[XX]%
Total	[XXX]	[XXX]	[XXX]	[XX]%

BlueScope's updated Confidential Appendix A2 depicts the following price differentials for the subject countries pre and post the POI:¹⁸

Subject Country	POI Price (AU\$/tonne)	Post-POI Price (AU\$/tonne)	Price Mvt. (AU\$/tonne)	% Mvt.
Korea	\$(XXX)	\$(XXX)	\$(XXX)	[XX]%
Taiwan	\$(XXX)	\$(XXX)	\$(XXX)	[XX]%
Vietnam	\$(XXX)	\$(XXX)	\$(XXX)	[XX]%
Total (weighted)	\$(XXX)	\$(XXX)	\$(XXX)	[XX]%

Both tables confirm that subject goods export volumes to Australia have increased, and export prices have decreased, in the period following the POI. BlueScope contends that continuation of dumping post the POI was not only possible at the time of initiation of inquiry No. 558, but that it has now transpired on an actual and quantifiable basis.

3. Domestic prices in the subject markets

As noted above, BlueScope constructed normal values for Korea and Taiwan on the basis that it did not have access to home-market selling prices for the goods. In relation to Vietnam, BlueScope has alleged that a PMS exists, such that sales of the goods in that market are not suitable for determining a price under section 269TAC(1).

Confidential Attachment 1 details the post-POI dumping margins for the subject countries. The HRC feed cost component of the constructed normal values has increased over this period, resulting in an increase in prima facie home market prices during the 12 months ending March 2021. BlueScope therefore submits that dumping has continued post the POI due to these continued high normal values.

III. Particular Market Situation – Vietnam

BlueScope's Vietnamese PMS claim can be further supported by benchmarking the cost of feed-HRC in Vietnam, as compared to other Asian markets.

In its industry questionnaire response,¹⁹ BlueScope noted that whilst it was unable to source domestic selling price information for the subject goods, BlueScope had canvassed industry publications in order to validate pricing differentials (either for aluminium zinc coated steel, or the HRC/cold-rolled substrate feed thereof) between Vietnam and other markets, to evidence the PMS.²⁰ BlueScope had quantified quarterly in-country pricing for [REDACTED] HRC as offered into the Vietnamese market by [REDACTED].²¹

The table provided in the questionnaire response compared these prices to domestic HRC prices in China, Korea, Japan, and Taiwan over the POI. The trend depicted the Vietnamese [REDACTED] price as being [XX]% lower than the combined South Korean, Taiwanese and Japanese prices.²²

¹⁸ Refer Confidential Attachment 2 – Appendix A2 2020/21 AlZn – Wide.

¹⁹ EPR 558/007.

²⁰ Ibid.

²¹ Ibid.

²² Ibid.

A similar comparison to further validate this can be made between the Vietnamese HRC import price from [REDACTED]²³ vis-à-vis the same Chinese, Korean, and Taiwanese prices noted above:²⁴



Confidential Chart 2 – Asian HRC Price Comparisons²⁵

What is clearly evident is that the Vietnamese PMS has the effect of facilitating lower input substrate HRC feed costs for the manufacture of the subject goods (either from [REDACTED], or from imports). In the absence of a market situation, this feed cost would otherwise be higher. BlueScope submits that this extends to the selling prices of Aluminium Zinc Coated steel in the Vietnamese market also being lower.

IV. Conclusion

BlueScope has shown above that:

1. It was highly probable, at initiation of inquiry No. 558, that the dumping of Aluminium Zinc Coated steel onto the Australian market by exporters from the subject countries would continue; and that
2. Given the passage of time since initiation, this continued dumping can now be evidenced and quantified on an actual basis.

BlueScope has also provided further support for the existence of a Vietnamese PMS for the subject goods.

BlueScope would welcome a finding in the forthcoming SEF that positively affirms the above. BlueScope would also welcome the imposition of preliminary securities at the earliest possible time. Absent these, the Australian industry will continue to suffer material injury from the dumped and subsidised goods.

²³ Refer [REDACTED]. The use of a Vietnamese HRC import price is also consistent with the Commission's initial CON 558 normal value and dumping margin methodology for Vietnam (refer above footnote 6).

²⁴ Over the POI, and for the 12-month post-POI period ending March 2021.

²⁵ Refer Confidential Attachment 3: Asian HRC Price Comparisons.

If you have any questions concerning this submission, please do not hesitate to contact me on [REDACTED] [REDACTED].

Kind regards,

[REDACTED] [REDACTED]