

12 July 2021

Mr Phillip Sheath
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Anti-Dumping Commission
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Public File

Dear Mr Sheath,

Anti-Dumping/Subsidisation Investigations 558 & 559 – Aluminium zinc coated steel exported from China, Korea, Taiwan and Vietnam – Vietnam Particular Market Situation

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 investigations applicable to Aluminium Zinc Coated steel exported from the People’s Republic of China (“China”), the Republic of Korea (“Korea”), Taiwan, and the Socialist Republic of Vietnam (“Vietnam”) – refer ADN No.’s 2020/067 and 2020/068.

BlueScope submits that domestic selling prices for Aluminium Zinc Coated steel sold in the Vietnamese market are artificiality low, that a Particular Market Situation (“PMS”) exists, and hence conditions exist to render sales of the subject goods not suitable for use in determining normal values under subsection 269TAC(1).

BlueScope relies upon the PMS claims made in its application, its additional July 2020 public file submission, and the following further comments.

II. Vietnam PMS

In its July 2020 public file submission,¹ BlueScope noted that the Government of Vietnam’s (“GOV”) programs will significantly affect the Vietnamese steel industry, including subject goods producers, for years to come. The propensity of the GOV to continue to direct and control the Vietnamese steel industry can be clearly evidenced. As recently as May 2021, the GOV requested domestic steel makers implement several steps to control rising steel prices:²

“Deputy Prime Minister Le Minh Khai has asked the Ministry of Industry and Trade to push for increased domestic steel production towards stabilizing prices. Steel production in Q1 reached 7.6 million tonnes, a year-on-year increase of 34 percent, according to the Vietnam Steel Association (VSA).

He also said the export of steel should be lowered to ensure that local demand is met. Steel exports in Q1 rose 59.5 percent year-on-year to 1.6 million tonnes, according to the VSA.”³

¹ EPR Folio No. 005 for inquiry #558. EPR Folio No. 006 for inquiry #559.

² Non-Confidential Attachment 1: *Vietnam Seeks to Stabilise Steel Prices*. VN Express International, May 11, 2021.

³ Ibid.

The directive of the GOV to increase domestic steel production and to limit the export of steel products that are in high demand in Vietnam to keep prices steady clearly indicates ongoing governmental intervention in the Vietnamese iron and steel industry.

In further advancing this, the Ministry of Industry and Trade (“MoIT”) has recommended that the GOV issues policies limiting exports, encouraging steelmakers to expand production, and attract new enterprises to the steel industry:⁴

*“On May 11 the MoIT issued document **No.2612/BCT-CN** to the VSA and large steel manufacturers, proposing a range of solutions that include restricting the export of domestic steel products and other in-demand products.”⁵ (**emphasis added**).*

The detailed content of document No. 2612/BCT-CN requires that the VSA review and consider issues relating to input materials, to reduce production costs, to take measures to increase capacity to meet maximum demand, and to restrict the export of in-demand steel products.⁶

Other steps recently taken/proposed by the GOV include:

- promulgating export control policies for domestic steels that are in demand (formalising the above);⁷
- regularly monitoring and closely following developments in the Vietnamese construction sector, and “...adjust the announcement of construction material prices and construction prices indexes to suit the market price level...”;⁸ and
- proposing solutions to overcome and remove difficulties in managing construction investment costs, and implementing construction contracts in the form of fixed price arrangements.⁹

BlueScope understands that the above was driven by an overarching MoIT agenda:

“In order to gradually adjust steel supply, stabilise steel prices, [and] avoid speculation and price pressure to profit from steel products, in early February 2021, the Ministry of Industry and Trade coordinated with other ministries, 724/BCT-CN dated February 5, 2021 to report to the government and propose to direct relevant agencies a number of solutions to stabilize domestic steel supply-demand and price in the year 2021.”^{10 11}

Overall, the MoIT aims to:

“...strengthen market management to prevent and promptly handle the phenomena of speculation to increase steel prices, manipulate steel prices in the market, and trade frauds, causing loss of State budget revenue and affecting the economy [and] consumers; Promulgating export control policies for domestic steels in demand. At the same time, removing difficulties for steel production investment projects to be put into operation soon.”¹² [sic].

The GOV clearly has a long-term development agenda for the Vietnamese steel industry. Specifically when and by what legislative instruments this agenda is pursued is a far less relevant consideration for the Commission than the actual existence of ongoing governmental intervention in the Vietnamese iron and steel industry, mandated in law or by other means directed.

⁴ Non-Confidential Attachment 2: *No cartel pushing up steel prices: ministry*. VN Express International, May 6, 2021.

⁵ Non-Confidential Attachment 3: *Steel price ripple effect felt across domestic businesses*. Vietnam Investment Review, May 19, 2021.

⁶ Non-Confidential Attachment 4: *The Price Spiked; the Ministry of Industry and Trade Propose to Limit Steel Exports*. NDH Vietnam. May 2021.

⁷ Ibid.

⁸ Ibid.

⁹ Ibid.

¹⁰ Non-Confidential Attachment 5: *The Ministry of Industry and Trade explains that the price of steel products continuously increases “gallopingly”*. VietnamPlus. May 2012.

¹¹ BlueScope was unable to obtain copies of document No.’s 2612/BCT-CN or 724BCT/CN. BlueScope requests that the Commission seek these documents from the GOV.

¹² Ibid, footnote 58.

It is readily apparent that the GOV interferes with, and influences, the daily operation and price-setting of steel in the Vietnamese market. On this basis, the Commission should determine that a PMS exists for the goods in Vietnam during the investigation period, and include a Hot Rolled Coil/Cold Rolled Coil benchmark in constructed normal values for cooperative and uncooperative exporters in accordance with subsection 269TAC(2)(c) and the *Customs (International Obligations) Regulation 2015*.

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

Kind regards,

[REDACTED]

Manager – Trade Measures