ANTI-DUMPING COMMISSION REPORT

NO 558

ALLEGED DUMPING OF ALUMINIUM ZINC COATED STEEL OF A WIDTH EQUAL TO OR GREATER THAN 600 MILLIMETRES EXPORTED FROM THE REPUBLIC OF KOREA, TAIWAN AND THE SOCIALIST REPUBLIC OF VIETNAM

AND

ALLEGED SUBSIDISATION OF ALUMINIUM ZINC COATED STEEL OF A WIDTH EQUAL TO OR GREATER THAN 600 MILLIMETRES EXPORTED FROM THE SOCIALIST REPUBLIC OF VIETNAM

15 November 2021
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ABBREVIATIONS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>$</td>
<td>Australian dollars</td>
</tr>
<tr>
<td>ABF</td>
<td>Australian Border Force</td>
</tr>
<tr>
<td>ADN</td>
<td>Anti-Dumping Notice</td>
</tr>
<tr>
<td>AFP</td>
<td>anti-finger print</td>
</tr>
<tr>
<td>aluminium zinc coated steel (≥ 600 mm)</td>
<td>aluminium zinc coated steel of a width equal to or greater than 600 mm</td>
</tr>
<tr>
<td>AM</td>
<td>aluminium magnesium (coating type)</td>
</tr>
<tr>
<td>AS</td>
<td>Australian Standard</td>
</tr>
<tr>
<td>ASA</td>
<td>Australian Steel Association</td>
</tr>
<tr>
<td>AUD</td>
<td>Australian dollar</td>
</tr>
<tr>
<td>AZ</td>
<td>aluminium zinc (coating type)</td>
</tr>
<tr>
<td>BlueScope</td>
<td>BlueScope Steel Limited</td>
</tr>
<tr>
<td>BMT</td>
<td>base metal thickness</td>
</tr>
<tr>
<td>CA Steel</td>
<td>CA Steel Products Pty Ltd</td>
</tr>
<tr>
<td>CBSA</td>
<td>Canada Border Services Agency</td>
</tr>
<tr>
<td>China</td>
<td>People’s Republic of China</td>
</tr>
<tr>
<td>CON 558</td>
<td>Consideration Report No 558</td>
</tr>
<tr>
<td>CRC</td>
<td>cold rolled coil</td>
</tr>
<tr>
<td>CTM</td>
<td>cost to make</td>
</tr>
<tr>
<td>CTMS</td>
<td>cost to make and sell</td>
</tr>
<tr>
<td>DITH</td>
<td>DITH Australia Pty Ltd</td>
</tr>
<tr>
<td>Dongkuk</td>
<td>Dongkuk Steel Mill Co., Ltd</td>
</tr>
<tr>
<td>FOB</td>
<td>Free On Board</td>
</tr>
<tr>
<td>FIS</td>
<td>Free Into Store</td>
</tr>
<tr>
<td>FY</td>
<td>financial year</td>
</tr>
<tr>
<td>GI</td>
<td>galvanised steel</td>
</tr>
<tr>
<td>GL</td>
<td>aluminium zinc alloy coated steel</td>
</tr>
<tr>
<td>GOV</td>
<td>Government of Vietnam</td>
</tr>
<tr>
<td>GS Global</td>
<td>GS Global Australia</td>
</tr>
<tr>
<td>Hoa Phat</td>
<td>Hoa Phat Steel Sheet Co. Ltd</td>
</tr>
<tr>
<td>HRC</td>
<td>hot rolled coil</td>
</tr>
<tr>
<td>HSG</td>
<td>Hoa Sen Group Joint Stock Company</td>
</tr>
<tr>
<td>IDD</td>
<td>interim dumping duty</td>
</tr>
<tr>
<td>KG Dongbu</td>
<td>KG Dongbu Steel Co., Ltd</td>
</tr>
<tr>
<td>Material Injury Direction</td>
<td>Ministerial Direction on Material Injury 2012</td>
</tr>
<tr>
<td>MCC</td>
<td>model control codes</td>
</tr>
<tr>
<td>MISO</td>
<td>Marubeni Itochu Steel Oceania Pty Ltd</td>
</tr>
</tbody>
</table>

REP 558 Aluminium zinc coated steel ≥ 600 mm – ROK, Taiwan and Vietnam
<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>mm</td>
<td>millimetres</td>
</tr>
<tr>
<td>MT</td>
<td>metric tonnes</td>
</tr>
<tr>
<td>Nam Kim</td>
<td>Nam Kim Steel Joint Stock Company</td>
</tr>
<tr>
<td>NIP</td>
<td>non-injurious price</td>
</tr>
<tr>
<td>OCOT</td>
<td>ordinary course of trade</td>
</tr>
<tr>
<td>PAD</td>
<td>preliminary affirmative determination</td>
</tr>
<tr>
<td>REQ</td>
<td>response to exporter questionnaire</td>
</tr>
<tr>
<td>ROK</td>
<td>Republic of Korea</td>
</tr>
<tr>
<td>SCM agreement</td>
<td>Article XVI:1 of the GATT 1994 and Article 25 of the WTO Agreement on Subsidies and Countervailing Measures.</td>
</tr>
<tr>
<td>SEF</td>
<td>statement of essential facts</td>
</tr>
<tr>
<td>subject countries</td>
<td>ROK, Taiwan and Vietnam</td>
</tr>
<tr>
<td>SYSCO</td>
<td>Sheng Yu Steel Co., Ltd</td>
</tr>
<tr>
<td>the Act</td>
<td>Customs Act 1901</td>
</tr>
<tr>
<td>the applicant</td>
<td>BlueScope</td>
</tr>
<tr>
<td>the commission</td>
<td>Anti-Dumping Commission</td>
</tr>
<tr>
<td>the Commissioner</td>
<td>Commissioner of the Anti-Dumping Commission</td>
</tr>
<tr>
<td>the goods</td>
<td>the goods the subject of the application (also referred to as the goods under consideration or GUC)</td>
</tr>
<tr>
<td>the Minister</td>
<td>Minister for Industry, Energy and Emissions Reduction</td>
</tr>
<tr>
<td>USD</td>
<td>United States dollar</td>
</tr>
<tr>
<td>USP</td>
<td>unsuppressed selling price</td>
</tr>
<tr>
<td>Vietnam</td>
<td>Socialist Republic of Vietnam</td>
</tr>
<tr>
<td>VN Steel</td>
<td>Vietnam Steel</td>
</tr>
<tr>
<td>VSA</td>
<td>Vietnam Steel Association</td>
</tr>
<tr>
<td>WTO</td>
<td>World Trade Organization</td>
</tr>
<tr>
<td>YE</td>
<td>year ending</td>
</tr>
<tr>
<td>Yieh Phui</td>
<td>Yieh Phui Enterprise Co., Ltd.</td>
</tr>
<tr>
<td>ZA</td>
<td>zinc aluminium (coating type)</td>
</tr>
</tbody>
</table>
1 SUMMARY AND CONCLUSIONS

1.1 Introduction

This report sets out the material findings of fact on which the Commissioner of the Anti-Dumping Commission (the Commissioner) bases his recommendations to the Minister for Industry, Energy and Emissions Reduction (the Minister) following an investigation into aluminium zinc coated steel of a width equal to or greater than 600 millimetres (the goods, or the subject goods). The goods have been exported to Australia from the Republic of Korea (ROK), Taiwan, and the Socialist Republic of Vietnam (Vietnam).¹

This investigation follows an application made by BlueScope Steel Limited (BlueScope), the sole member of the Australian industry manufacturing like goods, claiming that it suffered material injury due to dumped and subsidized imports of the goods.

This report follows the commission's publication of Statement of Essential Facts No 558 (SEF 558) for this investigation on 22 September 2021.² Subsequent to SEF 558, the commission published Termination Report No 558 (TER 558) on 15 November 2021.³ TER 558 terminated the dumping investigation in relation to all exporters from Taiwan and Vietnamese exporter Nam Kim Steel Joint Stock Company (Nam Kim), and the countervailing investigation in relation to all exporters from Vietnam.

In conducting this investigation, the commission has examined the investigation period 1 April 2019 to 31 March 2020 and found that:

- all exporters from the ROK exported the goods at dumped prices
- Hoa Phat Steel Sheet Co., Ltd (Hoa Phat), Hoa Sen Group Joint Stock Company (HSG), and uncooperative exporters from Vietnam exported goods at dumped prices.

The Commissioner is satisfied that dumped goods from the ROK and Vietnam caused material injury to the Australian industry.

1.2 Recommendation to the Minister

Based on the commission’s findings in this report, the Commissioner recommends that the Minister:

- publish a dumping duty notice in respect of all exports of the goods from the ROK
- publish a dumping duty notice in respect of all exports of the goods from Vietnam, except for those exported by Nam Kim.

¹ The commission refers to the ROK, Taiwan and Vietnam collectively as ‘the subject countries’ in this report.
² Electronic Public Record (EPR) 558, document 057. The EPR is available on the commission’s website via www.adcommission.gov.au.
³ EPR 558, document 068.
1.3 Termination of part of the investigation

Based on the commission’s findings outlined in TER 558, the Commissioner terminated:

- the dumping investigation in relation to all exporters from Taiwan, on the basis that
  - there has been no dumping of the goods from Sheng Yu Steel Co., Ltd (SYSCO) and Yieh Phui Enterprise Co Ltd (Yieh Phül), in accordance with section 269TDA(1)(b)(i) of the Customs Act 1901 (the Act) and
  - there are negligible volumes of dumped goods from uncooperative exporters, in accordance with 269TDA(3)
- the dumping investigation in relation to Nam Kim, on the basis that Nam Kim’s exports of the goods during the investigation period were not at dumped prices, in accordance with section 269TDA(1)(b)(i), and
- the countervailing investigation in relation to all exporters from Vietnam, on the basis that:
  - in respect of exporters Hoa Phat, HSG and Nam Kim, no countervailable subsidy has been received in respect of the goods, pursuant to section 269TDA(2)(b)(i), and
  - in respect of non-cooperative exporters, a countervailable subsidy has been received in respect of some or all of those goods but it never, at any time during the investigation period, exceeded the negligible level, pursuant to section 269TDA(2)(b)(ii).

The commission published TER 558 and a termination notice (Anti-Dumping Notice (ADN) No 2021/145) on the EPR on 15 November 2021.

1.4 Authority to make decision

Division 2 of Part XVB of the Act describes, among other things, the procedures to be followed and the matters the Commissioner considers in conducting investigations in relation to the goods covered in an application under section 269TB(1).

1.4.1 Application

On 4 June 2020, BlueScope lodged an application alleging that the goods exported to Australia from the ROK and Taiwan at dumped prices, as well as the goods from Vietnam at dumped and subsided prices, caused material injury to the Australian industry.

Having considered the application, the Commissioner decided not to reject the application and initiated Investigation No 558 on 30 June 2020.

Consideration Report No 558 (CON 558) and ADN No 2020/067 provide further details relating to the initiation of the investigation.⁵

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⁴ All legislative references in this report are to the Customs Act 1901, unless otherwise stated.
⁵ EPR 558, document 002 and 003.

REP 558 Aluminium zinc coated steel ≥ 600 mm – ROK, Taiwan and Vietnam
1.4.2 Preliminary affirmative decision

In accordance with section 269TD, the Commissioner may make a preliminary affirmative determination (PAD) if satisfied there appears to be sufficient grounds for the publication of a dumping duty notice and/or a countervailing duty notice. The Commissioner may also make a PAD if satisfied that it appears there will be sufficient grounds for the publication of such a notice subsequent to the importation of the goods into Australia.

Where the Commissioner does not make a PAD within 60 days after initiation of the investigation, the Customs (Preliminary Affirmative Determinations) Direction 2015 (PAD Direction) directs the Commissioner to publish a status report providing reasons why the Commissioner did not do so.

On 27 July 2020, being 60 days after the initiation of the investigation, the Commissioner published a status report.6

As required by section 9 of the PAD Direction, if the Commissioner has published a status report in relation to an investigation, the Commissioner must reconsider whether to make a PAD at least once prior to the publication of the SEF. In preparing SEF 558, the Commissioner was satisfied that there appeared to be sufficient grounds for the publication of a dumping duty notice and countervailing duty notice in respect of the goods exported to Australia from the ROK and Vietnam, except for exports by Nam Kim.

As a result, the Commissioner published Preliminary Affirmative Determination No 558 (PAD 558) in conjunction with SEF 558 on 22 September 2021. Following the making of the PAD, and to prevent material injury to the Australian industry occurring while the investigation continued, securities were taken in respect of any interim dumping duty that may become payable. Securities were taken for goods exported from the ROK and Vietnam (except Nam Kim) entered for home consumption in Australia on or after 23 November 2021 (ADN No 2021/123 refers).7

1.4.3 Statement of essential facts

Within 110 days after the initiation of an investigation, or such longer period as the Minister allows under section 269ZHI(3),8 the Commissioner must place on the public record a SEF on which the Commissioner proposes to base a recommendation to the Minister in relation to the application.9

The Commissioner was originally due to publish a SEF on the public record by 19 October 2020. However, the Commissioner extended this due date.10 The Commissioner placed SEF 558 on the EPR on 22 September 2021.

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6 EPR 558, document 011.
7 EPR 558, document 058.
8 The former Assistant Minister for Industry, Innovation and Science and the Parliamentary Secretary to the Minister for Industry, Innovation and Science delegated the Minister’s powers to the Commissioner. See ADN No 2017/010.
9 Section 269TDA(1).
10 EPR 558, documents 023, 029 and 054.
1.4.4 Report to the Minister

In making the recommendations in this report, the Commissioner had regard to:

- the application
- all submissions concerning and subsequent to the publication of the notice initiating the investigation (ADN No 2020/067) and submissions received for which the commission had regard to in formulating SEF 558
- SEF 558
- all submissions made in response to SEF 558 received by the commission on or before 12 October 2021
- any other matters the Commissioner considered relevant.

The commission received 9 submissions.

1.5 Findings and conclusions

A summary of the Commissioner’s findings and conclusions is provided below and is explained in greater detail in the remainder of this report.

1.5.1 The goods and like goods and the Australian industry (chapters 3 and 4)

The Commissioner considers that locally produced aluminium zinc coated steel of a width equal to or greater than 600 millimetres (mm) are ‘like’ to the goods the subject of the application and is satisfied that there is an Australian industry producing like goods.

1.5.2 The Australian market (chapter 5)

The sources of supply for the Australian market for the goods and like goods are local production in Australia and imports from several countries, including the subject countries.

1.5.3 Dumping margins (chapter 6)

The commission’s assessment of dumping margins is set out in the table below.

<table>
<thead>
<tr>
<th>Country</th>
<th>Exporter</th>
<th>Dumping margin (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROK</td>
<td>Dongkuk Steel Mill Co., Ltd (Dongkuk)</td>
<td>3.9</td>
</tr>
<tr>
<td></td>
<td>KG Dongbu Steel Co., Ltd (KG Dongbu)</td>
<td>2.6</td>
</tr>
<tr>
<td></td>
<td>Uncooperative exporters</td>
<td>10.5</td>
</tr>
<tr>
<td>Vietnam</td>
<td>Hoa Phat</td>
<td>12.8</td>
</tr>
<tr>
<td></td>
<td>HSG</td>
<td>8.1</td>
</tr>
<tr>
<td></td>
<td>Uncooperative exporters</td>
<td>20.9</td>
</tr>
</tbody>
</table>

| Table 1 – Dumping Margins |
1.5.4 Economic condition of the Australian industry (chapter 7)

The Commissioner is satisfied that the Australian industry has suffered material injury in the investigation period in the form of:

- reduced sales volume
- price depression
- reduced profit
- reduced profitability.

1.5.5 Has dumping caused material injury (chapter 8)

The Commissioner is satisfied that the Australian industry has suffered material injury due to the goods exported at dumped prices from the ROK and Vietnam (except by Nam Kim).

1.5.6 Whether dumping may continue (chapter 9)

The Commissioner considers that exports of the goods to Australia from the ROK and Vietnam (except by Nam Kim) may continue in the future at dumped prices.

1.5.7 Non-injurious price (chapter 10)

The commission has calculated that the non-injurious price (NIP) is less than the normal values ascertained for certain exporters from Vietnam. The Commissioner recommends that the Minister have regard to the desirability of applying a lesser amount of duty (the ‘lesser duty rule’) for certain exporters from Vietnam.

1.5.8 Proposed measures (chapter 11)

The Commissioner recommends to the Minister that anti-dumping measures, using the combination duty method, apply to exports of the goods from the ROK and Vietnam (except by Nam Kim).
2 BACKGROUND

2.1 Previous cases

On 4 June 2020, BlueScope lodged an application with the Commissioner under section 269TB(1) seeking the publication of a dumping duty notice in respect of the goods exported to Australia from the ROK, Taiwan and Vietnam, and a countervailing duty notice in respect of the goods exported from Vietnam.

Having considered the application, the Commissioner decided not to reject the application. The Commissioner initiated investigation 558 on 30 June 2020. CON 558 and ADN No 2020/067 provide further details relating to the initiation of the investigation.\(^{11}\)

In respect of this investigation:

- the investigation period for the purpose of assessing dumping and subsidisation is 1 April 2019 to 31 March 2020
- the injury analysis period for the purpose of determining whether exports of dumped and subsidised goods has caused material injury to the Australian industry is from 1 April 2016.

2.2 Previous cases

The commission has carried out several cases into aluminium zinc coated steel. A summary of these cases is set out in the table below. The summary focusses on cases relating to all exporters from countries relevant to this investigation and therefore excludes exemption inquiries and accelerated reviews. The summary includes reviews of measures for exporters relevant to this investigation.

<table>
<thead>
<tr>
<th>Case</th>
<th>Minister’s decisions ADN</th>
<th>ADN date</th>
<th>Country of export</th>
<th>Findings</th>
</tr>
</thead>
</table>
| 190 and 193 (Investigation) | 2013/066\(^{12}\)       | 5 August 2013 | China, the ROK, Taiwan | • Interim dumping duty (IDD) imposed on China and the ROK  
• Interim countervailing duty imposed on China  
• Measures not imposed on Taiwan |
| 456 (Review) and 450 (Continuation) | 2018/095 (Review)\(^{13}\), 2018/097 (Continuation)\(^{14}\) | 12 July 2018 | China, the ROK | • IDD varied for China  
• Measures ceased for the ROK |

Table 2 - Summary of past cases relevant to the subject countries

\(^{11}\) EPR 558, document 002 and 003.  
\(^{12}\) EPR 190, document 143.  
\(^{13}\) EPR 456, document 019.  
\(^{14}\) EPR 450, document 013.
Further information regarding the measures on aluminium zinc coated steel is also available on the commission’s website.\textsuperscript{15}

2.3 Conduct of the investigation

2.3.1 Statement of essential facts

On 22 September 2021, the Commissioner placed a SEF on the public record, on which the Commissioner based his proposed recommendations to the Minister.\textsuperscript{16} The SEF informs interested parties of the facts established and enables them to make submissions in response.

Following publication, interested parties had 20 days to respond to the SEF. Responses to the SEF were to be provided to the Commissioner by no later than 12 October 2021. The Commissioner has had regard to submissions received in response to the SEF in preparing this report and recommendations to the Minister.

2.3.2 Australian industry

The Commissioner is satisfied that the applicant for the investigation, BlueScope, represents the Australian industry producing like goods to the goods the subject of the investigation.

2.3.3 Importers

The commission identified several importers in the Australian Border Force (ABF) import database that imported the goods from the ROK, Taiwan and Vietnam during the investigation period. The commission forwarded importer questionnaires to 12 importers. The commission also made the importer questionnaire available on the public record for other importers (not contacted directly) to complete.

The commission undertook verification of the following importers:

- Macsteel International Australia (Macsteel), importing from the ROK, Taiwan and Vietnam
- DITH Australia Pty Ltd (DITH), importing from the ROK
- Marubeni Itochu Steel Oceania Pty Ltd (MISO), importing from subject countries
- CA Steel Products Pty Ltd (CA Steel), importing from Taiwan
- GS Global Australia (GS Global), importing from the ROK.

Verification reports relating to each importer are available on the public record.

Ferrostaal Metals GmbH provided a response to the importer questionnaire. The commission did not conduct a verification of this data, as the import volumes were very low.

\textsuperscript{15} Available on the commission website.

\textsuperscript{16} EPR 558, document 057.
2.3.4 Exporters

The commission forwarded questionnaires to 11 suppliers identified in the ABF import database at the beginning of the investigation. Yieh Phui completed a questionnaire response (REQ) prior to the due date of 6 August 2020. Eight other entities sought (and were approved) extensions to provide a REQ. In total, 9 exporters completed the REQ, as noted in Table 3.

<table>
<thead>
<tr>
<th>Name</th>
<th>Questionnaire submission date</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROK</td>
<td></td>
</tr>
<tr>
<td>Dongkuk</td>
<td>9 June 2020</td>
</tr>
<tr>
<td>KG Dongbu</td>
<td>10 September 2020</td>
</tr>
<tr>
<td>POSCO</td>
<td>31 August 2020</td>
</tr>
<tr>
<td><strong>Taiwan</strong></td>
<td></td>
</tr>
<tr>
<td>Prosperity Tieh Enterprise Co., Ltd (Prosperity)</td>
<td>13 August 2020</td>
</tr>
<tr>
<td>SYSCO</td>
<td>26 August 2020</td>
</tr>
<tr>
<td>Yieh Phui</td>
<td>6 August 2020</td>
</tr>
<tr>
<td><strong>Vietnam</strong></td>
<td></td>
</tr>
<tr>
<td>Hoa Phat</td>
<td>5 September 2020</td>
</tr>
<tr>
<td>HSG</td>
<td>4 September 2020</td>
</tr>
<tr>
<td>Nam Kim</td>
<td>31 August 2020</td>
</tr>
</tbody>
</table>

Table 3 – Entities who provided a REQ

The commission did not verify the information from POSCO and Prosperity, as they did not export the goods during the investigation period. Specifically:

- as detailed in section 3.3.3.3, POSCO’s exports of aluminium zinc coated steel did not meet the goods description and
- the commission established Prosperity’s exports of aluminium zinc coated steel were chromated and therefore do not meet the goods description.

2.3.5 Foreign Governments

The commission forwarded questionnaires to the Government of Vietnam (GOV) at the beginning of the investigation. The commission has considered the response received from the GOV in reaching the findings contained within the SEF.
2.4 Submissions received from interested parties

The commission received 22 submissions from interested parties prior to the publication of SEF 558. The Commissioner considered these submissions when reaching its conclusions. The submissions are available on the EPR.

<table>
<thead>
<tr>
<th>EPR Item No</th>
<th>Interested party</th>
<th>Date Received</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>Government of Vietnam</td>
<td>8 July 2020</td>
</tr>
<tr>
<td>5</td>
<td>BlueScope Steel Limited</td>
<td>10 July 2020</td>
</tr>
<tr>
<td>6</td>
<td>BlueScope Steel Limited</td>
<td>27 July 2020</td>
</tr>
<tr>
<td>10</td>
<td>Yieh Phui Enterprise Co. Ltd</td>
<td>19 August 2020</td>
</tr>
<tr>
<td>20</td>
<td>POSCO</td>
<td>29 September 2020</td>
</tr>
<tr>
<td>21</td>
<td>BlueScope Steel Limited</td>
<td>13 October 2020</td>
</tr>
<tr>
<td>22</td>
<td>BlueScope Steel Limited</td>
<td>13 October 2020</td>
</tr>
<tr>
<td>24</td>
<td>POSCO</td>
<td>30 October 2020</td>
</tr>
<tr>
<td>25</td>
<td>Yieh Phui Enterprise Co. Ltd</td>
<td>11 November 2020</td>
</tr>
<tr>
<td>26</td>
<td>Australian Steel Association</td>
<td>12 November 2020</td>
</tr>
<tr>
<td>27</td>
<td>BlueScope Steel Limited</td>
<td>27 November 2020</td>
</tr>
<tr>
<td>31</td>
<td>BlueScope Steel Limited</td>
<td>3 March 2021</td>
</tr>
<tr>
<td>32</td>
<td>POSCO</td>
<td>9 March 2021</td>
</tr>
<tr>
<td>33</td>
<td>BlueScope Steel Limited</td>
<td>17 March 2021</td>
</tr>
<tr>
<td>34</td>
<td>POSCO</td>
<td>25 March 2021</td>
</tr>
<tr>
<td>36</td>
<td>BlueScope Steel Limited</td>
<td>1 April 2021</td>
</tr>
<tr>
<td>37</td>
<td>BlueScope Steel Limited</td>
<td>28 May 2021</td>
</tr>
<tr>
<td>41</td>
<td>BlueScope Steel Limited</td>
<td>7 July 2021</td>
</tr>
<tr>
<td>42</td>
<td>BlueScope Steel Limited</td>
<td>13 July 2021</td>
</tr>
<tr>
<td>51</td>
<td>KG Dongbu Steel Co Ltd</td>
<td>30 August 2021</td>
</tr>
<tr>
<td>55</td>
<td>Dongkuk Steel Co Ltd</td>
<td>7 September 2021</td>
</tr>
<tr>
<td>56</td>
<td>Dongkuk Steel Co Ltd</td>
<td>7 September 2021</td>
</tr>
</tbody>
</table>

Table 4 – Submissions received prior to the publication of the SEF

Following the publication of SEF 558, the Commissioner received the submissions detailed in the table below. The Commissioner considered these submissions in making this report and recommendations to the Minister.

REP 558 Aluminium zinc coated steel ≥ 600 mm – ROK, Taiwan and Vietnam
<table>
<thead>
<tr>
<th>EPR Item No</th>
<th>Interested party</th>
<th>Date Received</th>
</tr>
</thead>
<tbody>
<tr>
<td>59</td>
<td>Nam Kim Steel Joint Stock Company</td>
<td>4 October 2021</td>
</tr>
<tr>
<td>60</td>
<td>Dongkuk Steel Co., Ltd</td>
<td>12 October 2021</td>
</tr>
<tr>
<td>61</td>
<td>Sheng Yu Steel Co., Ltd</td>
<td>12 October 2021</td>
</tr>
<tr>
<td>62</td>
<td>BlueScope Steel Limited</td>
<td>12 October 2021</td>
</tr>
<tr>
<td>63</td>
<td>KG Dongbu Steel Co., Ltd</td>
<td>12 October 2021</td>
</tr>
<tr>
<td>64</td>
<td>Hoa Sen Group Joint Stock Company</td>
<td>13 October 2021</td>
</tr>
<tr>
<td>65</td>
<td>Hoa Phat Steel Co., Ltd</td>
<td>22 October 2021</td>
</tr>
<tr>
<td>66</td>
<td>Dongkuk Steel Co., Ltd</td>
<td>26 October 2021</td>
</tr>
</tbody>
</table>

Table 5 – Submissions received in response to the SEF

### 2.5 Public record

The public record contains non-confidential submissions by interested parties, the commission’s verification visit reports, and other publicly available documents. It is available online at: [www.adcommission.gov.au](http://www.adcommission.gov.au). Parties should read documents on the public record in conjunction with this report.
3 THE GOODS AND LIKE GOODS

3.1 Findings

The commission is satisfied that locally manufactured aluminium zinc coated steel is ‘like goods’ to the goods the subject of the application.

3.2 Legislative framework

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

In making this assessment, the Commissioner must firstly determine that the goods produced by the Australian industry are ‘like’ to the imported goods. Section 269T(1) of the Act defines like goods as:

Goods that are identical in all respects to the goods under consideration or that, although not alike in all respects to the goods under consideration, have characteristics closely resembling those of the goods under consideration.

An Australian industry can apply for relief from injury caused by dumped or subsidised imports even if the goods it produces are not identical to those imported. The industry must however, produce goods that are ‘like’ to the imported goods.

Where the locally produced goods and the imported goods are not alike in all respects, the Commissioner assesses whether they have characteristics closely resembling each other. In doing so, the Commissioner has regard for the following considerations:

i. physical likeness
ii. commercial likeness
iii. functional likeness and
iv. production likeness.

3.3 The goods

3.3.1 The goods description in the application

The goods the subject of the application (the goods) are:

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.

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 investigation covers aluminum 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 investigation 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 ‘Relevant International Standards for Aluminium Zinc Coated Steel’.

<table>
<thead>
<tr>
<th>International Standards</th>
<th>Product Grades</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>General and Commercial Grades</strong></td>
<td></td>
</tr>
<tr>
<td>AS/NZS 1397</td>
<td>G1, G2</td>
</tr>
<tr>
<td>ASTM A792</td>
<td>CS, type A, B and C</td>
</tr>
<tr>
<td>EN 10346</td>
<td>DX51D, DX52D</td>
</tr>
<tr>
<td>JIS 3321</td>
<td>SGLCC</td>
</tr>
<tr>
<td><strong>Forming, Pressing &amp; Drawing Grades</strong></td>
<td></td>
</tr>
<tr>
<td>AS/NZS 1397</td>
<td>G3</td>
</tr>
<tr>
<td>ASTM A792</td>
<td>FS, DS</td>
</tr>
<tr>
<td>EN 10346</td>
<td>DX53D, DX53D</td>
</tr>
<tr>
<td>JIS 3321</td>
<td>SGLCD, SGLCDD</td>
</tr>
<tr>
<td><strong>Structural Grades</strong></td>
<td></td>
</tr>
<tr>
<td>AS/NZS 1397</td>
<td>G250, G300, G350, G450, G550</td>
</tr>
<tr>
<td>ASTM A792</td>
<td>33 (230), 37 (255), 40 (275), 50 (340), 55 (380), 80 (550)</td>
</tr>
<tr>
<td>EN 10346</td>
<td>S220GD, S250GD, S280GD, S320GD, S350GD, S550GD</td>
</tr>
<tr>
<td>JIS 3321</td>
<td>SGLC400, SGLC440, SGLC490, SGLC570</td>
</tr>
</tbody>
</table>

Table 6 - Relevant International Standards for aluminium zinc coated steel

### 3.3.2 Tariff classification

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

REP 558 Aluminium zinc coated steel ≥ 600 mm – ROK, Taiwan and Vietnam
### Tariff classification (Schedule 3 of the Customs Tariff Act 1995)

<table>
<thead>
<tr>
<th>Tariff Subheading</th>
<th>Statistical Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>7210.61.00</td>
<td></td>
<td>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</td>
</tr>
<tr>
<td>60</td>
<td></td>
<td>Of a thickness of less than 0.5 mm</td>
</tr>
<tr>
<td>61</td>
<td></td>
<td>Of a thickness of 0.5 mm or more but less than 1.5 mm</td>
</tr>
<tr>
<td>62</td>
<td></td>
<td>Of a thickness of 1.5 mm or more</td>
</tr>
<tr>
<td>7225.99.00</td>
<td></td>
<td>FLAT-ROLLED PRODUCTS OF OTHER ALLOY STEEL, OF A WIDTH OF 600 mm OR MORE</td>
</tr>
<tr>
<td>39</td>
<td>Other</td>
<td></td>
</tr>
</tbody>
</table>

Table 7 - The goods and general tariff classification for the goods

3.3.3 Submissions received on the goods – coating types – pre-SEF

The commission received several submissions on coating types relevant to the goods description.

3.3.3.1 Submissions received on the goods – PhuizerFan

In its submission of 6 August 2020, Yieh Phui stated that it sells a product that is hot-dip 5% aluminium-zinc coated steel sheets in coils (sold under Yieh Phui’s trade name PhuizerFan®; also known as GALFAN in the steel industry). It stated that these goods:

- have a hot-dip coating of zinc with a nominal element of 5% aluminium and less than 1% of minor additions of controlled elements
- fall within the coating category of zinc aluminium (ZA) as per section 1.3.3 of Australian Standard (AS) 1397 and
- are classified under subheading 7210.61.00 of Schedule 3 of the Customs Tariff Act 1995.  

Additionally, Yieh Phui submitted that:

- BlueScope produces and sells only aluminium magnesium (AM) coated steel and perhaps some aluminium zinc (AZ) coated steel in Australia.
- Yieh Phui’s exports do not meet the goods description and do not share characteristics with BlueScope’s AM/AZ coated steel under the 4 likeness tests the commission considers.
- The ZA coated goods it exports to Australia should be exempt from any measures that imposed on the subject goods.  

17 EPR 558, document 010.
18 The commission notes that the likeness characteristics are detailed at section 3.2 of this report.
The commission received a response from BlueScope in response to Yieh Phui’s exemption request for product PhuizerFan on 8 October 2020. BlueScope stated:

- PhuizerFan is simply a variant of the aluminium-zinc coated steel (with or without magnesium) and this good is essentially the same product as GALFAN which a number of other steel makers sell.
- This product is essentially a superior version of zinc coated (i.e. galvanised or GI) steel and complies with the AS 1397.
- Steel products coated with an alloy of aluminium and zinc also compete against steel goods with an alloy of aluminium, zinc and magnesium in Australia.
- The goods not being identical to BlueScope is irrelevant for the purposes of the investigation and the commission is required to assess whether the Australian industry manufactures like goods to those imported.
- PhuizerFan shares the characteristics as BlueScope’s products having regard to the physical, commercial, functional and production likeness factors.\(^\text{19}\)

The commission received a submission from Yieh Phui, dated 10 November 2020, in response to BlueScope's submission. Yieh Phui provided detailed information and attachments supporting its position that PhuizerFan differs from products which BlueScope produces and sells across the 4 likeness factors.\(^\text{20}\)

### 3.3.3.2 Submissions received on the goods – PosMAC

In its REQ on 28 September 2020, POSCO stated that:

- it does not produce aluminium-zinc coated steel (known as ‘galvalume’), being the goods subject to Investigation 558
- POSCO produces aluminium zinc and magnesium coated steel product known as ‘PosMAC’
- due to the composition being a majority of zinc and magnesium (also known as a coating type of ZM) it cannot be described as aluminium zinc coated steel and therefore does not fall within the categories of zinc/aluminium/magnesium coated steel described in AS 1397.\(^\text{21}\)

In a submission provided on 8 October 2020, BlueScope responded:

- PosMAC is one of a variety of aluminium zinc alloy coated steel products manufactured and sold around the world with or without magnesium.
- PosMAC competes with similar products such as Mittal’s Magnelis®, Tata Corus’s Magi Zinc®, Nippon Steel’s ‘SuperDyma® and Nishan’s ZAM®’ product which each have a coating comprising of aluminium zinc.
- While PosMAC does not fit the current version of AS 1397 standard due to its portion of aluminium, it does conform to the Korean Standards Association’s KS D 3030 standard.\(^\text{22}\)

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\(^{19}\) EPR 558, document 021.

\(^{20}\) EPR 558, document 025.

\(^{21}\) EPR 558, document 014.

\(^{22}\) EPR 558, document 022.
Consequently, BlueScope considers in its submission that, despite POSCO’s claim that PosMAC is ‘different’ to the goods the subject of BlueScope’s application, the commission is required to examine whether the Australian industry manufactures like goods to the imported goods. BlueScope states that it is reasonable to conclude that the locally produced goods are alike in all respects to the imported goods.

POSCO responded to BlueScope in a submission provided on 28 October 2020.²³ POSCO submitted that within the public notice given under section 269TC(4), the commission sets out the particulars of the goods the subject of the application. POSCO claims it would be unlawful for the commission to revise those particulars or interpret them to enlarge the scope of the investigation from the particularisation of the goods.

The submission outlines reasons why PosMAC is not within the scope of the goods subject to the application. POSCO states that:

- PosMAC is plated or coated with zinc, magnesium and aluminium alloys.
- The coating on PosMAC is ZM and not AM. The goods in the section 269TC(4) notice are particularised as having an AZ coating.
- PosMAC does comply with the definition of zinc-magnesium-aluminium alloy coated steel stipulated in AS 1397, and the Korean standard that BlueScope quoted is not cited in the section 269TC(4) notice.
- The coatings listed for PosMAC are physically different to those listed in galvanised steel (GI) and aluminium zinc alloy coated steel (GL) with PosMAC having 5 to 10 times greater corrosion resistance compared to GI and GL.
- PosMAC does not fit the tariff codes listed in the section 269TC(4) notice.

In a submission from the Australian Steel Association (ASA) provided on 10 November 2020, it stated that its understanding is that the following goods are not ‘aluminium-zinc’ alloy coated steel as per the goods under consideration:

- PosMAC® (POSCO)
- Magnelis® (Arcelormittal)
- Magi Zinc® (Tata Corus)
- SuperDyma® (Nippon) and
- ZAM® (Nishan).²⁴

In addition, the ASA advised there are significant differences in the following areas:

- Physical likeness – BlueScope are not able to produce the same dimensions as the products above, with the above products produced in wider dimension ranges (thickness and width) than the BlueScope equivalent.
- Commercial likeness – the above products have a range of uses, including air-condition ducting, composite decking, composite walling, and purlins and grits. BlueScope’s sales are predominantly into roofing and walling applications and therefore do not compete with the above goods.

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²³ EPR 558, document 024.
²⁴ EPR 558, document 026.
• Functional likeness – the locally produced goods are not used interchangeably with the same applications as the abovementioned products and therefore do not compete for sales with the same customers.
• Production likeness – the production processes are similar but the raw material inputs are not the same. BlueScope’s assertion that everything is ‘aluminium zinc’ alloy coated steel is not technically correct with significant differences in Base Metal Thickness (BMT), coating compositions and standards.25

In BlueScope’s submission provided on 26 November 2020 in response, BlueScope sets out additional reasons for its contention that PosMAC is the goods under consideration:

• A key consideration is what constitutes an ‘alloy’ as included in the goods description. BlueScope defines an alloy as a mixture of 2 or more metals or metallic elements with non-metallic elements, which encompasses variants of aluminium zinc alloy coated steel as subject goods.
• Definitions from the British Dictionary, Cambridge Dictionary, Collins Dictionary and Merriam-Webster Dictionary all have similar explanations/characterisations of the word ‘alloy’.
• Aluminium zinc alloy coatings that contain magnesium (i.e. PosMAC) are alloys that contain either 3 or 4 metals or elements.
• BlueScope manufactures aluminium zinc magnesium alloy coated steel (Next Generation ZINCALUME® steel) which is the only variant of aluminium zinc alloy coated steel which BlueScope has manufactured and sold since 2013.
• PosMAC does not meet the requirements of AS 1397 or JIS G3323, however the issue is whether the local industry manufacturers a like good to the imported good and whether they are sold in the same end-use applications.
• While PosMAC is imported under tariff classification code 7210.4, which relates to zinc coated or ‘galvanised iron’ steels, it should be classified under tariff classification code 7210.6 which is for goods ‘plated or coated with aluminium zinc alloys.’26

BlueScope reiterate that PosMAC and BlueScope’s ZINCALUME® steel share similar essential characteristics of physical, commercial, function and production likeness.

The commission published a file note on 1 February 2021 in response to the above submissions regarding coating types. Therein, the commission acknowledges the definition of an alloy that BlueScope provided, however the commission stated that the definition does not render PosMAC to automatically fall within the scope of the goods description.27 It further stated that the standards provided in the goods description are an exhaustive list, and PosMAC does not comply with the standards listed in the goods description. The commission’s preliminary conclusion was that PosMAC is not the goods subject to the investigation.

25 Ibid.
26 EPR 558, document 027.
27 EPR 558, document 028.
BlueScope made a further submission in response to the file note on 2 March 2021. BlueScope stated that:

- aluminium zinc magnesium coated steel is a trade or generic name listed within the goods description in ADN No 2020/067
- PosMAC does not fit the standards listed in AS 1397, ASTM A792, or JIS 3321 however it does comply and meet all the requirements of the listed EN 10346
- PosMAC is listed as a trade or generic name in the goods description, and should be included within the goods listed in the section 269TC(4) notice.  

On 5 March 2021, POSCO responded to BlueScope’s points:

- The EN 10346 standard included within the goods description, includes all coating (zinc coated (Z), zinc-iron alloy coated (ZF), zinc-aluminium coated (ZA), zinc-magnesium coated (ZM), aluminium-zinc coated (AZ) and aluminium-silicon coated (AS).
- The goods description mentions the goods being under the prefix AZ (aluminium zinc).
- The relevant standards included in the goods description should be read within the context provided i.e. they are mentioned as relevant standards to aluminium zinc coated steel also referred to as the prefix AZ therefore the standards are to relate to goods with the prefix AZ.
- Subsequently the rest of the goods description uses the terminology AZ which is defined in EN 10346 as AZ coated steel whereas PosMAC’s prefixes are ZM.  

BlueScope’s response on 17 March 2021 raised the following points:

- In POSCO’s submissions, POSCO omitted the inclusion of trade or generic names to describe the subject goods which include PosMAC under its generic name ‘aluminium zinc magnesium coated steel’.
- As this trade and generic name is mentioned above the international standards, the context in which they are to interpreted should also encompass PosMAC.
- The commission states in its file note that the international standards listed in the goods description are an exhaustive list and PosMAC is a good covered under the trade and generic names within the goods description and listed within the applicable international standards.
- ZINCALUME® and ZAM are trade names covered in the goods description with a coating composition of aluminium zinc magnesium coated steel (ZM).
- GALFAN (essentially the same product as Yieh Phui’s PhuizerFan) is a registered trade name covered in the goods description for one type of zinc and aluminium coated product subject to measures in Investigation No 190.
- GALVALUME®, and Superlume® are registered trade names for the other type of aluminium and zinc coated steel product and were subjected to measures in Investigation No 190.

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28 EPR 558, document 031.
29 EPR 558, document 032.
- The notice also identifies excluded goods as 'un-passivated aluminium zinc alloy coated steel' or unchromated surface finish which PosMAC is not.
- The exempt goods do not exclude any particular type of coating, whether or not it includes magnesium.\(^{30}\)

In a submission provided on 24 March 2021, POSCO responded that:

- BlueScope’s assertion that PosMAC is ‘aluminium zinc magnesium coated steel’ is incorrect, PosMAC is ‘zinc magnesium aluminium’ coated steel
- it agrees with the commission’s statement in relation to alloys that an alloy, if a mixture of elements, does not mean one mixture is the same as another mixture
- ‘aluminium zinc’ alloys do not equate to ‘zinc magnesium aluminium’ alloys from a technical standpoint and there are various physical and chemical differences between the 2 coating types
- the assertion that ‘aluminium zinc magnesium coated steel’ is a generic trade name for ‘Flat rolled iron and steel products... plated or coated with aluminium zinc alloys’ is incorrect
- PosMAC is not included as a trade or generic name in the section 269TC(4) notice
- the international standards cover the goods that are not with the prefix of AZ.\(^{31}\)

In a submission provided on 1 April 2021, BlueScope submits that:

- irrespective of the amount of aluminium contained within aluminium zinc magnesium alloy coatings, all variants of aluminium zinc magnesium alloy coated steel products are the goods subject to this investigation
- the international standard EN 10346 details a range of coated products including aluminium zinc magnesium coated steel which includes PosMAC
- POSCO fails to demonstrate why PosMAC is not captured under standard EN 10346.\(^{32}\)

3.3.3.3 BlueScope’s submission on the goods in response to the SEF

In a submission provided on 12 October 2021, BlueScope contends that the commission’s exclusion of PhuizerFan and PosMAC from the scope of the inquiry is incorrect.\(^{33}\) To support its view that these products should be considered as ‘the goods’, BlueScope submitted that:

- as a matter of commercial and marketplace reality in Australia, the goods which the commission has excluded from the inquiry can compete with, and interchange with, the included goods, and so are alike and injurious to the domestic industry
- the commission’s main substantive consideration needs to be that the scope of the goods investigated be sufficient to encompass like goods produced by the Australian industry

\(^{30}\) EPR 558, document 033.
\(^{31}\) EPR 558, document 034.
\(^{32}\) EPR 558, document 036.
\(^{33}\) EPR 558, document 062.
3.3.3.4 Commission’s assessment of coating types

As outlined in the file note of 1 February 2021, the commission acknowledges that ‘alloys’ are a metal constituting 2 or more metallic elements. An alloy of aluminium and zinc (and other metallic or non-metallic elements) captures a broad range of coating types. That is, not all alloys are alike, and an alloy containing aluminium and zinc does not of itself constitute the vital characteristic determinative of whether a good meets the goods description or not. Despite, any commercial or marketplace reality claimed by BlueScope’s submission in response to the SEF, the commission’s assessment of the goods has been based on the goods description. The commission considers the goods description in its entirety and within the context provided.

The commission observes that the opening passage of the goods description does not reference coatings containing alloys of aluminium and zinc generally. Instead, it states that the coating type relevant to the goods under consideration is ‘aluminium-zinc alloys’. The commission considers that the specific assignment of metallic elements in this phrase conforms to the practice utilised in the Australian Standard of the metallic element having the highest proportion appearing first (in this case ‘A’), then the metallic element having the second highest proportion appearing second (‘Z’). The phrasing ‘aluminium zinc alloys’ indicates coating type AZ as the relevant coating type to the goods description.

Further, the commission has assessed the standards outlined in the goods description. Two of the standards (ASTM A792 and JIS 3321) are relevant to coatings prefixed as AZ and do not include any other coating type. The other 2 standards (AS/NZS 1397 and EN10346) cover a range of alloys. Some of these coating types appear to relate to the goods description, as they contain varying proportions of primarily aluminium and zinc, and other metallic elements. Some of the coating types are obviously not the goods under consideration (e.g. coating prefix ‘Z’ and ‘ZF’ that do not contain any aluminium). Based on the variety of coating types included in the standards (some of which are obviously not the goods under consideration) the commission is of the view that a coating type specified in the indicated standards does not, of itself, qualify that coating type as being the goods under consideration. The commission considers that since coating type AZ is contained in all 4 standards, AZ would be at least one of the coating types to which the goods description refers.

On consideration of the above assessment of standards, the commission agrees that PosMAC does fit within the standard EN 10346, as a good with a prefix of ZM. However, this does not necessarily render PosMAC to be the goods.
In addition to its assessment of the standards, the commission has considered the phrasing used in BlueScope’s goods description in respect of the coating mass for the goods under consideration (commission emphasis added):

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.

This passage from the goods description indicates that the coating type AZ is the only coating type that the goods description captures.

The commission acknowledges that the goods description includes various trade and generic names which seek to assist in identifying the goods under consideration. Some of these trade or generic names include alloys of varying proportions of aluminium and zinc (and magnesium as another indicated metallic constituent). However, the commission is of the view that on balance the goods description is in reference to coating type AZ and not any other alloy.

In its consideration of this matter, the commission has also had regard to the points made by BlueScope in its submission in response to the SEF.

The ‘world peer subject goods assessment’ examples provided by BlueScope in its post-SEF submission have broad goods descriptions and thus cannot be compared to the goods description in relation to this investigation. While other countries may have mechanisms that allow them to amend the goods description as an investigation progresses, the Australian Anti-dumping system is such that, as outlined in the Anti-Dumping Commission Dumping and Subsidy Manual (the Manual), it is generally not possible to alter the scope of the inquiry once the investigation is initiated. The Manual further advises applicants that ‘care needs to be taken to ensure the description of the goods is sufficiently accurate’ for this reason.

The commission has also examined the confidential attachment submitted by BlueScope to evidence BlueScope’s view that the commission has deemed a zinc aluminium magnesium alloy coated steel as the goods. The commission finds that BlueScope has misinterpreted the contention of the confidential attachment, wherein the commission has made a determination on the basis of the widths of the goods in question and not the coating of the goods.

Therefore, the commission finds that any coating type not prefixed with AZ is not the goods. Both Yieh Phuı’s PhuizerFan and POSCO’s PosMAC are not the subject of this investigation.

35 Ibid.
3.4 Like goods

An application can only be made if there exists an Australian industry producing ‘like goods’ to the goods the subject of the application. The phrase ‘like goods’ is defined in section 269T(1). Sections 269T(2), 269T(3), 269T(4), 269T(4A), 269T(4B) and 269T(4C) are relevant to determining whether the like goods are produced in Australia and whether there is an Australian industry.36

The following analysis outlines the commission’s assessment of whether the locally produced goods are identical to, or closely resemble, the goods the subject of the application and whether they are, therefore, like goods.

3.4.1 Physical likeness

The primary physical characteristics of the goods and the locally produced goods are similar (having similar available size, shape, total weight, strength rating, appearance, and sharing the same Australian standards), notwithstanding variations in individual customer or technical specifications, such as differences in diameter or finish. The goods and the locally produced goods differ only in the chemical composition of the coating. The locally produced aluminium zinc coated steel contains magnesium with the coating type AM. The goods under consideration, designated using the coating type AZ, do not contain magnesium. Both coating types fall under the same Australian Standard (AS/NZS 1397).

3.4.2 Commercial likeness

The commission has found that the locally produced goods compete in the same or similar market sectors, have the same or similar packaging and distribution channels, and appear to be interchangeable with the goods under consideration. For example, BlueScope’s undercutting examples in its application refer to competitive quotes comparing quoted Australian prices with quotes for imports of goods with coating type AZ.

3.4.3 Functional likeness

The commission found the locally produced goods have the same (or similar) end uses as the goods under consideration. BlueScope’s technical sheets for aluminium zinc coated steel of type AZ (which BlueScope previously produced) and for AM (which BlueScope now produces) show the same applications. In addition, the Australian Standard for the goods show near identical uses for goods designated as AZ and goods designated as AM.

3.4.4 Production likeness

The commission has found that the production processes and raw material inputs for the imported and locally produced goods are alike in all significant practical aspects.37 Hot rolled coil (HRC) or cold rolled coil (CRC) are the major raw material inputs.

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36 See Chapter 4 for further discussion on the Australian industry.
37 See section 4.3 for further discussion on the production process.
3.4.5 Like goods assessment

Based on the findings above, the commission considers that goods the Australian industry produced have characteristics identical to, or closely resembling, the goods exported to Australia. The commission considers that:

- the goods and the domestically produced goods are physically alike, as they have the same or similar physical characteristics
- the goods and the domestically produced goods are commercially alike, as they are sold to common users and directly compete in the same market
- the goods and the domestically produced goods are functionally alike, as they have a similar range of end uses, and
- the goods and the domestically produced goods are manufactured in a similar manner.

Based on the analysis above, the Commissioner is satisfied that the Australian industry produces ‘like goods’ the subject of the application to the goods as defined in section 269T.

3.5 Model control codes

The commission has used a model control codes (MCC) structure in order to identify key characteristics for, among other things, model matching when comparing export prices and normal values. The basis for using a MCC structure and the commission’s practice is explained in the Manual. All interested parties participating in this inquiry were requested to provide sales and cost data in accordance with the MCC structure detailed in the table below:

<table>
<thead>
<tr>
<th>Item</th>
<th>Category</th>
<th>Sub-Category</th>
<th>Identifier</th>
<th>Sales Data</th>
<th>Cost Data</th>
<th>Key category</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Prime</td>
<td>Prime</td>
<td>P</td>
<td>Mandatory</td>
<td>Not applicable</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Non-Prime</td>
<td>N</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Coating Mass</td>
<td>≤ 100 g/m²</td>
<td>1</td>
<td>Mandatory</td>
<td>Mandatory</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td></td>
<td>&gt;100 g/m² to ≤ 165 g/m²</td>
<td>2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>&gt;165 g/m²</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Steel Grade</td>
<td>G2 / SGLCC</td>
<td>A</td>
<td>Mandatory</td>
<td>Mandatory</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td></td>
<td>G3 / SGLCD</td>
<td>B</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>G250 / SGLC 340</td>
<td>C</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>G300 / G350 / SGLC 400 / SGLC 440 / SGLC 490</td>
<td>D</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>G450 / G500</td>
<td>E</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>G550 / SGLC 570</td>
<td>F</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Other</td>
<td>G</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Base Metal Thickness (BMT)</td>
<td>&lt; 0.40 mm</td>
<td>1</td>
<td>Mandatory</td>
<td>Mandatory</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td></td>
<td>≥ 0.40 mm to &lt; 0.50 mm</td>
<td>2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>≥ 0.50 mm to &lt; 0.75 mm</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


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27
3.5.1 Submissions received in respect of the MCC structure – Base Metal Thickness

In its submission of 27 July 2020, BlueScope stated that the categorisation of the MCC Category 4 (BMT) did not contain a sub-category to accommodate for any BMT over 2.00 mm.39 As a result, BlueScope suggested that an additional identifier (6) be added for any BMT that is above 2.00 mm.

POSCO responded to BlueScope’s request for the amendment to the BMT sub-category on 28 September 2020, in its REQ. POSCO stated that BlueScope do not produce goods above 2.00 mm and cited BlueScope’s application that the locally produced subject goods are with a BMT of between 0.30 mm to 1.60 mm.40 POSCO does not agree with BlueScope’s request for an addition to the MCCs, citing the thickness being outside BlueScope’s manufacturing capacity.

The commission has considered the matter of the MCC structure. The commission notes that the goods description listed within ADN 2020/067 did not describe any limitations on BMT. As outlined in the Manual:

*Modifications to the MCC structure may be considered based on the facts and evidence pertaining to a particular exporter*41

BlueScope’s request to amend the MCC and any changes to the proposed MCC structure, or alterations in terms of its application in respect of each interested party, have been addressed in the relevant verification reports. The verification reports are available on the public record for this investigation.

3.5.2 Submissions received in respect of POSCO’s MCCs

The commission received multiple submissions in relation to POSCO disclosing its MCCs in its REQ.42 The commission has made an assessment of the relevant information and does not consider the goods (refer to section 3.3.3.3 above) that POSCO sold to be the goods under consideration and therefore no further action is required regarding POSCO disclosing its MCCs.

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39 EPR 558, document 006.
40 EPR 558, document 014.
42 EPR 558, document 020, 022 and 041.
4 THE AUSTRALIAN INDUSTRY

4.1 Findings

The Commissioner is satisfied that there is an Australian industry, consisting wholly of BlueScope, producing like goods, and that the like goods are wholly manufactured in Australia.

4.2 Legislative framework

The Commissioner must be satisfied that the ‘like’ goods are produced in Australia. Sections 269T(2) and 269T(3) of the Act specify that for goods to be regarded as being produced in Australia, they must be wholly or partly manufactured in Australia. In order for the goods to be considered as partly manufactured in Australia, at least one substantial process in the manufacture of the goods must be carried out in Australia.

4.3 Production process

The production process of BlueScope’s like goods comprises the following steps:

- The input steel product is slab. Slab is heated in a furnace to around 1,200°C then passed through a series of rollers at pressure to reduce the thickness from 230 mm to below 5 mm. It is then control cooled, and wound up as a coil of steel (hot rolled coil or HRC).
- The HRC is then further processed. It is passed through hydrochloric acid baths to remove surface scale then edge trimmed to the customer-specified width.
- The processed HRC is cold-rolled (reduced in thickness when passing through a series of rollers at ambient temperature) to the customer’s requirements, generally 0.3 to 3.5 mm BMT.
- The cold rolled steel coil is used as the input feed material to the continuous coating line. During this process, the coil is run continuously through several key processes. The coil is cleaned, annealed, passed through a molten bath mixture of zinc, antimony and other trace metals. Then, once coated, the product can receive various surface treatments, according to the customer’s specific requirements.
- Additional production steps may be undertaken according to a range of product options. These include a ‘skin passed’ or ‘un-skin passed’ surface, chromated or unchromated surface, an ‘oiled surface’ or ‘dry surface’, or ‘resin coated’ (or ‘anti-finger print’ coating) or ‘not resin coated’.

4.4 Conclusion

The Commissioner is satisfied that:

- the like goods are wholly manufactured in Australia
- there is an Australian industry, consisting wholly of BlueScope, producing like goods to the goods exported to Australia.
5 AUSTRALIAN MARKET

5.1 Findings

The Commissioner has found the Australian industry and imports from a number of countries, including the subject countries, supply the Australian market for aluminium zinc coated steel.

5.2 Background

The sources of supply for the Australian market for aluminium zinc coated steel are:

- a single domestic producer (BlueScope – the Australian industry)
- producers from other countries who supply Australian distributors or end-users via multiple channels (direct from overseas mill, via international traders, or via stockists and resellers who may or may not be affiliated with the mill).

The largest 3 exporters of aluminium zinc coated steel supplying the Australian market originate from the ROK, Taiwan and Vietnam.

Anti-dumping measures are currently applicable to all imports of the goods from the People’s Republic of China (China).

The commission understands that customers are readily able to change supplier.

5.3 Market structure

The 2 key markets in Australia for aluminium zinc coated steel are:

- the building and construction industry, consisting of residential construction, and industrial/commercial segments and
- the manufacturing industry, which produces non-construction related products.

In the building and construction industry, the main uses for aluminium zinc coated steel are for roll formed roof and wall cladding, rain water goods such as guttering and downpipes, roof flashing and trims, residential roof trusses, residential roofing battens, ceiling battens, residential house framing, wall structural sections, office wall framing, garden sheds, and garage door panels. In the general manufacturing industry, the main uses are for components in domestic appliances, hot water system components, cabinets, flues, ducting, grain silos and general manufactured articles.

The building and construction industry is BlueScope’s largest consumer of the like goods, in terms of sales volume. The remaining sales to the general manufacturing industry are the smaller segment of BlueScope’s volume of like goods.

In the Australian market, locally produced goods and imports are used interchangeably across the 2 key market segments.
5.3.1 Marketing and distribution

BlueScope sells aluminium zinc coated steel under several brand names. The different brands are sold into different market sectors, which enables BlueScope to develop marketing strategies that target particular market sectors. ZINCALUME® and TRUECORE® are the main brands of BlueScope’s like goods. ZINCALUME® is the largest selling brand relevant to this investigation. Both brands have the same active surface properties but TRUECORE® is targeted at the house framing market. TRUECORE® is slit to sizes that are appropriate for application in the framing market, and is coated with a blue tinted resin. Downstream fabricators or manufacturers slit BlueScope’s like goods.

BlueScope primarily sells its like goods to customers in Australia via national service centres and steel distribution businesses. Some like goods are sold to customers directly from the mills. BlueScope provided examples of undercutting which indicate that BlueScope is aware of the end-user of the goods when supplying like goods via its distribution channels.

The commission understands that exporters were found to generally export their goods to Australian steel distribution businesses, who then on-sell the goods to end-users. There were also direct sales to end-users.

5.3.2 Supply

The commission understands that there are limited ways in which suppliers can differentiate their offering beyond price and service. In most circumstances, the commission understands that customers can easily change suppliers.

Within the building and construction market, a major proportion of the sales of BlueScope’s like goods are directly to the building product manufacturing industry in Australia. This industry roll-forms the goods into building products (such as roof cladding) and then distributes the manufactured products downstream (to builders, home owners).

Otherwise, BlueScope’s like goods are sold to the local distribution market via distributor/resellers who on-sell BlueScope’s like goods into the building and construction market, or to the general manufacturing industry.

Producers from other countries supply the Australian market to their Australian customers through Australian steel distributors, the majority of which are supplied via the importers that participated in the investigation. A small proportion of the goods under consideration enter the Australian market directly from the mill to the end-user or distributor. Overseas producers supply the same market segments as the Australian industry and in some instances the same customers.

Importers of the goods often source from numerous mills and countries.

43 Aluminium zinc coated steel (≥ 600 mm) is slit by BlueScope to produce aluminium zinc coated steel of a width less than 600 mm, which is the subject of a separate investigation (Investigation 559, dumping and subsidisation investigation of aluminium zinc coated steel of a width less than 600 mm exported from China and Vietnam).

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5.3.3 Demand

The primary demand driver for aluminium zinc coated steel is the demand for residential and commercial construction.

A number of factors impact on the market for the aluminium zinc coated steel. This includes factors that impact residential and commercial construction, such as seasonal fluctuations (wet/dry seasons, holiday season shutdown), economic factors (availability for capital, domestic conditions, consumer confidence), and government regulation (standards, policies).

The commission reviewed BlueScope’s sales data for the current investigation and data provided with respect to the most recent review of measures relevant to BlueScope’s like goods of aluminium zinc coated steel (≥ 600 mm). Some seasonal variation was observed. The commission observed that the majority of sales were to the building industry or to distributors.

5.4 Pricing

BlueScope manufactures the majority of its goods to order. It releases price lists monthly with the base price based on the manufacturing cost, and negotiates directly with the customer. In price negotiation, BlueScope will consider the price offerings of import competition where this information is available.

The commission understands that, for the supply of the goods via the national network of steel distributors and importers, prices are set in different ways. Some importers of the goods rely on price lists from the mills, which they distribute to customers (end user or distributors). Others rely on more direct customer engagement, whether the customer approaches them or they approach the customer to supply the goods, and a price is sought from the mill. The commission understands that, irrespective of the approach adopted, customers are readily able to switch suppliers in most instances. Customers can negotiate price, delivery terms and payment terms. The commission understands that the price, service, availability, range and quality of the goods are factors that are important in achieving the sale. The commission understands that the majority of the goods are supplied to order.

5.5 Market size

The commission has evaluated the size of the Australian market for aluminium zinc coated steel. This captures sales volume data from BlueScope’s application and import volumes from the ABF import database.

In its application, BlueScope identified the following tariff classifications as being relevant to the goods

- 7210.61.00 statistical codes 60, 61 and 62 and
- 7225.99.00 statistical code 39.

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44 Review no 522, review of the Anti-Dumping measures applying to the same goods the subject of this investigation, aluminium zinc coated steel (≥ 600 mm), exported to Australia from China.
The commission agrees that these tariff classifications are suitable for determining the size of the Australian market.

The commission has cleansed the ABF data to ensure, as far as practicable, that only the goods relevant to the application have been included. The data has been cleansed with reference to the goods description listed against each shipment, with consideration of an appropriate range of free on board unit prices, and with consideration of the data obtained from importers and exporters verified with respect to the investigation.45

Figure 1 shows the trends in the volumes of the Australian market participants in the injury period. The Australian market for the subject goods has increased 13% over the injury period, however it underwent a period of flattening and decline from year ending (YE) March 2018.

![Volumes of Australian market participants in the injury period](image)

**Figure 1 – Australian market trends over the injury period**

The commission’s analysis of the Australian market is in **Confidential Attachment 1**.

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45 A filter to remove FOB unit prices greater than 1600 AUD/MT was applied to be the ABF data. There was no lower limit filter applied since the commission’s cleansing of the data (which included an examination of the description of the goods recorded against each shipment) removed low priced items.
6 DUMPING INVESTIGATION

6.1 Findings

The commission has found that exports of the goods to Australia from the ROK and Vietnam have been dumped.

The commission's assessment of the dumping margins is set out in the table below.

<table>
<thead>
<tr>
<th>Country</th>
<th>Exporter</th>
<th>Dumping margin (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROK</td>
<td>Dongkuk</td>
<td>3.9</td>
</tr>
<tr>
<td></td>
<td>KG Dongbu</td>
<td>2.6</td>
</tr>
<tr>
<td></td>
<td>Uncooperative exporters</td>
<td>10.5</td>
</tr>
<tr>
<td>Vietnam</td>
<td>Hoa Phat</td>
<td>12.8</td>
</tr>
<tr>
<td></td>
<td>HSG</td>
<td>8.1</td>
</tr>
<tr>
<td></td>
<td>Uncooperative exporters</td>
<td>20.9</td>
</tr>
</tbody>
</table>

Table 9 – Dumping Margins

6.2 Legislative and policy framework

In the report to the Minister under section 269TEA(1), the Commissioner must recommend whether the Minister ought to be satisfied as to the grounds for publishing a dumping duty notice under section 269TG.

Under section 269TG, one of the matters the Minister must be satisfied of in order to publish a dumping duty notice is that exporters exported dumped goods to Australia.

Section 269TDA(1) also requires that the Commissioner must terminate the investigation, in so far as it relates to an exporter, if satisfied that the exporter has not dumped the goods, or there has been dumping during the investigation period, but the dumping margin is less than 2%.

Dumping occurs when an exporter exports a product from one country to another country at a price less than its normal value. The export price and normal value of goods are determined under sections 269TAB and 269TAC, respectively.

6.2.1 Export price

Export price is determined in accordance with section 269TAB, taking into account whether the purchase or sale of goods are ‘arms length’ transactions under section 269TAA. Section 269TAB(1)(a) generally provides that the export price of any goods exported to Australia is the price paid (or payable) for the goods by the importer, where

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Note that Table 9 summarises those exporters that were not terminated against. Refer Figure 10 for the list of exporters that provided an REQ and were verified. Table 10 also indicates exporters that the investigation was subsequently terminated in relation to them.
the goods have been exported to Australia otherwise than by the importer, and purchased by the importer from the exporter in ‘arms length’ transactions.

6.2.2 Normal value

The normal value is determined in accordance with section 269TAC.

Section 269TAC(1) provides that:

...[T]he normal value of any goods exported to Australia is the price paid or payable for like goods sold in the ordinary course of trade [[OCOT]] for home consumption in the country of export in sales that are ‘arms length’ transactions by the exporter or, if like goods are not so sold by the exporter, by other sellers of like goods.

6.2.2.1 Low volume of domestic sales

Section 269TAC(2)(a)(i) provides that the normal value of goods exported to Australia cannot be ascertained under section 269TAC(1) where there is an absence, or low volume, of sales of like goods in the market of the country of export that would be relevant for the purpose of determining a price under section 269TAC(1). Relevant sales are sales of like goods sold for home consumption that are ‘arms length’ transactions and sold in the OCOT.

Domestic sales of like goods are taken to be in a low volume where the total volume of like goods is less than 5% of the total volume of the goods under consideration that are exported to Australia (unless the Minister is satisfied that the volume is still large enough to permit a proper comparison). As per the Manual, where the total volume of relevant sales is 5% or greater than the total volume of the goods under consideration, and where comparable models exist, the commission also considers the volume of relevant domestic sales of like goods for each model (or MCC).

When calculating a normal value under section 269TAC(1), in order to ensure a proper comparison between the goods exported to Australia and the goods sold on the domestic market, the commission considers the volume of sales of each exported MCC on the domestic market. Where the volume of domestic sales of an exported model is less than 5% of the volume exported, the commission will consider whether a proper comparison can be made at the MCC level. In these situations, the commission may consider whether a surrogate domestic model is required to calculate the normal value for the exported model.

6.2.2.2 Particular market situation

Section 269TAC(2)(a)(ii) provides that the normal value of goods exported to Australia cannot be ascertained under section 269TAC(1) where the Minister is satisfied that because of a situation in the market of the country of export, such sales in that market are not suitable for use in determining a price under section 269TAC(1).

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48 Referred to in this report as a ‘particular market situation’.
6.2.3 Dumping margin

For all dumping margins calculated for the purposes of this investigation, the commission compared export prices over the whole of the investigation period with the corresponding normal values.

6.3 Particular market situation

BlueScope alleged in its application that a particular market situation exists in relation to the domestic market for like goods for Vietnam such that sales are unsuitable for determining normal value under section 269TAC(1).

As set out in Non-confidential Appendix A, it is the commission’s view that a particular market situation did not exist in respect of the domestic market for aluminium zinc coated steel in Vietnam for the investigation period.

6.4 Exporters

6.4.1 Cooperative exporters

Section 269T(1) provides that, in relation to a dumping investigation, an exporter is a ‘cooperative exporter’ if the exporter’s exports were examined as part of the investigation and the exporter was not an ‘uncooperative exporter’.

At the commencement of the investigation, the commission contacted a number of entities it had identified as possible exporters of the goods, based on information in the ABF import database and from BlueScope’s application, and invited them to complete an exporter questionnaire.

The following exporters provided REQs that did not contain any deficiencies and were considered capable of verification:

<table>
<thead>
<tr>
<th>Country</th>
<th>Exporter</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROK</td>
<td>Dongkuk</td>
</tr>
<tr>
<td></td>
<td>KG Dongbu</td>
</tr>
<tr>
<td>Taiwan</td>
<td>SYSCO*</td>
</tr>
<tr>
<td></td>
<td>Yieh Phul*</td>
</tr>
<tr>
<td>Vietnam</td>
<td>Hoa Phat</td>
</tr>
<tr>
<td></td>
<td>HSG</td>
</tr>
<tr>
<td></td>
<td>Nam Kim*</td>
</tr>
</tbody>
</table>

Table 10 – Summary of exporters that provided a REQ. Asterisks indicate exporters whose REQs were verified and the investigation in relation to them was terminated (TER 558 refers).

6.4.2 Uncooperative exporters

Section 269T(1) provides that an exporter is an ‘uncooperative exporter’ where the Commissioner is satisfied that an exporter did not give the Commissioner information that the Commissioner considered to be relevant to the investigation within a reasonable period, or if satisfied that an exporter significantly impeded the investigation. Section 8 of
the *Customs (Extensions of Time and Non-cooperation) Direction 2015* (the Customs Direction) sets out that the Commissioner must determine an exporter to be an uncooperative exporter, in certain circumstances. In particular, if the exporter provides no relevant information in a reasonable period, if that exporter fails to provide a response, or fails to request a longer period to do so, within the legislated period.

The Commissioner considered the Customs Direction and determined that any exporter, which did not do any of the following, is an uncooperative exporter for the purposes of this investigation:

- Provide a REQ to the commission.
- Request a longer period to provide a response within the legislated period.
- Address requests for further information from the commission after submitting an REQ to the commission.\(^{49}\)

### 6.5 Dumping assessment – ROK

#### 6.5.1 Dongkuk Steel Mill Co., Ltd

##### 6.5.1.1 Verification

The commission conducted a remote verification of Dongkuk’s REQ.

The commission is satisfied that Dongkuk is the producer of the goods and like goods. The commission is further satisfied that Dongkuk’s information is accurate and reliable for the purpose of ascertaining the variable factors applicable to its exports of the goods.

A report covering the verification findings is available on the public record.\(^{50}\)

##### 6.5.1.2 Export price

The commission considers Dongkuk to be the exporter of the goods, as Dongkuk:

- is the manufacturer of the goods
- is named on the commercial invoice as the supplier
- knows that goods are destined for Australia, including the identity of the end customer in Australia.\(^{51}\)

In addition, other than sales made on ex-works terms, Dongkuk:

- is named as consignor on the bill of lading
- arranges and pays for the inland transport to the port of export
- arranges and pays for the port handling charges at the port of export
- arranges and pays for the ocean freight for sales made on cost and freight terms.

\(^{49}\) Requests for further information are contained in deficiency letters.

\(^{50}\) EPR 558, document 049.

\(^{51}\) The commission generally identifies the exporter as a principal in the transaction, located in the country of export from where the goods were shipped, that gave up responsibility by knowingly placing the goods in the hands of a carrier, courier, forwarding company, or its own vehicle for delivery to Australia; Or a principal in the transaction, located in the country of export, that owns, or previously owned, the goods but need not be the owner at the time the goods were shipped.
The commission is satisfied that for all Australian export sales during the period, Dongkuk was the exporter of the goods.

In respect of Dongkuk’s Australian sales of the goods to its customers during the period, the commission found no evidence that:

- there was any consideration payable for, or in respect of, the goods other than price
- the price appeared to be influenced by a commercial or other relationship between the buyer, or an associate of the buyer, and the seller, or an associate of the seller
- the buyer, or an associate of the buyer, was directly or indirectly reimbursed, compensated or otherwise received a benefit for, or in respect of, the whole or any part of the price.

The commission therefore considers that Dongkuk’s export sales to Australian customers during the period were ‘arms length’ transactions.

Dongkuk did not have export sales of the goods to any related customers in Australia during the period.

In respect of Dongkuk’s Australian sales of the goods sold directly to the importer, the commission has determined the export price under section 269TAB(1)(a), as the price the importer paid to the exporter less transport and other costs arising after exportation.

In respect of Dongkuk’s Australian sales of the goods sold through intermediaries, the importer has not purchased the goods from the exporter, therefore, export prices cannot be determined under sections 269TAB(1)(a) or 269TAB(1)(b). The commission has determined the export price under section 269TAB(1)(c) having regard to all the circumstances of the exportation. Specifically, the commission has used the price on the commercial invoice from Dongkuk to its customers (the intermediaries to the sale of the goods to Australia), less transport and other costs arising after exportation. For those sales that are at ex-works terms, the commission adjusted the price to the free-on-board level, based on Dongkuk’s weighted average inland transport cost.

### 6.5.1.3 Normal value

In respect of Dongkuk’s domestic sales of like goods to its customers during the period, the commission found no evidence that:

- there was any consideration payable for, or in respect of, the goods other than price
- the price appeared to be influenced by a commercial or other relationship between the buyer, or an associate of the buyer, and the seller, or an associate of the seller
- the buyer, or an associate of the buyer, was not directly or indirectly reimbursed, compensated or otherwise received a benefit for, or in respect of, the whole or any part of the price.

The commission therefore considers that all of Dongkuk’s domestic sales to its domestic customers during the period were ‘arms length’ transactions.
Dongkuk provided a submission following the publication of its verification report to contend that the calculation of its SG&A should be re-assessed. Following the verification, the verification team was satisfied that there were differences in indirect selling costs between the export and domestic markets, specifically that there was a larger amount of indirect selling costs relevant to domestic sales, and allocated costs to Dongkuk’s domestic SG&A to take into account this difference. Dongkuk submit that the commission, in allocating the domestic indirect selling costs to its domestic SG&A, has inflated Dongkuk’s SG&A. Dongkuk advise that the approach taken in relation to its SG&A generates a higher OCOT domestic price.

The commission is satisfied that it has not inflated Dongkuk’s SG&A. In its calculation of SG&A, the commission has appropriately accounted for the difference in indirect selling costs between the two markets, that being the larger amount of indirect selling costs relevant to domestic sales.

The commission assessed the total volume of relevant sales of like goods as a percentage of the goods exported to Australia and found that the volume of sales was not less than 5%. The commission has therefore determined a normal value for Dongkuk under section 269TAC(1), as the price paid or payable for like goods sold in the ordinary course of trade for consumption in the country of export in sales that are ‘arms length’ transactions.

The commission has considered whether each exported MCC was sold on the domestic market and the volume of domestic sales the table below.

<table>
<thead>
<tr>
<th>Export MCC</th>
<th>Is model sold domestically in OCOT?</th>
<th>Is volume of domestic sales of same MCC 5% or greater as a proportion of export volume?</th>
<th>Treatment of normal value</th>
</tr>
</thead>
<tbody>
<tr>
<td>P-1-F-1-2-C</td>
<td>N</td>
<td>N</td>
<td>Surrogate model P-1-A-1-2-C with a specification adjustment under TAC(8).</td>
</tr>
<tr>
<td>P-1-F-3-2-C</td>
<td>N</td>
<td>N</td>
<td>Surrogate model P-1-B-3-2-C with a specification adjustment under TAC(8).</td>
</tr>
<tr>
<td>P-2-D-1-2-C</td>
<td>N</td>
<td>N</td>
<td>Surrogate model P-2-D-3-2-C with a specification adjustment under TAC(8).</td>
</tr>
<tr>
<td>P-2-D-3-2-C</td>
<td>Y</td>
<td>Y</td>
<td>-</td>
</tr>
<tr>
<td>P-2-D-4-2-C</td>
<td>N</td>
<td>N</td>
<td>Surrogate model P-2-D-5-2-C with a specification adjustment under TAC(8).</td>
</tr>
<tr>
<td>P-2-D-5-2-C</td>
<td>Y</td>
<td>Y</td>
<td>-</td>
</tr>
<tr>
<td>P-2-F-1-2-C</td>
<td>N</td>
<td>N</td>
<td>Surrogate model P-2-A-1-2-C with a specification adjustment under TAC(8).</td>
</tr>
<tr>
<td>P-2-F-2-2-C</td>
<td>N</td>
<td>N</td>
<td>Surrogate model P-2-A-2-2-C with a specification adjustment under TAC(8).</td>
</tr>
<tr>
<td>P-2-F-3-2-C</td>
<td>N</td>
<td>N</td>
<td>Surrogate model P-2-A-3-2-C with a specification adjustment under TAC(8).</td>
</tr>
<tr>
<td>P-2-F-4-2-C</td>
<td>N</td>
<td>N</td>
<td>Surrogate model P-2-A-4-2-C with a specification adjustment under TAC(8).</td>
</tr>
<tr>
<td>P-2-F-5-2-C</td>
<td>N</td>
<td>N</td>
<td>Surrogate model P-2-A-5-2-C with a specification adjustment under TAC(8).</td>
</tr>
</tbody>
</table>

52 EPR 558, document 055.
6.5.1.4 Adjustments

Dongkuk provided a submission following the publication of its verification report. It contends that the calculation of its normal value should be re-assessed. In its REQ, Dongkuk claimed a 269TAC(8) adjustment for differences in indirect selling expenses between export and domestic sales. The verification team considered an adjustment was not warranted. Dongkuk made its submission to reiterate its claim for a 269TAC(8) adjustment in relation to its indirect selling costs.

The commission did not address the details of the submission in the SEF because, in the commission’s opinion, consideration of Dongkuk’s normal value calculation would prevent the timely publication of the SEF on the public record.

For this final report, the commission has reviewed the information provided by Dongkuk in respect of its claim for a 269TAC(8) adjustment for differences in indirect selling expenses between export and domestic sales. Dongkuk’s verified data evidences there being different marketing and sales teams for domestic and export markets, with the domestic market requiring more resources compared to the export market. The commission is satisfied that there is a demonstrable and material difference between domestic and export indirect selling expenses. The commission considers that Dongkuk would reasonably take into account the indirect selling expenses associated with each market when setting its prices. Therefore, the commission has amended Dongkuk’s normal value calculation by adding an amount for export indirect selling expenses and deducting an amount for domestic indirect selling expenses.

In response to the SEF, BlueScope submitted that an upwards adjustment to Dongkuk’s normal value has not been applied in relation to export brokerage expenses. BlueScope stated that it understands Dongkuk incurs this type of cost on metallic coated steel to Australia and that the commission applied this upward adjustment to normal value calculations in Review No 521, which concerns a similar class of metallic coated goods.

The commission notes that Dongkuk was not examined as part of Review No 521. BlueScope has not provided any information to support its claim that Dongkuk does in fact incur this type of cost. The commission has reviewed the available information obtained during Dongkuk’s verification and notes that no export brokerage expenses were identified. Despite the inclusion of an upwards adjustment to KG Dongbu’s normal value, the commission does not consider it appropriate to assume that Dongkuk incurs such an expense simply because another exporter from the ROK incurred it. Therefore, no upwards adjustment for export brokerage expenses has been applied for Dongkuk.

In addition, the commission has revisited the application of gross margin in calculating specification adjustments. The gross margin was based on the difference between the cost to make and the sales revenue of all sales in the investigation period. The gross

53 EPR 558, document 055.
54 Section 269ZHE(3) of the Act refers.
55 EPR 558, document 062.
56 Review No 521, a review of measures in relation to zinc coated (galvanised) steel.
margin was applied to the difference in CTM between the export MCC and the surrogate MCC. The commission has amended the application of the gross margin by utilising the difference in CTMS between the export MCC and the surrogate MCC and then by adding the OCOT profit.

In a post-SEF submission, Dongkuk asserted that differences in CTM and not CTMS should be used as the basis for calculation 269TAC(8) specification adjustments. Based on the legislation and the Manual, Dongkuk submits that utilising CTM correctly reflects the physical differences between the exported goods and the domestic like goods, whereas CTMS results in a comparison affected by differences in SG&A between different models. Dongkuk considers that the commission should apply a gross margin as referenced in the Manual, whereas the OCOT profit is a narrower type of profit margin.

The commission has considered Dongkuk’s views regarding the calculation of specification adjustments. The commission notes that an adjustment for physical differences between models aims to quantify the market value of those physical differences. Where available, the commission will use the difference in selling prices for products with different physical characteristics. Where this is unavailable the commission will estimate this difference in selling price by using the difference in CTM and SG&A (i.e. CTMS), plus an amount for profit. Whether using selling prices or costs, the intention is to arrive at the market value of those physical differences. When using costs for the adjustment, having regard to CTM alone would be a less accurate estimation of the difference in selling prices for products with different physical characteristics, and would not appropriately account for the market value of those physical differences.

Regarding profit, while the Manual does note that gross margin may be used in the estimation of the difference in selling prices for products with different physical characteristics, the commission considers that OCOT profit is preferable in this case. By excluding sales that are not in the OCOT, the commission considers that OCOT profit more accurately reflects the difference in selling prices for products with different physical characteristics. Conversely, the commission considers that the inclusion of sales that were not in the OCOT would less accurately quantify the market value of those physical differences, as it would include sales that may not be reflective of their market value.

Having considered the issues raised, the commission has amended Dongkuk’s normal value calculation in respect of its 269TAC(8) adjustments for indirect selling expenses and the calculation of gross profit, as outlined above. The commission is satisfied that there is sufficient information to justify the following adjustments in accordance with section 269TAC(8). The commission considers these adjustments are necessary to ensure a fair comparison of normal values and export prices.

<table>
<thead>
<tr>
<th>Adjustment Type</th>
<th>Deduction/addition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic credit terms</td>
<td>Deduct an amount for domestic credit</td>
</tr>
<tr>
<td>Domestic packaging</td>
<td>Deduct an amount for domestic packaging</td>
</tr>
<tr>
<td>Domestic inland transport</td>
<td>Deduct an amount for domestic inland transport</td>
</tr>
<tr>
<td>Domestic indirect selling expenses</td>
<td>Deduct an amount for domestic indirect selling expenses</td>
</tr>
<tr>
<td>Export packaging</td>
<td>Add an amount for export packaging</td>
</tr>
</tbody>
</table>

57 EPR 558, document 066.

REP 558 Aluminium zinc coated steel ≥ 600 mm – ROK, Taiwan and Vietnam
<table>
<thead>
<tr>
<th>Adjustment Type</th>
<th>Deduction/addition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Export inland transport</td>
<td>Add an amount for export inland transport</td>
</tr>
<tr>
<td>Export port charges</td>
<td>Add an amount for port charges</td>
</tr>
<tr>
<td>Export bank charges</td>
<td>Add an amount for export bank charges</td>
</tr>
<tr>
<td>Export indirect selling expenses</td>
<td>Add an amount for export indirect selling expenses</td>
</tr>
<tr>
<td>Specification</td>
<td>Add or deduct an amount for specification differences</td>
</tr>
<tr>
<td>Timing differences</td>
<td>Add or deduct an amount in relation to sales occurring at different times</td>
</tr>
</tbody>
</table>

Table 12 - Summary of adjustments – Dongkuk

6.5.1.5 Dumping margin
The dumping margin in respect of Dongkuk’s exports of the goods to Australia during the investigation period has changed since the publication of the SEF and is 3.9%.

The commission’s calculations are at Confidential Attachment 3.

6.5.2 KG Dongbu Steel Co., Ltd.

6.5.2.1 Verification
The commission conducted a remote verification of KG Dongbu’s REQ.

The commission is satisfied that KG Dongbu is the producer of the goods and like goods. The commission is further satisfied that KG Dongbu’s information is accurate and reliable to ascertain the variable factors applicable to KG Dongbu’s exports of the goods.

A report covering the verification findings is available on the public record.58

6.5.2.2 Export price
The commission considers KG Dongbu to be the exporter of the goods, as KG Dongbu is:

- the manufacturer of the goods
- named on the commercial invoice as the supplier
- named as consignor on the bill of lading
- arranges and pays for the inland transport to the port of export and
- for FOB transactions, arranges and pays for the port handling charges at the port of export.

The commission is satisfied that for all Australian export sales during the investigation, KG Dongbu was the exporter of the goods.

In respect of KG Dongbu’s direct Australian sales of the goods to its unrelated customers during the period, the commission found no evidence that:

- there was any consideration payable for, or in respect of, the goods other than price
- the price appeared to be influenced by a commercial or other relationship between the buyer, or an associate of the buyer, and the seller, or an associate of the seller

58 EPR 558, document 047.

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• the buyer, or an associate of the buyer, was directly or indirectly reimbursed, compensated or otherwise received a benefit for, or in respect of, the whole or any part of the price.

KG Dongbu did not have export sales of the goods to any related customers in Australia during the period.

The commission considers that KG Dongbu’s export sales to its Australian customers and those via unrelated traders based in the ROK during the period were ‘arms length’ transactions.

For KG Dongbu’s sales of the goods made directly to Australian customers, the commission has determined the export price under section 269TAB(1)(a), as the price the importer paid to the exporter less transport and other costs arising after exportation.

For KG Dongbu’s sales of the goods to Australian customers via traders based in the ROK, the commission has determined the export price under section 269TAB(1)(c) having regard to all the circumstances of the exportation. Specifically, the commission has calculated the export price based on the price between KG Dongbu and the trader based in the ROK, adjusted to FOB terms so as to include port, handling, brokerage and other expenses.

6.5.2.3 Normal value
In respect of KG Dongbu’s domestic sales of like goods to its unrelated domestic customers during the period, the commission found no evidence that

• there was any consideration payable for, or in respect of, the goods other than price
• the price appeared to be influenced by a commercial or other relationship between the buyer, or an associate of the buyer, and the seller, or an associate of the seller
• the buyer, or an associate of the buyer, was not directly or indirectly reimbursed, compensated or otherwise received a benefit for, or in respect of, the whole or any part of the price.

The commission therefore considers that KG Dongbu’s domestic sales to its unrelated domestic customers during the period were ‘arms length’ transactions.

In respect of KG Dongbu’s domestic sales of like goods to its related customer during the period, the commission found no evidence that

• there was any consideration payable for, or in respect of, the goods other than price
• the price appeared to be influenced by a commercial or other relationship between the buyer, or an associate of the buyer, and the seller, or an associate of the seller
• the buyer, or an associate of the buyer, was directly or indirectly reimbursed, compensated or otherwise received a benefit for, or in respect of, the whole or any part of the price.

The commission therefore considers that all of KG Dongbu’s domestic sales to its related customer during the period were ‘arms length’ transactions.
The commission assessed the total volume of relevant sales of like goods as a percentage of the goods exported to Australia and found that the volume of sales was not less than 5%. The commission has therefore determined a normal value for KG Dongbu under section 269TAC(1), as the price paid or payable for like goods sold in the ordinary course of trade for consumption in the country of export in sales that are ‘arms length’ transactions.

The commission has considered whether each exported MCC was sold on the domestic market and the volume of domestic sales in the table below.

<table>
<thead>
<tr>
<th>Export MCC</th>
<th>Is model sold domestically in OCOT?</th>
<th>Is volume of domestic sales of same MCC 5% or greater as a proportion of export volume?</th>
<th>Treatment of normal value</th>
</tr>
</thead>
<tbody>
<tr>
<td>P-1-F-3-2-C</td>
<td>N</td>
<td>N</td>
<td>Surrogate model P-1-F-1-2-C with a specification adjustment under TAC(8).</td>
</tr>
<tr>
<td>P-2-F-1-2-C</td>
<td>N</td>
<td>N</td>
<td>Surrogate model P-1-F-1-2-C with a specification adjustment under TAC(8).</td>
</tr>
<tr>
<td>P-2-F-2-2-C</td>
<td>N</td>
<td>N</td>
<td>Surrogate model P-2-B-3-2-C with a specification adjustment under TAC(8).</td>
</tr>
<tr>
<td>P-3-F-4-2-C</td>
<td>N</td>
<td>N</td>
<td>Surrogate model P-2-B-4-2-C with a specification adjustment under TAC(8).</td>
</tr>
<tr>
<td>P-2-D-2-2-C</td>
<td>N</td>
<td>N</td>
<td>Surrogate model P-2-D-5-2-C with a specification adjustment under TAC(8).</td>
</tr>
<tr>
<td>P-2-D-3-2-C</td>
<td>N</td>
<td>N</td>
<td>Surrogate model P-2-D-5-2-C with a specification adjustment under TAC(8).</td>
</tr>
<tr>
<td>P-2-D-4-2-C</td>
<td>N</td>
<td>N</td>
<td>Surrogate model P-2-D-5-2-C with a specification adjustment under TAC(8).</td>
</tr>
<tr>
<td>P-2-F-4-2-C</td>
<td>N</td>
<td>N</td>
<td>Surrogate model P-2-A-4-2-C with a specification adjustment under TAC(8).</td>
</tr>
<tr>
<td>P-2-F-5-2-C</td>
<td>N</td>
<td>N</td>
<td>Surrogate model P-2-D-5-2-C with a specification adjustment under TAC(8).</td>
</tr>
<tr>
<td>P-2-D-5-2-C</td>
<td>Y</td>
<td>Y</td>
<td>-</td>
</tr>
</tbody>
</table>

Table 13 - Surrogate models – KG Dongbu

6.5.2.4 Adjustments

KG Dongbu provided a submission following the publication of its verification report. It contends that the commission ought to reconsider the calculation of KG Dongbu’s normal value on the basis of 2 calculation errors. These are as follows:

- The commission incorrectly calculated the unit amounts (relating to handling and brokerage expenses) in applying a section 269TAC(8) upward adjustment to the normal value. The amounts were calculated using both the actual amounts relevant to FOB sales and the amounts the commission applied to sales having Free Carrier (FCA) delivery terms. KG Dongbu considers that the calculation should be based on the actual amounts incurred, that being the amounts against FOB sales only.

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59 EPR 558, document 051.
• The gross margin applied in the calculation of specification adjustments is incorrect. The gross margin should be an amount for SG&A plus the OCOT profit.

The commission did not address the details of the submission in the SEF because, in the commission’s opinion, consideration of KG Dongbu’s normal value calculation would prevent the timely publication of the SEF on the public record.60

Following the publication of the SEF, KG Dongbu reiterated its view regarding the calculation of gross margin, submitting that a net margin has been utilised by the commission, and has been incorrectly applied to the CTM in calculating specification adjustments.61

The commission has assessed KG Dongbu’s calculation of handling and brokerage expenses in preparing this report. The commission has amended KG Dongbu’s export adjustments for export handling and brokerage expenses to only include the sales made on an FOB basis. The calculation now correctly reflects a unit amount that represents the actual value of handling and brokerage expenses.

In relation to the matter of gross margin, the commission has revisited the application of gross margin in calculating specification adjustments. The gross margin was based on the difference between the cost to make and the sales revenue of all sales in the investigation period. The gross margin was applied to the difference in CTM between the export MCC and the surrogate MCC. The commission has amended the application of the gross margin by utilising the difference in CTMS between the export MCC and the surrogate MCC and then by adding the OCOT profit.

In response to the SEF, BlueScope submitted that an upwards adjustment to KG Dongbu’s normal value has not been applied in relation to export letter of credit notification costs.62 BlueScope would expect that this adjustment would be applied since the commission made an upward adjustment with respect to KG Dongbu’s normal value in Review No 521, which concerns a similar class of metallic coated goods.63

The commission examined Dongbu’s verification documents and requested additional information from Dongbu in regard to letter of credit notification costs. Dongbu confirmed that they did incur these costs and provided information to the commission to evidence the amount as a negligible proportion of the total costs in the investigation period. The commission is satisfied that Dongbu’s exporter letter of credit notification costs during the investigation period were immaterial. Dongbu’s normal value has not been amended with respect to these costs.

The commission is satisfied that there is sufficient information to justify the following adjustments in accordance with section 269TAC(8). The commission considers these adjustments are necessary to ensure a fair comparison of normal values and export prices.

60 Section 269ZHE(3) of the Act refers.
61 EPR 558, document 063.
62 EPR 558, document 062.
63 Review No 521, a review of measures in relation to zinc coated (galvanised) steel.

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<table>
<thead>
<tr>
<th>Adjustment Type</th>
<th>Deduction/addition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic credit terms</td>
<td>Deduct an amount for domestic credit</td>
</tr>
<tr>
<td>Domestic packaging</td>
<td>Deduct an amount for domestic packaging</td>
</tr>
<tr>
<td>Domestic warranty expenses</td>
<td>Deduct an amount for domestic warranty expenses</td>
</tr>
<tr>
<td>Export packaging</td>
<td>Add an amount for export packaging</td>
</tr>
<tr>
<td>Export inland transport</td>
<td>Add an amount for export inland transport</td>
</tr>
<tr>
<td>Export port charges</td>
<td>Add an amount for export port charges</td>
</tr>
<tr>
<td>Export brokerage expenses</td>
<td>Add an amount for export brokerage expenses</td>
</tr>
<tr>
<td>Export packaging</td>
<td>Add an amount for export packaging</td>
</tr>
<tr>
<td>Export bank charges</td>
<td>Add an amount for export bank charges</td>
</tr>
<tr>
<td>Specification</td>
<td>Add or deduct an amount for specification</td>
</tr>
</tbody>
</table>

Table 14 - Summary of adjustments – KG Dongbu

6.5.2.5 Dumping margin
The dumping margin in respect of KG Dongbu’s exports of the goods to Australia during the investigation period has changed since the publication of the SEF and is 2.6%.

The commission’s calculations are at Confidential Attachment 2.

6.5.3 Uncooperative exporters
The commission has determined that all exporters of the goods from the ROK, other than Dongkuk and KG Dongbu, are uncooperative exporters for the purposes of this investigation.64

Section 269TACAB sets out the provisions for calculating export prices and normal values for uncooperative exporters.

6.5.3.1 Export prices
Pursuant to section 269TACAB(1)(d), the commission has determined the export price for the uncooperative exporters pursuant to section 269TAB(3), having regard to all relevant information.

The commission has used the lowest verified weighted average FOB export price for the cooperating ROK exporters that exported to Australia during the investigation period.

The commission has chosen the lowest verified weighted average export price on the basis that this export price demonstrates a price at which an uncooperative exporter may export the goods to Australia, based on the information before the commission.

6.5.3.2 Normal value
Pursuant to section 269TACAB(1)(e), the commission has determined the normal value for the uncooperative exporters pursuant to section 269TAC(6) after having regard to all relevant information.

64 Refer to section 6.4.2.

REP 558 Aluminium zinc coated steel ≥ 600 mm – ROK, Taiwan and Vietnam
The commission has used the highest verified normal value of the cooperating exporters from the ROK, who exported to Australia during the investigation period. The commission chose this approach on the basis that:

- the commission does not have specific information relating to the uncooperative exporters, relevant to the calculation of the normal value
- the highest normal value of cooperating exporters demonstrates a price at which an uncooperative exporter may sell the goods in the ROK’s domestic market, based on the information before the commission.

6.5.3.3 **Dumping margin**
The dumping margin in respect of exports of the goods from uncooperative exporters in the ROK during the investigation period has changed since the publication of the SEF and is 10.5%.

The commission’s calculations are included in **Confidential Attachment 4**.

6.5.4 **Summary of dumping margins**
The commission has assessed that the goods exported to Australia from the ROK during the investigation period had dumping margins as follows.

<table>
<thead>
<tr>
<th>Exporter</th>
<th>Dumping margin (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dongkuk</td>
<td>3.9</td>
</tr>
<tr>
<td>KG Dongbu</td>
<td>2.6</td>
</tr>
<tr>
<td>Uncooperative exporters</td>
<td>10.5</td>
</tr>
</tbody>
</table>

**Table 15 - Summary of dumping margins for the ROK**

6.5.5 **Level of dumping**
Section 269TDA(1) provides that the Commissioner must terminate a dumping investigation, in so far as it relates to an exporter of the goods, if satisfied that:

- there has been no dumping by the exporter of any of those goods or
- that there has been dumping by the exporter of some or all of those goods, but the dumping margin for the exporter is less than 2%.

As detailed in this chapter, the commission is satisfied that all goods exported from the ROK were at dumped prices during the investigation period and the dumping margin for all exporters from the ROK of the goods is 2% or more.

6.5.6 **Volume of dumped imports**
Pursuant to section 269TDA(3), the Commissioner must terminate the investigation, in so far as it relates to a country, if satisfied that the total volume of goods that have been or may be dumped is a negligible volume. Section 269TDA(4) defines a negligible volume as less than 3% of the total volume of goods imported into Australia over the investigation period. Section 269TDA(5) does not apply to this investigation.
Using the ABF import database and having regard to the information collected and verified during the investigation, the commission determined the volume of imports in the Australian market. Based on this information, the commission is satisfied that, when expressed as a percentage of the total Australian import volume of the goods, the volume of goods that have been exported from the ROK at dumped prices was 3% or greater of the total import volume. The volume of dumped goods exported from the ROK is therefore not negligible.

The commission’s calculations are at Confidential Attachment 5.

6.6 Dumping assessment – Vietnam

6.6.1 Hoa Phat Steel Sheet Co., Ltd

6.6.1.1 Verification

The commission conducted a benchmark verification of Hoa Phat’s REQ.

The commission is satisfied that Hoa Phat is the producer of the goods and like goods. The commission is satisfied that Hoa Phat’s export and domestic sales information is accurate and reliable for the purpose of ascertaining the variable factors applicable to its exports of the goods. The commission is not satisfied that the cost to make (CTM) data provided for 1 April 2019 to 31 December 2019 is reliable. However, the cost information provided for 1 January 2020 to 31 March 2020 was found to be reliable.

A file note covering the verification findings is available on the public record.65

6.6.1.2 Export price

The commission considers Hoa Phat to be the exporter of the goods, as Hoa Phat is:

- the manufacturer of the goods
- named as the seller on the commercial invoice
- named as the shipper on the bill of lading
- knowingly exported the goods destined for Australia.

The commission is satisfied that for all Australian export sales during the period, Hoa Phat was the exporter of the goods and the goods were sold to unrelated parties.

In respect of Hoa Phat’s Australian sales of the goods to its unrelated customers during the period, the commission found no evidence that:

- there was any consideration payable for, or in respect of, the goods other than price
- the price appeared to be influenced by a commercial or other relationship between the buyer, or an associate of the buyer, and the seller, or an associate of the seller
- the buyer, or an associate of the buyer, was directly or indirectly reimbursed, compensated or otherwise received a benefit for, or in respect of, the whole or any part of the price.

65 EPR 558, document 052.
The commission therefore considers that all of Hoa Phat’s exports to Australian customers, all of whom were unrelated, during the investigation period were ‘arms length’ transactions.

In respect of Hoa Phat’s Australian sales of the goods, the commission has determined the export price under section 269TAB(1)(a), as the price the importer paid to the exporter, less transport and other costs arising after exportation.

6.6.1.3 Normal value

In respect of Hoa Phat’s domestic sales of like goods to its customers during the period, the commission found no evidence that:

- there was any consideration payable for, or in respect of, the goods other than price
- the price appeared to be influenced by a commercial or other relationship between the buyer, or an associate of the buyer, and the seller, or an associate of the seller
- the buyer, or an associate of the buyer, was not directly or indirectly reimbursed, compensated or otherwise received a benefit for, or in respect of, the whole or any part of the price.

The commission therefore considers that all of Hoa Phat’s domestic sales to its domestic customers during the investigation period were ‘arms length’ transactions.

Hoa Phat did not have domestic sales of the goods to any related customers during the period.

The application claimed that the market in the country of export is such that sales in that market are not suitable for use in determining a normal value under section 269TAC(1), in accordance with section 269TAC(2)(a)(ii). The application also claimed that Hoa Phat’s records do not reasonably reflect competitive market costs associated with the production or manufacture of like goods.

As outlined in Non-confidential Appendix A the commission considers a particular market situation did not exist in respect of the domestic market for the goods under consideration in Vietnam for the investigation period. In addition, the available evidence indicates that the HRC costs that Hoa Phat incurred are consistent with exporters from other countries, and appears to reflect competitive market costs.

The commission assessed the total volume of relevant sales of like goods as a percentage of the goods exported to Australia and found that the volume of sales was not less than 5%. The commission has therefore determined a normal value for Hoa Phat under section 269TAC(1), as the price paid or payable for like goods sold in the ordinary course of trade for consumption in the country of export in sales that are ‘arms length’ transactions.

For the purpose of determining a normal value under section 269TAC(1), the commission has only relied on sales made between 1 January 2020 to 31 March 2020. The volume of these sales was not less than 5% of the volume of goods exported to Australia. Sales in other parts of the investigation period are considered not reliable for the purpose of calculating a normal value under section 269TAC(1) as the commission was unable to rely on Hoa Phat’s cost data to determine whether sales were in the OCOT.
The commission has considered whether each exported MCC was sold on the domestic market and the volume of domestic sales in the table below.

<table>
<thead>
<tr>
<th>Export MCC</th>
<th>Is model sold domestically in OCOT?</th>
<th>Is volume of domestic sales of same MCC 5% or greater as a proportion of export volume?</th>
<th>Treatment of normal value</th>
</tr>
</thead>
<tbody>
<tr>
<td>P-2-F-1-2-C</td>
<td>Y</td>
<td>Y</td>
<td>-</td>
</tr>
<tr>
<td>P-2-F-2-2-C</td>
<td>N</td>
<td>N</td>
<td>Surrogate model P-2-F-1-2-C with a specification adjustment under TAC(8).</td>
</tr>
</tbody>
</table>

Table 16 - Domestic volumes – Hoa Phat

6.6.1.4 Adjustments

In a submission in response to SEF 558, BlueScope queried the application of particular 269TAC(8) adjustments applied to Hoa Phat’s normal value.66

Specifically, BlueScope queries whether export container costs should be applied consistently for all cooperating Vietnamese exporters. Since an upwards adjustment was made to Nam Kim’s normal value for export container loading costs, BlueScope considers that Hoa Phat should similarly have the cost applied to Hoa Phat’s normal value. BlueScope submits that all cooperating Vietnamese exporters export the goods to Australia from Ho Chi Minh City (via either the Cat Lai Port, or the Phuoc Long international container terminal).

Additionally, BlueScope questioned the adjustment for ‘domestic other expenses’, stating that this adjustment was not disclosed as required in Hoa Phat’s verification report, nor did the commission detail the nature of the adjustment in SEF 558. BlueScope submits that this adjustment is not required, and requested it be removed in the determination of Hoa Phat’s normal value.

Hoa Phat also made a submission in response to SEF 558.67 Hoa Phat submits that the commission has incorrectly applied the timing adjustment used for calculating normal values in quarters where no suitable domestic sales were found. Hoa Phat proposes a recalculation of its normal value with the timing adjustments applied directly to the HRC cost rather than the normal value. Hoa Phat contends that the commission’s approach unfairly increased fixed costs, which do not vary between quarters. With reference to section 44(7) of the Customs (International Obligations) Regulation 2015, Hoa Phat submits that the commission must have regard to the normal values established in the March 2020 quarter, in establishing normal values for previous quarters. Hoa Phat is of the view that this would properly address and adjust for the higher production costs associated with the company’s start-up operations.

The commission has considered the submissions provided by BlueScope and Hoa Phat in determining the appropriate adjustments to apply to Hoa Phat’s normal value.

In relation to container loading fees, the commission has reviewed Hoa Phat’s data to assess whether a separate container loading fee adjustment is required. Re-examination of the normal value calculation inputs indicates that container loading charges are

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66 EPR 558, document 062.
67 EPR 558, document 065.
included in the upwards adjustment for port handling charges. Therefore, no separate adjustment is required.

In response to BlueScope’s query regarding the nature of the adjustment for ‘domestic other expenses’, the commission clarifies that this adjustment should have been outlined as ‘domestic credit terms’ in SEF 558. This has been amended in Table 17.

In relation to Hoa Phat's timing adjustment, the commission has calculated it with regard to the information available. The commission has not been provided with any additional information to support Hoa Phat’s assertion that the commission’s approach unfairly increased fixed costs. Additionally, as per Hoa Phat’s submission, the commission has had regard to the normal values established for the March 2020 quarter in determining normal values for the previous quarters. As indicated above, the cost information provided by Hoa Phat for the period 1 April 2019 to 31 December 2019 was determined to be insufficiently reliable and useable. In the absence of reliable cost information across the investigation period, the commission did not have a basis to adjust the costs pursuant to sections 43(8) and 44(9) of the Customs (International Obligations) Regulation 2015. Taking into account the above considerations, no amendments to Hoa Phat's timing adjustments have been made.

In addition to the matters outlined above, the commission has revisited the application of gross margin in calculating specification adjustments. The gross margin was based on the difference between the cost to make and the sales revenue of all sales in the investigation period. The gross margin was applied to the difference in CTM between the export MCC and the surrogate MCC. The commission has amended the application of the gross margin by utilising the difference in CTMS between the export MCC and the surrogate MCC and then by adding the OCOT profit.

The commission is satisfied there is sufficient information to justify the following adjustments in accordance with section 269TAC(8). The commission considers these adjustments are necessary to ensure a fair comparison of normal values and export prices.

<table>
<thead>
<tr>
<th>Adjustment Type</th>
<th>Deduction/addition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic inland transport</td>
<td>Deduct an amount for domestic inland transport</td>
</tr>
<tr>
<td>Domestic credit terms</td>
<td>Deduct an amount for domestic credit</td>
</tr>
<tr>
<td>Export inland transport</td>
<td>Add an amount for export inland transport</td>
</tr>
<tr>
<td>Export handling charges</td>
<td>Add an amount for handling charges</td>
</tr>
<tr>
<td>Specification</td>
<td>Add or deduct an amount for specification differences</td>
</tr>
<tr>
<td>Timing differences</td>
<td>Add or deduct an amount in relation to sales occurring at different times</td>
</tr>
</tbody>
</table>

Table 17 - Summary of adjustments – Hoa Phat

6.6.1.5 Dumping margin

The dumping margin in respect of Hoa Phat’s exports of the goods to Australia during the investigation period has changed since the publication of the SEF and is 12.8%.

The commission’s calculations are at Confidential Attachment 6.
6.6.2 Hoa Sen Group Joint Stock Company

6.6.2.1 Verification
The commission conducted a remote verification of HSG’s REQ.

The commission is satisfied that HSG is the producer of the goods and like goods. The commission is further satisfied that the information that HSG provided is accurate and reliable to ascertain the variable factors applicable to its exports of the goods.

A report covering the verification findings is available on the public record.68

6.6.2.2 Export price
The commission considers HSG to be the exporter of the goods, as HSG is:

- the manufacturer of the goods
- named on the commercial invoice as the supplier
- named as consignor on the bill of lading
- arranges and pays for the inland transport to the port of export
- arranges and pays for the port handling charges at the port of export
- arranges and pays for the ocean freight and marine insurance.

The commission is satisfied that for all Australian export sales during the investigation period HSG was the exporter of the goods.

In respect of HSG’s Australian sales of the goods to its unrelated customers during the period, the commission found no evidence that:

- there was any consideration payable for, or in respect of, the goods other than price
- the price appeared to be influenced by a commercial or other relationship between the buyer, or an associate of the buyer, and the seller, or an associate of the seller
- the buyer, or an associate of the buyer, was directly or indirectly reimbursed, compensated, or otherwise received a benefit for, or in respect of, the whole or any part of the price.

The commission therefore considers that all of HSG’s export sales to its unrelated Australian customers during the investigation period were ‘arms length’ transactions.

HSG did not have export sales of the goods to any related customers in Australia during the period.

In respect of Australian sales of the goods by HSG, the commission has determined the export price under section 269TAB(1)(a), as the price the importer paid to the exporter less transport and other costs arising after exportation.

6.6.2.3 Normal value
In respect of HSG’s domestic sales of like goods to its unrelated customers during the period, the commission found no evidence that:

68 EPR 558, document 040.
• there was any consideration payable for, or in respect of, the goods other than its price
• the price appeared to be influenced by a commercial or other relationship between the buyer, or an associate of the buyer, and the seller, or an associate of the seller
• the buyer, or an associate of the buyer, was not directly or indirectly reimbursed, compensated, or otherwise received a benefit for, or in respect of, the whole or any part of the price.

The commission therefore considers that all of HSG’s domestic sales to its unrelated domestic customers during the period were ‘arms length’ transactions.

In respect of HSG’s domestic sales of like goods to its related customers during the period, the commission found no evidence that:

• there was any consideration payable for, or in respect of, the goods other than their price
• the buyer, or an associate of the buyer, was directly or indirectly reimbursed, compensated or otherwise received a benefit for, or in respect of, the whole or any part of the price.

However, the commission found evidence that the price appeared to be influenced by a commercial or other relationship between the buyer and the seller, as:

• HSG has a controlling or significant interest in the related parties
• HSG is the supplier of the goods to the related parties
• prices between HSG and the related parties are determined according to an internal pricing guideline.

The prices for unrelated and related customers were not comparable. The commission therefore considers that HSG’s domestic sales to its related customers during the period were not ‘arms length’ transactions, pursuant to section 269TAA(1)(b).69 Domestic sales from related customers have not been included in the normal value calculation.

The application claimed that the market in the country of export is such that sales in that market are not suitable for use in determining a normal value under section 269TAC(1), in accordance with section 269TAC(2)(a)(ii). The application also claimed that HSG’s records do not reasonably reflect competitive market costs associated with the production or manufacture of like goods.

As outlined in Non-confidential Appendix A, the commission considers that a particular market situation did not exist in respect of the domestic market for the goods under consideration in Vietnam for the investigation period. In addition, the available evidence indicates that the HRC costs that HSG incurred are consistent with exporters from other countries, and appears to reflect competitive market costs.

69 The commission notes that the finding in this report that the sales to domestic customers did not take place on an ‘arms length’ basis relates to the assessment of normal values for anti-dumping purposes under section 269TAC. It is not an assessment of the exporter’s transfer pricing policy with respect to compliance with the revenue laws of any jurisdiction.

REP 558 Aluminium zinc coated steel ≥ 600 mm – ROK, Taiwan and Vietnam

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The commission assessed the total volume of relevant sales of like goods as a percentage of the goods exported to Australia and found that the volume of sales was not less than 5%. The commission has therefore determined a normal value for HSG under section 269TAC(1), as the price paid or payable for like goods sold in the ordinary course of trade for consumption in the country of export in sales that are ‘arms length’ transactions.

The commission has considered whether each exported MCC was sold on the domestic market and the volume of domestic sales in the table below.

<table>
<thead>
<tr>
<th>Export MCC</th>
<th>Is model sold domestically in OCOT</th>
<th>Is volume of domestic sales of same MCC 5% or greater as a proportion of export volume?</th>
<th>Treatment of normal value</th>
</tr>
</thead>
<tbody>
<tr>
<td>P-2-D-3-3-C</td>
<td>Y</td>
<td>Y</td>
<td></td>
</tr>
<tr>
<td>P-2-F-2-2-C</td>
<td>N</td>
<td>N</td>
<td>Surrogate model P-2-F-2-2-C with a specification adjustment under TAC(8).</td>
</tr>
<tr>
<td>P-2-F-2-3-C</td>
<td>Y</td>
<td>Y</td>
<td></td>
</tr>
<tr>
<td>P-2-F-4-3-C</td>
<td>Y</td>
<td>N</td>
<td>Surrogate model P-2-F-3-3-C with a specification adjustment under TAC(8).</td>
</tr>
</tbody>
</table>

Table 18 - Domestic volumes – HSG

In a submission in response to SEF 558, BlueScope queried whether HSG’s large proportion of HRC to CTM is reasonable (refer Table A1).\textsuperscript{70} BlueScope requests the commission to reassess HSG’s CTM to ensure that the OCOT test and dumping margins, which utilise this CTM as an input, are correct with respect to Vietnamese exporters. BlueScope cites numerous other anti-dumping commission inquiries relevant to Vietnam that were for similar goods or that contained HRC as their major raw material input, where their proportion of HRC to CTM is between 83% and 88%.

The commission has assessed BlueScope’s request. Notwithstanding the potential incongruities of comparing different types of goods to the subject goods, even if they are Vietnamese in origin and contain HRC as their major raw material input, the commission is satisfied that HSG’s HRC costs and CTM are accurate, complete and relevant. No changes have been made to the Vietnamese exporter’s dumping margins on the basis of the above considerations.

6.6.2.4 Adjustments
Timing adjustments

In a submission in response to the SEF, HSG advised that the MCCs selected by the commission as the basis for 269TAC(8) timing adjustments were incorrect.\textsuperscript{71} For 2 MCCs that required a 269TAC(8) timing adjustment (relevant to 2 quarters of the investigation period), both of which had grade MCC sub-category of ‘F’, the commission utilised surrogate MCCs having a grade MCC sub-category ‘G’. HSG explained that because ‘G’ refers to a broad grade category, it includes models of the goods that have disparate characteristics. Further, HSG advised that there are no common quarters where the 2 models that are within the ‘G’ MCC sub-category are sold. As such, HSG considers that

\textsuperscript{70} SEF 558, document 062.
\textsuperscript{71} EPR 558, document 064.
the use of MCC surrogates of grade ‘G’ were not appropriate and that the commission ought to be basing its timing adjustment on the domestic MCCs which are most comparable to the exported structural grades. HSG submits that surrogate MCCs of grade ‘D’, in particular those MCCs suggested by HSG, are more appropriate because they are structural grades, the specific MCCs are exported by HSG, and they conform to comparable international standards to the exported goods.

The commission assessed HSG’s submission and determined that the MCCs used as surrogates in the SEF, nor those proposed by HSG, represent the best comparison to the 2 relevant export MCCs. The commission amended HSG’s timing adjustments to utilise one MCC that has overall fewer changes in MCC sub-category compared to the 2 export MCCs. The commission’s surrogate MCC utilises grade ‘F’, the same grade as the 2 export MCCs, thereby rendering HSG’s concerns regarding the grade of the surrogate obsolete. However, the commission’s selection differs from the 2 export MCCs on the basis of coating mass (and width).

HSG made a further submission after its review of the revised calculations. HSG cites the Manual which states that ‘the commission will rely on the MCC structure and the hierarchy of categories and sub-categories’ in deciding an appropriate surrogate model, where the categories are listed ‘in descending order, according to the significance of the category’. Accordingly, HSG considers that, because it is lower in the MCC hierarchy, grade (third in the MCC hierarchy) should be preferred instead of coating mass (second in the MCC category) when making surrogate selections. Further, HSG asserts that its export and domestic prices were verified as not varying with grade, and HSG’s suggested surrogate MCCs have an equivalent CTM to the 2 relevant export MCCs. Given these considerations, HSG is of the view that the commission should adopt the method of its earlier submission.

The commission has further assessed HSG’s timing adjustments and considered HSG’s views in preparing this final report. The MCC surrogates proposed by HSG would differ from the export MCCs by 2 or 3 MCC sub-categories. Additionally, one of HSG’s proposed MCC surrogates differs by more than one BMT sub-category. In contrast, the commission’s proposed surrogate MCCs differ by one to 2 sub-categories without any change in BMT, and a single difference within the width sub-category. That is, the commission’s surrogate MCC has less changes from the 2 export MCCs, and are therefore more comparable than HSG’s proposal. The commission acknowledges that its surrogate MCC utilises a sub-category that is higher in the MCC hierarchy. However the purpose of the surrogate MCC is to obtain a price that most closely resembles the selling price of the target MCC. The greater the number of different characteristics a surrogate MCC differs from the target MCC, the less accurate the target MCC is to the selling price. MCCs proposed by HSG that differ by several MCC sub-categories are further removed from the target MCCs compared to the commission’s MCC selection.

Further, the commission has examined HSG’s quarterly CTM and price trends. The commission has found the surrogate MCCs proposed by HSG exhibits a quarterly trend that is unlike any other MCC (except one other that is not in contention), and does not comport with the aggregate CTM trend. The commission also finds that the CTM of the commission’s surrogate MCC is closer to the 2 export MCCs than HSG’s proposed

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72 EPR 558, document 067.
surrogates. The commission considers that these observations further diminish the utility of HSG’s proposed surrogate MCCs. The commission is of the view that HSG’s proposed MCCs are not the most comparable MCCs in this instance. For the reasons outlined above, the commission has utilised the MCC which has grade ‘F’ for both export MCCs in both quarters.

Other considerations regarding adjustments

In a submission dated 12 October 2021, in response to SEF 558, BlueScope queried the application of particular 269TAC(8) adjustments applied to HSG’s normal value.

BlueScope queried the validity of the downward adjustment for commissions. BlueScope considers that no adjustment should be required if the commissions relate to a recipient/agent that is a related party, or where it relates to employees of HSG. Additionally, BlueScope states that the commission did not detail in SEF 558 whether an ‘allowance’ has been made for, quoting the Manual, ‘the relevant selling expenses incurred on the Australian export market where the commission has not been paid.’

BlueScope also queries whether export container costs should be applied consistently for all cooperating Vietnamese exporters. Since an upwards adjustment was made to Nam Kim’s normal value for export container loading costs, BlueScope considers that HSG should similarly have the cost applied to HSG’s normal value. BlueScope understands that all cooperating Vietnamese exporters export the goods to Australia from Ho Chi Minh City (via either the Cat Lai Port, or the Phuoc Long international container terminal).

The commission has had regard to the points raised in BlueScope’s submission.

Re-examination of the downwards adjustments for commissions identified that they had been incorrectly applied to all sales, including to both related and unrelated customers. The commission has revised the normal value calculation to apply the downwards adjustment for commissions to only unrelated customer transactions.

The commission has not applied the allowance referenced in the Manual (that seeks to account for relevant selling expenses incurred on the market where the commission has not been paid). The commission considers that this adjustment is not warranted. The commission has revisited HSG’s data and has identified that the commissions are only relevant to a small proportion of total sales. The commission also notes that HSG’s SG&A nominally captures the relevant selling expenses for domestic sales that do not incur commissions (the majority of HSG’s sales). Any amount applied for an allowance for relevant sales expenses would be of sufficiently low value to have no impact on the dumping margin. Based on these considerations, the commission has not applied an allowance for relevant sales expenses to HSG’s normal value.

In relation to container loading fees, the commission has reviewed HSG’s data to assess whether a separate container loading fee adjustment is required. Re-examination of the normal value calculation inputs indicates that container loading charges are included in

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73 The Manual, section 15.3, p. 78.
the upwards adjustment for port handling charges. Therefore, no separate adjustment is required.

In addition to the above, the commission has revisited the application of gross margin in calculating specification adjustments. The gross margin was based on the difference between the cost to make and the sales revenue of all sales in the investigation period. The gross margin was applied to the difference in CTM between the export MCC and the surrogate MCC. The commission has amended the application of the gross margin by utilising the difference in CTMS between the export MCC and the surrogate MCC and then by adding the OCOT profit.

The commission is satisfied that there is sufficient information to justify the following adjustments in accordance with section 269TAC(8). The commission considers these adjustments are necessary to ensure a fair comparison of normal values and export prices.

<table>
<thead>
<tr>
<th>Adjustment Type</th>
<th>Deduction/addition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic credit terms</td>
<td>Deduct an amount for domestic credit</td>
</tr>
<tr>
<td>Domestic Insurance</td>
<td>Deduct an amount for domestic insurance</td>
</tr>
<tr>
<td>Domestic inland transport</td>
<td>Deduct an amount for domestic inland transport</td>
</tr>
<tr>
<td>Domestic bank fee</td>
<td>Deduct an amount for bank fees</td>
</tr>
<tr>
<td>Domestic commission</td>
<td>Deduct an amount for commissions</td>
</tr>
<tr>
<td>Export inland transport</td>
<td>Add an amount for export inland transport</td>
</tr>
<tr>
<td>Export port handling</td>
<td>Add an amount for port handling charges</td>
</tr>
<tr>
<td>Export bank charges</td>
<td>Add an amount for bank charges</td>
</tr>
<tr>
<td>Specification</td>
<td>Add or deduct an amount for specification differences</td>
</tr>
<tr>
<td>Timing differences</td>
<td>Add or deduct an amount in relation to sales occurring at different times</td>
</tr>
</tbody>
</table>

Table 19 – Summary of adjustments – HSG

6.6.2.5 Dumping margin
The dumping margin in respect of the goods HSG exported to Australia during the investigation period has changed since the publication of the SEF and is 8.1%.

The commission’s calculations are at Confidential Attachment 7.

6.6.3 Uncooperative exporters
The commission has determined that all exporters of the goods from Vietnam, other than Hoa Phat, HSG and Nam Kim, are uncooperative exporters for the purposes of this investigation.74

Section 269TACAB sets out the provisions for calculating export prices and normal values for uncooperative exporters.

74 Refer to section 6.4.2.
6.6.3.1  *Export prices*

Pursuant to section 269TACAB(1)(d), the commission has determined the export price for the uncooperative exporters pursuant to section 269TAB(3), having regard to all relevant information.

The commission has used the lowest verified weighted average FOB export price for the investigation period of the cooperating Vietnamese exporters that exported to Australia during the investigation period.

The commission has chosen the lowest verified weighted average export price on the basis that this export price demonstrates a price at which an uncooperative exporter may export the goods to Australia, based on the information before the commission.

6.6.3.2  *Normal value*

Pursuant to section 269TACAB(1)(e), the commission has determined the normal value for the uncooperative exporters pursuant to section 269TAC(6) after having regard to all relevant information.

The commission has used the highest verified normal value of the cooperating Vietnamese exporters who exported to Australia during the investigation period. The commission chose this approach on the basis that:

- the commission does not have specific information relating to the uncooperative exporters, relevant to the calculation of the normal value
- the highest normal value of cooperating exporters demonstrates a price at which an uncooperative exporter may sell the goods in the domestic Vietnamese market, based on the information before the commission.

6.6.3.3  *Dumping margin*

The dumping margin in respect of exports of the goods from uncooperative exporters in Vietnam during the investigation period has changed since the publication of the SEF and is 20.9%.

The commission’s calculations are included in Confidential Attachment 4.

6.6.4  *Summary of dumping margins*

The commission has assessed that the goods exported to Australia from Vietnam during the investigation period had dumping margins as follows.

<table>
<thead>
<tr>
<th>Exporter</th>
<th>Dumping margin (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hoa Phat</td>
<td>12.8</td>
</tr>
<tr>
<td>HSG</td>
<td>8.1</td>
</tr>
<tr>
<td>Uncooperative exporters</td>
<td>20.9</td>
</tr>
</tbody>
</table>

*Table 20 - Summary of dumping margins for Vietnam*
6.6.5 Level of dumping

Section 269TDA(1) provides that the Commissioner must terminate a dumping investigation, in so far as it relates to an exporter of the goods, if satisfied that:

- there has been no dumping by the exporter of any of those goods
- there has been dumping by the exporter of some or all of those goods, but the dumping margin for the exporter is less than 2%.

TER 558 outlines that the commission is satisfied that Nam Kim, Vietnamese exporter of the goods that was verified as part of the investigation, did not export the goods to Australia at dumped prices during the investigation period. Accordingly, the Commissioner has terminated the dumping investigation, as it relates to Nam Kim, pursuant to section 269TDA(1)(b)(i).

6.6.6 Volume of dumped imports

Pursuant to section 269TDA(3), the Commissioner must terminate the investigation, in so far as it relates to a country, if satisfied that the total volume of goods that have been or may be dumped is a negligible volume. Section 269TDA(4) defines a negligible volume as less than 3% of the total volume of goods imported into Australia over the investigation period. Section 269TDA(5) states that if the volume of all countries with dumped volumes of less than 3% sum up to more than 7%, then the aggregation of the volumes of dumped goods is not negligible.

Using the ABF import database and having regard to the information collected and verified during the investigation, the commission determined the volume of imports in the Australian market. Based on this information, the commission:

- has determined that section 269TDA(5) does not apply to this investigation
- is satisfied that, when expressed as a percentage of the total Australian import volume of the goods, the volume of dumped goods that have been exported from Vietnam was 3% or greater of the total import volume
- has determined that the volume of dumped goods is not negligible.

The commission’s calculations are at Confidential Attachment 5.
7 ECONOMIC CONDITION OF THE INDUSTRY

7.1 Findings

Based on an analysis of the information contained in BlueScope’s application and information obtained during Australian industry verification, the Commissioner is satisfied that the Australian industry has, during the investigation period, experienced injury in the form of:

- reduced sales volume
- price depression
- reduced profit
- reduced profitability.

7.2 Approach to injury analysis

The commission considers that the Australian industry is comprised solely of BlueScope.

The commission relied on verified financial information from BlueScope in undertaking this injury analysis. The injury analysis period is from 1 April 2016.

In response to the SEF, KG Dongbu submitted that the commission’s analysis did not properly take account of the distinct competition in the different market segments within the Australian market. Those market segments are the house framing market, where BlueScope’s TRUECORE® brand is focused, and the roofing and walling market where BlueScope’s ZINCALUME® brand is focussed. KG Dongbu asserted that the commission’s approach may be relevant for understanding the economic condition of the Australian industry as a whole, however is less helpful for understanding the specific effects of subject imports within each market segment.

In response to KG Dongbu’s submission, the commission has extended its analysis of the economic condition of the Australian industry. The following sections consider the economic condition of the Australian industry in both aggregate terms and, where relevant, verified information is available, by market segment, as represented by BlueScope’s TRUECORE® and ZINCALUME® brands.

The data supporting the commission’s analysis of the Australian market and the economic condition of the Australian industry is at Confidential Attachment 1.

7.3 Volume effects

7.3.1 Sales volume

BlueScope claims it experienced a reduction in sales volume as a result of increased imports from the subject countries. The commission has assessed this claim and presents its findings as below. Further, the commission seeks to clarify its findings from the SEF, in

75 EPR 558, document 063.
particular in relation to post-SEF submission from KG Dongbu that indicated that the commission did not find any volume injury.\textsuperscript{76} Additionally, KG Dongbu and HSG in separate submissions claim that the commission should consider the market segmentation between TRUECORE® and ZINCALUME®,\textsuperscript{77} The commission has considered this market segmentation in its volume analysis.

The table below depicts the change in BlueScope’s total sales volumes for the investigation period, as well as the change in sales volumes by segment.

<table>
<thead>
<tr>
<th>Period</th>
<th>Q2 2019</th>
<th>Q3 2019</th>
<th>Q4 2019</th>
<th>Q1 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Index of sales volume (all sales)</td>
<td>100.0</td>
<td>102.3</td>
<td>104.9</td>
<td>117.1</td>
</tr>
<tr>
<td>TRUECORE®</td>
<td>100.0</td>
<td>90.9</td>
<td>91.7</td>
<td>119.1</td>
</tr>
<tr>
<td>ZINCALUME®</td>
<td>100.0</td>
<td>106.05</td>
<td>109.2</td>
<td>116.5</td>
</tr>
</tbody>
</table>

*Table 21 – Investigation period quarterly change in sales volume*

Table 21 indicates that BlueScope’s sales volume:

- in aggregate terms increased quarter on quarter throughout the investigation period
- of TRUECORE® deteriorated before rebounding strongly in the fourth quarter and
- of ZINCALUME® increased quarter on quarter.

The quarterly volume analysis demonstrates that BlueScope did not lose sales volumes within the investigation period. Despite a setback for the TRUECORE® brand during quarters 2 and 3 of the investigation period, by the end of the investigation period the sales volume for both segments exceeded the first quarter sales volumes.

However, the commission has also considered the injury period volume trends, as shown in the table below (with sales volumes by segment, and YE Mar 2017 as the base period).

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Index of sales volume (all sales)</td>
<td>100.0</td>
<td>99.5</td>
<td>105.8</td>
<td>104.8</td>
</tr>
<tr>
<td>TRUECORE®</td>
<td>100.0</td>
<td>126.5</td>
<td>171.9</td>
<td>168.9</td>
</tr>
<tr>
<td>ZINCALUME®</td>
<td>100.0</td>
<td>95.0</td>
<td>94.7</td>
<td>94.0</td>
</tr>
</tbody>
</table>

*Table 22 – Injury period change in sales volume*

Table 22 indicates that BlueScope’s sales volume:

- in aggregate over the injury period have generally trended upwards, though with a reduction into the investigation period
- of TRUECORE® products has increased year on year prior to a slight deterioration in the investigation period and
- of ZINCALUME® products has decreased year on year throughout the injury analysis period.

\textsuperscript{76} EPR 558, document 063.
\textsuperscript{77} EPR 558, documents 063 and 064.
Based on this analysis, the commission considers that in aggregate terms, BlueScope did lose volume in the investigation period relative to the period immediately preceding the investigation period.

7.3.2 Market share

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

Figure 2 sets out the commission’s assessment of the market share of the Australian industry (consisting solely of BlueScope), imports from the subject countries, and imports from all other countries since 1 April 2016.

The commission notes that BlueScope’s market share dropped between YE March 2017 and YE March 2018 after which it has trended upwards. However, the market share in YE March 2020 did not recover from that recorded in YE March 2017. The market share for subject countries has increased overall. The market share for non-subject countries has declined over the injury period, and has remained a small proportion of the market.

Based on this analysis, the commission considers that BlueScope has experienced injury in the form of reduced market share across the injury analysis period, however has not experienced injury during the investigation period.

7.4 Price suppression and depression

BlueScope claims that it has experienced injury in the form of both price depression and price suppression.

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.
Figure 3 compares the movement in weighted average unit cost to make and sell (CTMS) and unit selling prices over the injury analysis period for all of BlueScope’s like goods.

**Injury period unit price and unit CTMS for BlueScope’s like goods**

![Graph showing unit price and unit CTMS comparison](image)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>WA Unit Price</td>
<td>WA Unit CTMS</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Figure 3 – Injury period unit price and unit CTMS comparison (AUD/MT)**

Figure 3 indicates that BlueScope has experienced improving unit selling prices across the injury analysis period. Between YE Mar 2017 and YE Mar 2019, the increase in unit CTMS was greater than the increase in unit prices, which is indicative of price suppression across that period. In YE Mar 2020 the margin between unit price and unit CTMS narrowed due primarily to a significant improvement in unit CTMS.

To further test BlueScope’s claims of price depression and suppression, the commission undertook the same comparison of unit selling prices and unit CTMS across the investigation period. Figure 4 charts this relationship.
Figure 4 – Period of investigation quarterly unit price and unit CTMS comparison (AUD/MT)

Figure 4 indicates that during the investigation period BlueScope experienced:

- an increase in unit selling prices and unit CTMS across the first quarter
- a reduction in unit selling prices and unit CTMS after the second quarter
- a greater fall in unit selling prices than unit CTMS in the third quarter and
- a pronounced reduction in unit CTMS in the fourth quarter.

The commission also analysed BlueScope’s pricing across the investigation period for the two brands of TRUECORE® and ZINCALUME® as shown below.

**Investigation period WA unit price**

![Image of WA unit price graph]

Figure 5 – Investigation period TRUECORE® and ZINCALUME® domestic unit price (AUD/MT)

REP 558 Aluminium zinc coated steel ≥ 600 mm – ROK, Taiwan and Vietnam
Figure 5 indicates that for the TRUECORE® and ZINCALUME® brands, when assessed in aggregate terms:

- TRUECORE® is the less expensive product and has maintained a stable selling price across the investigation period, with a downward movement in the final quarter.
- ZINCALUME® shows a deteriorating unit price across the final 3 quarters of the investigation period.
- Both products had lower unit prices at the close of the investigation period than at the commencement.

At an MCC level the commission noted that TRUECORE® and ZINCALUME® are common to 6 MCCs sold by BlueScope during the investigation period. The following table provides a basic volume and price analysis of these common MCC. The highlighted cells indicate the less expensive product within that MCC.

<table>
<thead>
<tr>
<th>MCC</th>
<th>TRUECORE®</th>
<th>ZINCALUME®</th>
</tr>
</thead>
<tbody>
<tr>
<td>MCC 1</td>
<td>2.4%</td>
<td>97.5%</td>
</tr>
<tr>
<td>MCC 2</td>
<td>94.1%</td>
<td>5.9%</td>
</tr>
<tr>
<td>MCC 3</td>
<td>91.9%</td>
<td>8.1%</td>
</tr>
<tr>
<td>MCC 4</td>
<td>0.5%</td>
<td>99.5%</td>
</tr>
<tr>
<td>MCC 5</td>
<td>71.3%</td>
<td>28.7%</td>
</tr>
<tr>
<td>MCC 6</td>
<td>76.1%</td>
<td>23.9%</td>
</tr>
</tbody>
</table>

Table 23 – Volume proportion of BlueScope’s brands TRUECORE® and ZINCALUME® by MCC. Green highlight indicates which brand is lesser priced for each MCC.

Table 23 indicates that:

- While in aggregate terms TRUECORE® is the less expensive product, it is in fact more expensive for 2 of the 6 common MCCs and
- For all 6 of the common MCCs, the volume is skewed heavily (70% or more) to one or other of TRUECORE® or ZINCALUME®.

The commission also compared BlueScope’s unit selling prices and CTMS for the TRUECORE® and ZINCALUME® brands. Figure 6 shows the relationship across the injury analysis period.
Figure 6 – Injury period unit price and unit CTMS for ZINCALUME® (left) and TRUECORE® (right) (AUD/MT)

Figure 6 shows that BlueScope’s:

- unit CTMS has increased across the injury period and decreased into the investigation period for both brands
- unit selling prices have increased year on year for the TRUECORE® brand
- unit selling prices increased for ZINCALUME® up until YE March 2019, before falling during the investigation period.

Figure 7 shows the relationship between unit price and unit CTMS across the investigation period.

78 All unit price and unit CTMS graphs in this report have the same minimum and maximum values, however the graphs showing a comparison between brands has a different scale to the aggregate graph on account of the differing physical size of the graphs.
Figure 7 shows that during the investigation period, BlueScope’s:

- unit CTMS has been consistent for both brands, with a noticeable reduction in the fourth quarter
- unit selling prices have increased for the first 3 quarters for the TRUECORE® brand, with a reduction evident in the fourth quarter
- unit selling prices increased for the ZINCALUME® brand for the first 2 quarters before falling in each of the remaining 2 quarters.

7.4.1 Conclusion – price effects

After assessing the analysis presented in respect of the injury analysis period, as well as the more granular analysis for the investigation period, the commission considers that:

- price depression is not evident across the injury analysis period, however is evident during the investigation period, and is more pronounced in respect of BlueScope’s ZINCALUME® brand
- price suppression is evident throughout the injury analysis period into the early stages of the investigation period, however appears to have dissipated toward the latter stages of the investigation period.

7.5 Profits and profitability

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

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79 All unit price and unit CTMS graphs in this report have the same minimum and maximum values, however the graphs showing a comparison between brands has a different scale to the aggregate graph on account of the differing physical size of the graphs.
Figure 8 shows BlueScope’s total profit and unit profitability in respect of its like goods during the injury analysis period.\textsuperscript{80}

**Injury period profit and profitability of the goods**

![Graph showing injury period profit and profitability of the goods](image)

**Figure 8 – Injury period profit and profitability**

BlueScope incurred losses and negative profitability in respect of its like goods during the injury period. The losses and negative profitability peaked at YE Mar 2019 with partial recovery in the period of investigation.

The commission also compared BlueScope’s profit and profitability for the TRUECORE® and ZINCALUME® brands. Figure 9 show the relationship across the injury analysis period.

\textsuperscript{80} All profit and profitability graphs in this report have the same scale in this report. The commission notes that because it has extended its analysis of profit and profitability to segregate TRUECORE® and ZINCALUME®, Figures 8, 9 and 10 have been re-scaled compared to that presented in the SEF to enable comparison between all profit and profitability graphs in this report.
Figure 9 indicates a similar overall trend in terms of profit and profitability for each segment during the injury period, however the TRUECORE® brand shows a higher degree of unprofitability, and had not returned to profitability by the conclusion of the injury period whereas the ZINCALUME® brand had.

Figure 10 show the relationship across the investigation period.

Figure 10 indicates that BlueScope experienced deteriorating profit and profitability on both brands in the early stages of the investigation period, before improving strongly in the fourth quarter, by which time both brands had returned to profitability.
7.5.1 Conclusion – profit and profitability

Based on this analysis, the commission considers that BlueScope has experienced injury in the form of loss of profits and reduced profitability during the injury analysis period and an improvement in the period of investigation. The commission notes its finding that BlueScope has experienced price depression during the investigation period, and considers that while profit and profitability have improved during the investigation period, the evident price depression has curtailed the extent of that improvement.

7.6 Other economic factors

BlueScope also claims injury in the form of

- reduced return on investment
- reduced productivity and
- reduced capital investment.

The commission has examined BlueScope’s verified data in respect of each of these claims.

7.6.1 Return on investment

BlueScope’s return on investment for its like goods was negative at the start of the injury analysis period and has reduced overall during the injury analysis period (refer Figure 11). BlueScope’s return on investment improved in the investigation period.

BlueScope has experienced injury in the form of reduced return on investment with respect to its like goods in the injury analysis period, however has experienced improved return on investment during the investigation period.
7.6.2 Productivity

BlueScope claimed in its application that it had experienced injury in the form of reduced productivity and provided data in support of this claim. The productivity trend for the injury analysis period is at Figure 12. BlueScope’s productivity for its like goods has remained relatively constant over the injury analysis period, with an improvement in the investigation period.

Productivity over the injury period

BlueScope has not experienced injury in the form of reduced productivity with respect to its like goods in the injury analysis period, nor the investigation period.

7.6.3 Capital investment

BlueScope’s capital investment for its like goods has declined during the injury analysis period, with a pronounced drop at YE Mar 2018 (refer Figure 13).
BlueScope has experienced injury in the form of reduced capital investment with respect to its like goods in the injury analysis period, however no such injury is apparent in the investigation period.

7.6.4 Conclusion – other economic factors

The commission is satisfied that BlueScope experienced injury in the form of reduced return on investment and reduced capital investment in the injury analysis period, however the evidence does not support a finding of injury for these factors during the investigation period.

7.7 Submissions regarding BlueScope’s injury

In pre-SEF submissions, exporters KG Dongbu and Dongkuk from the ROK asserted that BlueScope was not injured.

In its pre-SEF submission, KG Dongbu asserts that:

- A comparison of financial indicators between the 2 recently completed financial years shows record improvement in BlueScope’s company-wide performance, and ‘Australian Steel Products’ segment which would be relevant to the goods under consideration.
- If BlueScope did experience any injury, that injury was transitory as BlueScope reports its performance subsequent to the period of investigation as being at record levels.
- BlueScope’s record sales revenue of coated steel products is largely due to extraordinary steel trading conditions that began in early 2020, with the following factors driving raw material and prices to unprecedented levels:
  - the confluence of global steel shortages (due to the COVID-19 pandemic from major steel mill production and supply chains disruptions) and
increased export and domestic demand stemming from economic recovery and major infrastructure initiatives
- iron ore and coking coal shortages
- soaring freight rates.
- BlueScope is unable to meet growing demand.81

In its pre-SEF submission, Dongkuk asserted that BlueScope has not been and is not materially injured. Dongkuk referred to BlueScope’s strong performance as reflected in its financial year 2021 financial report, and the improving economic factors considered in the Australian industry verification report.82

Both exporters from the ROK and the Vietnamese exporter HSG made submissions in response to the SEF relating to BlueScope’s injury.83 HSG submitted, and Dongkuk and KG Dongbu reiterated, that BlueScope’s strong financial performance following the investigation period did not warrant the imposition of measures and any injury was transitory.

Dongkuk asserted that the SEF re-affirmed its view that the Australian industry did not experience injury during the investigation period.84 KG Dongbu references a report published by the Australian Government, which followed the release of Productivity Commission Inquiry Report No 485, wherein the Minister’s discretion to not impose measures was adequate to ‘take account of the public interest when circumstances warrant broader matters be considered.’85 KG Dongbu considers that the commission ought to make a recommendation to the Minister that takes into account the broader matter of the market conditions following the investigation period. These broader considerations would warrant a recommendation to the Minister that measures not be imposed.

The commission has considered the submissions provided by HSG and the exporters from the ROK in preparing this report. The commission draws attention to the reasons detailed in the preceding sections (specifically sections 7.3.1, 7.4.1, and 7.5.1). Those assessments, the relevant aspects of which are unchanged from the SEF, was with respect to the injury analysis and investigation periods. BlueScope’s subsequent overall company performance does not preclude injury caused by dumping whereby a company may be profitable overall and yet still suffer injury. The commission is satisfied that the Australian industry has experienced injury during the investigation period. Further, the commission has found in Chapter 8 that injury in the investigation period can be attributed to dumped imports.

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81 EPR 558, document 051.
82 EPR 558, document 056.
83 EPR 558, documents 060, 063, and 064.
84 EPR 558, document 060.
85 EPR 558, document 063.
**8 HAS DUMPING CAUSED MATERIAL INJURY?**

**8.1 Findings**

The Commissioner is satisfied that dumped exports of the goods from the ROK and Vietnam caused material injury to the Australian industry.

**8.2 Legislative framework**

Under sections 269TG, one of the matters that the Minister must be satisfied of in order to publish a dumping duty notice is that, because of dumping, the Australian industry has experienced material injury.

Section 269TAE(1) outlines the factors to which the Commissioner has had regard, and that may be taken into account, when determining whether material injury to an Australian industry has been, or is being, caused or threatened.

Section 269TAE(2A) requires that regard be had to the question as to whether any injury to an industry is due to a factor other than the exportation of the goods, and provides examples of such factors.

When assessing material injury, the commission also has regard to the *Ministerial Direction on Material Injury 2012* (Material Injury Direction).

**8.3 Cumulative effect of injury**

Section 269TAE(2C) provides that when determining whether material injury to an Australian industry has been, or is being, caused or threatened due to exports to Australia from different countries, the Minister should consider the cumulative effect of those exports only if the Minister is satisfied that:

- the margin of dumping established for each exporter is not negligible
- the volume of dumped 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.

As detailed in Table 24, the commission assessed the dumping margins for the Vietnamese exporters and those from the ROK and found that they were above negligible levels.

The commission ascertained that the volume of dumped exports from the ROK and Vietnam were not negligible.

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86 ADN 2012/024.
87 Confidential Attachment 1 – Australian market.
The Commissioner has assessed the conditions of competition between the goods exported from the ROK and Vietnam, and the goods exported from the ROK and Vietnam and the Australian industry’s like goods.

Due to the nature of the goods, customers can purchase aluminium zinc coated steel from a range of sources. ABF data shows that importers have sourced the goods from more than one country during the injury analysis period. The commission is aware of customers in Australia advising the Australian industry of a range of available import sources from the subject countries. Similarly, domestically produced goods compete against exports from the ROK and Vietnam for sales in Australia.

KG Dongbu submitted that there are 2 different market segments for the subject goods and like goods in the Australian market. Further, based on the available information it is not evident to KG Dongbu that its exports are competing in the same segment as exports from Vietnam. To that end, KG Dongbu asserts that the effects of imports from the ROK and Vietnam should not be cumulated.

Having regard to the above analysis, the Commissioner’s view is that it is appropriate to consider the cumulative effects of exports from the ROK and Vietnam.

8.4 Approach to causation analysis

As outlined in section 7.1 above, the commission considers that the Australian industry has experienced injury in the investigation period and this injury has coincided with the presence of dumped goods from the ROK and Vietnam. This section will analyse whether the dumped goods caused injury to the Australian industry and whether that injury is material.

The commission considered the following evidence for the purposes of assessing injury and causation:

- Verified data for the volume, price, and profit effects of the Australian industry during the injury analysis period and investigation period.
- Verified sales data from cooperating exporters and participating importers, to determine the relevant selling prices and volumes of the goods.
- Information from the ABF import database to determine import volumes and export prices.
- The broader context of the economic condition of the Australian industry.

The data supporting the commission’s analysis of causation (volume and price effects), as detailed in the remainder of this chapter, is at Confidential Attachment 8.

8.5 Size of dumping margins

Section 269TAE(1)(aa) provides that regard may be given to the size of each of the dumping margins worked out in respect of the goods of that kind that have been exported to Australia. The dumping margins are summarised in Table 24.
As set out in TER 558, the commission has terminated the investigation in relation to exports of the goods from Taiwan and Vietnamese exporter Nam Kim.

The Commissioner has had regard to the greater than de minimis dumping margins from the ROK and Vietnam in assessing whether the Australian injury has experienced material injury in relation to those goods.

8.6 BlueScope’s examples of competition with imports

BlueScope provided examples to evidence the influence of allegedly dumped exports of the goods from the subject countries.

The commission examined the examples and were satisfied that the examples represent price negotiations relevant to the investigation period.

BlueScope provided 4 examples in its application. Of the 4 examples, 2 of the examples referred to negotiations relevant to aluminium zinc coated steel of a width less than 600 mm (‘slit’ aluminium zinc coated steel), which are not relevant to this investigation.

Of the remaining 2 examples BlueScope provided in its application, one referred to negotiations with BlueScope’s customers where imports of the goods from Vietnam were considered in BlueScope’s price offering to its customers. There was no evidence of the specific mill, however the commission notes that the goods from one Vietnamese exporter (Nam Kim) have been found to be un-dumped,\(^{89}\) and all other exports from Vietnam have been found to be dumped in the investigation period. The other example referred to competition with the Vietnamese exporter HSG. This example relates to competition between BlueScope’s like goods and slit aluminium zinc coated steel. Slit aluminium zinc coated is not captured in the goods description in this investigation. The commission considers this a factor other than dumping of the subject goods causing injury (refer section 8.10).

The commission considers that the examples indicate the price sensitivity of the market. The examples evidence BlueScope having consideration for competitor pricing in its

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\(^{88}\) These goods are the subject of Investigation 559, a dumping and subsidy investigation of aluminium zinc coated steel of a width less than 600 mm exported from the China and the Vietnam. Investigation 559 has been conducted in parallel with Investigation 558.

\(^{89}\) Refer TER 558 wherein the dumping investigation in relation to Nam Kim has been terminated.
negotiations, where its competition may be from dumped or un-dumped sources. None of the examples evidenced BlueScope losing sales volumes to dumped goods.

The commission’s assessment of BlueScope’s price negotiation examples is at Confidential Attachment 9.

8.7 Volume effects

In its application, BlueScope asserted that it has experienced a reduction in its market participation rate over the injury analysis period, due to an increasing volume of imports from the subject countries.

Figure 14 below illustrates the size and composition of the Australian market during the injury analysis period.

![Australian market size and composition (MT)](chart)

Figure 14 indicates that the Australian market increased in size across the period YE Mar 2017 to YE Mar 2019 and this growth coincided with a rise in imports from the subject countries. The volume of imports from the subject countries increased 122% over the injury analysis period. BlueScope’s volume increased 4% over the injury analysis period.

During the investigation period (YE Mar 2020), there was a 5% reduction in the size of the Australian market. In section 8.3, the commission found that BlueScope has experienced a reduction in sales volume during the investigation period of approximately one per cent. For comparison, during the investigation period, imports from the subject countries experienced a reduction in sales volume of approximately 20% and imports from other sources experienced a reduction of approximately 80% to a negligible volume. As a result of these movements in sales volumes, and as discussed in section 7.3.2, the Australian industry’s market share increased in the investigation period, though it remains below the share held at the outset of the injury analysis period.

Figure 15 illustrates the composition of imports from the subject countries during the injury analysis period.
Figure 15 – Composition of imports from subject countries (MT)

Figure 15 shows that imports of the goods from Taiwan and Vietnam collectively increased at its highest rate between YE Mar 2017 and YE Mar 2018, with volume reaching a maximum at YE Mar 2018, after which time import volumes from those sources declined. In contrast, imports from the ROK have been increasing throughout the injury analysis period, and accounted for over half of the imports from the subject countries during the investigation period.

Figure 16 illustrates the changing composition of sales within the Australian market across the period of investigation:

Investigation period quarterly sales volumes by source (MT)

Figure 16 – Period of investigation quarterly volumes and their source (MT)
Figure 16 shows that during the investigation period:

- BlueScope increased its sales volume in each quarter
- the volumes of exports from the ROK and Taiwan were steady, though with an overall decline into the fourth quarter
- the volume of exports from Vietnam was steady with an increase in the fourth quarter.

All imports from the ROK, and the majority of those from Vietnam (86% of the total import volume from Vietnam), were at dumped prices during the investigation period, while those from Taiwan were not at dumped prices. In total, 70% of the volume of the goods exported from the subject countries to Australia during the investigation period were at dumped prices.

BlueScope provided the commission with several examples of injury experienced during the investigation period due to allegedly dumped goods from the subject countries (refer to section 8.6 below). The commission notes that the examples provided relate to the price effects of those dumped goods. None of these examples evidenced BlueScope losing sales volumes to dumped goods.

While the proportion of dumped imports in the Australian market during the investigation period is significant, the commission observes that, during the investigation period:

- BlueScope increased its sales volume in each quarter and increased its market share in a declining market
- there was a reduction in the volume of imported goods of approximately 20%
- no specific examples of sales volumes being lost to dumped goods have been provided.

Consequently, the commission considers that dumped exports did not cause volume injury to the Australian industry during the investigation period.

8.8 Price effects

BlueScope claimed in its application that it has been unable to increase selling prices, in a period where its production costs have risen, due to dumped and subsidised imports from the subject countries undercutting its selling prices.\(^9^0\)

As detailed in section 7.4.1 the commission considers that:

- price depression is not evident across the injury analysis period, however, it appears to be emerging during the investigation period
- price suppression is evident throughout the injury analysis period into the early stages of the investigation period, however it appears to have dissipated toward the latter stages of the investigation period.

To evaluate whether dumped exports from the subject countries caused these price effects, the commission has undertaken a price undercutting analysis. Price undercutting

\(^9^0\) The commission has not considered whether subsidised imports have caused injury due to the proposed termination of that part of the investigation.
occurs when imported goods are sold at a price below that of the Australian produced like goods.

The commission’s price undercutting analysis has compared the quarterly weighted average Free into Store (FIS) selling price of BlueScope’s like goods against the weighted average FIS selling price of the goods imported from the subject countries.

The commission undertook this analysis at:

- an aggregate level across all MCCs imported during the period of investigation that BlueScope also manufactured
- an individual MCC level
- a customer and MCC level.

To inform its causation analysis, the commission conducted the undercutting analysis inclusive of both dumped and un-dumped imports from the subject countries.

The commission used verified importer sales data to determine FIS selling prices where that data was available. Where verified importer sales data was not available, the commission calculated the FIS selling price for imports as the sum of:

- the weighted average FOB export price verified during exporter verification, or, if not available, the FOB export price from the ABF import database
- the weighted average post FOB exportation cost applicable to each country of export based on verified importer importation costs and
- an amount for SG&A and profit for each country based on verified importer data.

### 8.8.1 Price undercutting at an aggregate level

The commission compared the aggregate weighted average selling price of BlueScope’s entire range of like goods against the aggregate weighted average selling price of imported goods, for each country, to assess price undercutting at an aggregated level. The commission also considered whether the goods were dumped or un-dumped.

Figure 17 below illustrates the commission’s price undercutting analysis at an aggregate level.

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91 Due to the nature of the data available to the commission, it has been necessary to rely on a combination of verified importer sales data, derived sales data, and CRE data in assessing prices. The assumptions underpinning the commission’s calculations are detailed in Confidential Attachment 8.
Figure 17 – Price comparison for subject countries – all sales (WA FIS selling price AUD/MT)

Figure 17 demonstrates that, other than for un-dumped goods exported from Vietnam in the first quarter of the investigation period, all other exports from the subject countries have undercut BlueScope’s selling prices in all quarters of the investigation period. The range of undercutting is between 3% and 17%. In all quarters, Vietnamese exporters were the lowest priced in the Australian market, with dumped imports from Vietnam the lowest priced in Q2 2019 and Q3 2019, and un-dumped imports the lowest priced in Q4 2019 and Q1 2020.

The relationship between dumped and un-dumped exports across the investigation period at an aggregate level is in Figure 18.

Figure 18 – Price comparison of dumped and un-dumped exports – all sales (WA FIS price AUD/MT)
Figure 18 demonstrates that in aggregate terms, dumped exports were the lowest priced in the Australian market in all quarters of the investigation period, and there is a close correlation between BlueScope’s selling prices and the price of imported goods.

The commission considers that Figure 18 and Figure 19 indicate that the Australian market is highly price sensitive. The commission notes, from the information gathered from the 5 importers examined during the investigation, that:

- these importers accounted for approximately 90% of the volume of imports from the subject countries
- 60% of the volume of imports are sourced from importers sourcing from multiple suppliers
- 55% of the volume of imports comes from importers who source from multiple suppliers across multiple countries.

The commission considers that in this environment importers have high visibility in respect of price between competing exporters and would be able to leverage that visibility when making supply decisions and negotiating purchase prices. As such, the commission accepts that goods exported from the subject countries will have exerted an influence on pricing within the market, including the selling prices that BlueScope may be able to achieve. BlueScope’s examples of price undercutting, provided with its application, supports this conclusion (refer to section 8.6).

8.8.2 Price undercutting at an MCC level

Noting the commentary in the aggregate price undercutting analysis above, and the diversity of MCCs sold within the Australian market that are included within that analysis, the commission has also undertaken a more granular price undercutting analysis at the MCC level.

The commission identified the 6 most commonly sold MCCs within the Australian market, which accounted for over 90% of BlueScope’s sales in the investigation period, as well as over 90% of the volume of imports for the 4 importers where verified MCC data was available.

Table 25 illustrates the commission’s price undercutting analysis in respect of these MCCs. For each listed MCC, and for each quarter, the lowest priced import source and its level of undercutting against BlueScope’s price is indicated.\(^\text{92}\) Cells highlighted in red indicate goods that were not at dumped prices.

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\(^{92}\) For the purposes of confidentiality, individual exporters have been de-identified. Therefore, for example, ‘ROK A’ refers to an individual exporter from the ROK while ‘ROK B’ refers to a different exporter from the ROK.

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Table 25 demonstrates that imports from the subject countries undercut BlueScope’s selling prices for these MCCs in all quarters of the investigation period. The level of undercutting is up to 17%. The commission notes that, across the investigation period, 5 different exporters from both the ROK and Vietnam were responsible for the lowest priced goods in the market at one time or another. Of those 5 exporters, 4 exported dumped goods.

The commission considers that this analysis further indicates the high degree of price competition within the Australian market and that there was not a single price leader in the Australian market during the investigation period. The commission considers that importers are able to leverage the market intelligence available to them, as a result of sourcing supply from a range of entities at the most competitive price. In the majority of instances, the most competitive price in the market was for dumped goods. The commission considers that in this environment price pressure from dumped imports from the ROK and Vietnam has affected the prices achievable for other participants in the market, including BlueScope and exporters of un-dumped goods.

In submissions in response to the SEF, KG Dongbu and HSG asserted that the commission’s price undercutting analysis does not achieve the required level of micro-analysis, as relevant to the Australian aluminium zinc coated steel market. These exporters claimed that the commission remained focused on an MCC level analysis, however the MCCs do not separately identify the destined market segment of the finished good. KG Dongbu and HSG assert that BlueScope have employed an aggressive pricing strategy in respect of its TRUECORE® brand, which is the cause of BlueScope’s injury. KG Dongbu and HSG argue that their imports of the goods cannot cause injury in the framing market. In particular, KG Dongbu asserted that its exports compete against BlueScope’s ZINCALUME® brand of products in the roofing and walling segment of the market, rather than against BlueScope’s TRUECORE® brand, which is focussed on the framing market. The commission notes that in a submission, Dongkuk has claimed BlueScope’s TRUECORE® marketing strategy is a factor other than dumping that is causing injury, and in doing so has also indicated that the TRUECORE® brand as being in a distinct market segment.

Table 25 – Magnitude of price undercutting at the MCC level and showing the (de-identified) export source of goods.

<table>
<thead>
<tr>
<th>MCC</th>
<th>Q2 2019</th>
<th>Q3 2019</th>
<th>Q4 2019</th>
<th>Q1 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>MCC 1</td>
<td>Vietnam B</td>
<td>13%</td>
<td>Vietnam A</td>
<td>13%</td>
</tr>
<tr>
<td>MCC 2</td>
<td>ROK B</td>
<td>10%</td>
<td>ROK B</td>
<td>2%</td>
</tr>
<tr>
<td>MCC 3</td>
<td>ROK A</td>
<td>5%</td>
<td>Vietnam A</td>
<td>5%</td>
</tr>
<tr>
<td>MCC 4</td>
<td>N/A</td>
<td>N/A</td>
<td>Vietnam C</td>
<td>3%</td>
</tr>
<tr>
<td>MCC 5</td>
<td>ROK B</td>
<td>1%</td>
<td>ROK A</td>
<td>6%</td>
</tr>
<tr>
<td>MCC 6</td>
<td>ROK B</td>
<td>2%</td>
<td>Vietnam A</td>
<td>6%</td>
</tr>
<tr>
<td>All MCCs</td>
<td>ROK B</td>
<td>8%</td>
<td>Vietnam A</td>
<td>11%</td>
</tr>
</tbody>
</table>

93 EPR 558, documents 063 and 064.
94 The relevant submissions from Dongkuk are EPR 558, documents 056 and 060. The consideration of factors other than dumping, including the commission’s assessment of TRUECORE®, is at section 8.9 of this report.
While the commission does not have available to it evidence to support KG Dongbu’s claims that it only competes with BlueScope’s ZINCALUME® brand, the commission has considered the impact of the TRUECORE® brand and reviewed its price undercutting analysis accordingly.

Table 26 below, which replicates and may be contrasted with Table 25, is an amended quarterly MCC-level undercutting analysis that has regard to competition between imports of the goods and ZINCALUME® only (i.e. the TRUECORE® brand of products has been removed from the analysis).

<table>
<thead>
<tr>
<th>MCC</th>
<th>Q2 2019</th>
<th>Q3 2019</th>
<th>Q4 2019</th>
<th>Q1 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Source</td>
<td>%</td>
<td>Source</td>
<td>%</td>
</tr>
<tr>
<td>MCC 1</td>
<td>Vietnam B</td>
<td>13%</td>
<td>Vietnam A</td>
<td>13%</td>
</tr>
<tr>
<td>MCC 2</td>
<td>ROK B</td>
<td>10%</td>
<td>ROK B</td>
<td>2%</td>
</tr>
<tr>
<td>MCC 3</td>
<td>ROK A</td>
<td>15%</td>
<td>Vietnam A</td>
<td>13%</td>
</tr>
<tr>
<td>MCC 4</td>
<td>N/A</td>
<td>7%</td>
<td>ROK B</td>
<td>-2%</td>
</tr>
<tr>
<td>MCC 5</td>
<td>ROK B</td>
<td>1%</td>
<td>ROK A</td>
<td>6%</td>
</tr>
<tr>
<td>MCC 6</td>
<td>ROK B</td>
<td>-5%</td>
<td>Vietnam A</td>
<td>1%</td>
</tr>
<tr>
<td>All MCCs</td>
<td>ROK B</td>
<td>8%</td>
<td>Vietnam A</td>
<td>11%</td>
</tr>
</tbody>
</table>

Table 26 – Magnitude of price undercutting for ZINCALUME® at the MCC level and showing the (de-identified) export source of goods.

The cells highlighted in yellow indicate instances where, having removed the TRUECORE® brand, the level of undercutting experienced by BlueScope has now increased. The cells highlighted in green indicate where the level of price undercutting has reduced. As before, cells highlighted in red indicate goods that were not at dumped prices.

The commission considers that while this analysis demonstrates small changes in the quantum of undercutting, it does not alter the overarching conclusions detailed above in respect of Table 25.

8.8.3 Price undercutting at a customer level

The commission compared sales data from BlueScope against the sales data of the importers examined during the investigation. The commission identified 15 common customers.

The commission observed that 17% of imports from the subject countries related to a single MCC that could be tracked to 5 common customers of BlueScope, and further that BlueScope’s sales of this MCC to these 5 common customers amounted to 15% of BlueScope’s total sales volume during the period of investigation. The commission focussed its price undercutting analysis on this MCC and these customers.

Table 27 illustrates the commission’s price undercutting analysis in respect of these customers. For each listed customer, and for each quarter, the lowest priced import

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95 The commission notes that MISO did not supply information that identified its customers and as such, this analysis could only be undertaken in respect of the 4 importers who did provide this data.
source and its level of undercutting in relation to those imports is indicated. Highlighted cells indicate goods that were not at dumped prices.

<table>
<thead>
<tr>
<th>Customer</th>
<th>Q2 2019</th>
<th>Q3 2019</th>
<th>Q4 2019</th>
<th>Q1 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Source</td>
<td>Source</td>
<td>Source</td>
<td>Source</td>
</tr>
<tr>
<td>Customer A</td>
<td>ROK B</td>
<td>9%</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Customer B</td>
<td>ROK B</td>
<td>8%</td>
<td>Taiwan A</td>
<td>6%</td>
</tr>
<tr>
<td>Customer C</td>
<td>N/A</td>
<td>N/A</td>
<td>ROK B</td>
<td>1%</td>
</tr>
<tr>
<td>Customer D</td>
<td>ROK B</td>
<td>20%</td>
<td>ROK B</td>
<td>23%</td>
</tr>
<tr>
<td>Customer E</td>
<td>Taiwan A</td>
<td>10%</td>
<td>ROK A</td>
<td>11%</td>
</tr>
</tbody>
</table>

Table 27 – Magnitude of quarterly investigation period price undercutting at customer level and (de-identified) export source of goods.

Table 27 demonstrates that both dumped and un-dumped goods undercut BlueScope’s selling prices to these customers for the relevant MCC. The level of undercutting is up to 23%. The commission notes that across the investigation period:

- these customers were collectively supplied from 4 different importers sourcing the goods from 6 different exporters from the subject countries
- BlueScope was the largest source of the goods in the Australian market in terms of volume of purchases from all sources, in addition to 4 exporters spanning each of the subject countries
- three different exporters from 2 countries were responsible for the lowest priced goods in the market at one time or another and
- of those 3 exporters, 2 exported dumped goods.

The commission considers this analysis at the customer level indicates that all participants in the market have undercut BlueScope. BlueScope is in direct competition with exports from the subject countries. The commission notes that on 6 occasions in this analysis un-dumped goods undercut BlueScope. However, in the majority of instances where BlueScope is competing with both dumped and un-dumped goods, the dumped goods were responsible for the greatest extent of undercutting. Where un-dumped goods were in direct competition with dumped goods, the commission observed that the difference in pricing between the dumped and un-dumped goods did not exceed 2.5%.

The commission considers that, at a customer level, price pressure from dumped imports from the ROK and Vietnam has affected the prices achievable for other participants in the market, including BlueScope and exporters of un-dumped goods.

For the reasons detailed in the price undercutting by the preceding MCC analysis of section 8.8.2, KG Dongbu submitted that the commission is required to undertake a micro-analysis which compares prices and competition within each market segment, between particular grades and where possible, direct comparison to common customers.

96 For the purposes of confidentiality, individual exporters have been de-identified. Therefore, for example, ‘ROK A’ refers to an individual exporter from ROK while ‘ROK B’ refers to a different ROK exporter.
97 EPR 558, document 063.

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85
While the commission does not have available to it evidence to support KG Dongbu’s claims that it only competes with BlueScope’s ZINCALUME® brand, the commission has considered the impact of the TRUECORE® brand and reviewed its price undercutting analysis accordingly.

Table 28 below, which replicates and may be contrasted with Table 27, is an amended quarterly customer-level undercutting analysis that has regard to competition between imports of the goods and ZINCALUME® only (i.e. the TRUECORE® brand of products has been removed from the analysis).

<table>
<thead>
<tr>
<th>Customer</th>
<th>Q2 2019</th>
<th>Q3 2019</th>
<th>Q4 2019</th>
<th>Q1 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Source</td>
<td>%</td>
<td>Source</td>
<td>%</td>
</tr>
<tr>
<td>Customer A</td>
<td>ROK B</td>
<td>11%</td>
<td>NA</td>
<td>N/A</td>
</tr>
<tr>
<td>Customer B</td>
<td>ROK B</td>
<td>11%</td>
<td>Taiwan A</td>
<td>6%</td>
</tr>
<tr>
<td>Customer C</td>
<td>N/A</td>
<td>N/A</td>
<td>ROK B</td>
<td>N/A</td>
</tr>
<tr>
<td>Customer D</td>
<td>ROK B</td>
<td>20%</td>
<td>ROK B</td>
<td>23%</td>
</tr>
<tr>
<td>Customer E</td>
<td>Taiwan A</td>
<td>10%</td>
<td>ROK A</td>
<td>11%</td>
</tr>
</tbody>
</table>

Table 28 – Magnitude of quarterly investigation period price undercutting at customer level and (de-identified) export source of goods.

The cells highlighted in yellow indicate instances where, having removed the TRUECORE® products, the level of undercutting experienced by BlueScope has now increased. The cells highlighted in green indicate where the level of price undercutting has reduced (in both instances because there is no longer a comparable sale by BlueScope to that customer).

The commission considers that this additional analysis confirms its conclusions in respect of Table 27.

8.8.4 Other factors affecting price

The commission observed that during the investigation period BlueScope experienced reduced costs of production. The commission considered whether this reduction in the cost of production resulted in BlueScope’s reduced selling prices.

The commission compared BlueScope’s unit selling prices and unit CTM, against the weighted average unit selling prices (in the Australian market) and unit CTM of cooperating exporters. The commission’s comparison is in Figure 19.
Figure 19 demonstrates that during the investigation period:

- BlueScope's unit selling prices closely correlate with the unit selling prices of the cooperating exporters.
- Cooperating exporters’ unit CTM remained relatively stable, while BlueScope’s unit CTM fluctuated.
- BlueScope absorbed the increases in its unit CTM across quarters 1 to 3 of the investigation period (diminishing margin between selling prices and CTM), however was able to recover the margin in quarter 4 when unit CTM reduced to a greater degree than unit selling prices and
- Cooperating exporters’ unit selling prices reduced over the investigation period despite the relative stability of the unit CTM.

This analysis indicates that BlueScope’s selling prices have a closer correlation with the selling prices of exporters than with BlueScope’s own costs of production. The commission considers that while BlueScope experienced reduced costs of production in the final quarter of the investigation period which may have given it a greater margin for price negotiation, that price negotiation would nonetheless be undertaken within the context of the imports from the subject countries undercutting its selling prices. As detailed in the preceding sections, the commission considers that dumped imports from the ROK and Vietnam have affected the prices achievable for other participants in the market.

The commission notes that despite the reduction in BlueScope’s costs of production, BlueScope was only able to return to a break-even point at the conclusion of the investigation period, as opposed to a position of profitability. The commission considers that BlueScope would have endeavoured to maintain higher selling prices to achieve profitability in the absence of competition with dumped imports undercutting its selling prices.
As such, the commission does not consider that the reduction in BlueScope’s prices in the investigation period were in response to an improvement in its cost of production, but rather due to the presence of dumped imports in the Australian market.

8.8.5 Price effects - conclusion

The commission’s price undercutting analysis, at an aggregate level, and both the MCC and customer level, indicates that the Australian market has high price competition and price transparency. The commission considers that BlueScope’s selling prices have a close correlation with the price of imported goods in the Australian market. The commission notes that the Australian market is subject to competition from both dumped and un-dumped imports. The commission’s price undercutting analysis indicates that at an aggregate level, as well as at the MCC and customer level, dumped goods have exerted the greatest extent of price undercutting.

Given the observations above, and the fact that dumped goods account for approximately 70% of the volume of imported goods from the subject countries, the commission considers that, for BlueScope to remain competitive against dumped imports, its pricing must be responsive to the prices of those dumped imports.

The commission considers that, during the investigation period, BlueScope has experienced price depression (reduced selling prices), in order to compete with dumped imports at prices that undercut its own.

8.9 Profit effects

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

As detailed in section 7.5, BlueScope experienced a downward trend in profit and profitability during the first 3 years of the injury analysis period. However, during the investigation period, BlueScope has returned to profitability though at a very marginal level.

As detailed in section 8.8.5, the commission considers that BlueScope suffered price injury due to dumped imports.

The commission considers that while BlueScope experienced an improvement in profit and profitability during the investigation period, the extent of that improvement diminished as BlueScope reduced selling prices to compete with dumped imports.

As such, the commission considers that BlueScope has experienced injury due to dumped exports in the form of lost profit and profitability in the investigation period.

8.10 Factors other than dumping causing injury

8.10.1 Introduction

Subsection 269TAE(2A) requires the Minister to consider whether injury to an industry is due to factors other than the exportation of the goods. This provision contains a list of factors that the Minister may have regard to when considering whether injury is due to
factors other than exportation of the goods, but it is not an exhaustive list. The commission considered the following factors as possible causes of injury:

- BlueScope’s marketing strategy
- un-dumped goods
- slit aluminium zinc coated steel
- energy costs.

The commission’s consideration of these factors are detailed in the remainder of this chapter.

8.10.2 BlueScope’s commercial strategy

Dongkuk, an exporter from the ROK, submitted that commercial decisions made by BlueScope with respect to the like goods had a significant effect on its performance, but are entirely unrelated to dumping from Dongkuk or the ROK more generally.98

Dongkuk cited the multiple impacts of BlueScope’s TRUECORE® strategy, including

- aggressive pricing against timber and slit product which are not subject to competition from Dongkuk, wherein Dongkuk considers the commission’s assessment in the SEF demonstrates no price depression in the investigation period
- the cross-sectoral effect of the TRUECORE® strategy on BlueScope’s other products and
- BlueScope’s direct evidence that attributes price effects to imports from Vietnam.

KG Dongbu and HSG, in separate submissions, submitted that SEF 558 did not properly examine the impact of injury in the framing market from BlueScope’s TRUECORE® product, on its overall economic condition.99 They asserted that

- in failing to properly consider this issue, the commission has overlooked that BlueScope’s own commercial decisions with regard to pricing of TRUECORE® into the framing market was the primary cause of any observed price depression evident during the investigation period and
- in examining and assessing injury in the different market segments, injury in the form of price depression or price suppression found to be occurring in the framing market cannot be attributed to its exports, which it understands to be destined for the framing/walling market.

The commission has had regard to these submissions in preparing this report.

In the SEF, the commission provided revised injury period price variation trends for high-level model categories of BlueScope’s like goods (based on verified data subsequent to the application). The commission advised that the verified price data does not support the assertion that BlueScope positions itself into a loss making position on account of its marketing strategy. Whilst the price variation data shows that the revenue of BlueScope’s like goods increases going into the investigation period, this does not preclude price

98 EPR 558, documents 056 and 060.
99 EPR 558, document 063.
depression from having occurred *within* the investigation period. Indeed, this is what the commission’s analysis has demonstrated at section 7.4 of this report.

In addition, as detailed in Chapter 7, the commission has undertaken further analysis of BlueScope’s economic condition by segregating its TRUECORE® and ZINCALUME® brands. Complementing this analysis, the commission has conducted a further assessment of the conditions of competition between BlueScope’s like goods and imports in the Australian market in section 8.8. This analysis identified that:

- in terms of sales volumes, the TRUECORE® brand is the less commercially significant segment of BlueScope’s sales
- in aggregate terms the TRUECORE® branded products are priced at a discount to the ZINCALUME® branded products
- across the investigation period BlueScope’s unit pricing for both brands declined, with the greater decline evident in respect of the ZINCALUME® brand, indicating that BlueScope has experienced price depression across both segments during the period of investigation
- when the TRUECORE® brand is removed from the commission’s price undercutting analysis it is evident that exporters from the ROK remain in direct competition with BlueScope, and continue to undercut BlueScope’s prices.

On this basis, the commission does not accept the assertions made by the exporters from HSG and the ROK.

The commission accepts that BlueScope may employ a different marketing and pricing strategy in respect of its TRUECORE® brand, and that strategy may affect its economic performance. However, that does not preclude it from the prospect of experiencing material injury in respect of its more commercially significant ZINCALUME® brand. The commission is satisfied that BlueScope competes with imports in a market characterised by high price competition and price transparency. The commission’s price undercutting analysis confirms that BlueScope has been undercut by dumped imports from the ROK and Vietnam at an aggregate level, at an MCC level and at a customer level, and those findings hold true when the TRUECORE® branded products are removed.

### 8.10.3 Un-dumped goods

The commission has found that exports from Taiwan and from Nam Kim were not at dumped prices during the investigation period. These goods accounted for approximately 30% of the total volume of goods exported from the subject countries. Further, the commission established that imports from these exporters, despite being un-dumped, had nevertheless undercut BlueScope’s selling prices.

As such, the commission considers that un-dumped goods may also have contributed to the injury BlueScope experienced.

However, the commission’s price undercutting analysis indicates that, at an aggregate level, as well as at the MCC and customer level, dumped goods have exerted the

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100 TER 558 refers.
greatest extent of price undercutting during the investigation period. The commission has therefore attributed injury to BlueScope from those dumped imports.

The commission observes that, as stated in the Material Injury Direction, injury from dumping need not be the sole cause of injury to the industry, where injury due to dumping is material in degree.\(^{101}\)

### 8.10.4 Slit aluminium zinc coated steel

BlueScope indicated in its application that competition with slit aluminium zinc coated steel puts downward pressure on BlueScope’s like goods. Specifically, the application alleges that Vietnamese importers offered slit product (which is generally a higher priced product compared to the subject goods) at ‘wide’ (the subject goods) aluminium zinc coated steel prices.\(^{102}\) BlueScope provided an example in support of price undercutting of dumped imports relating to competition with Vietnamese exporter HSG’s slit aluminium zinc coated steel.

In a pre-SEF submission, Dongkuk submitted that the impact of slit goods on BlueScope would be a factor other than dumping, and would be an injurious factor instead of imports from Dongkuk and the ROK.\(^{103}\)

The commission notes that HSG’s exports of slit aluminium zinc coated steel were at dumped prices during the investigation period.\(^{104}\)

The commission has considered this claim within the context of factors other than dumping. To assess this claim, the commission utilised Vietnamese export price data available from this investigation and Investigation 559 (two exporters cooperated in both investigations). The commission calculated FIS prices from the Vietnamese exporters’ export sales data, and compared the prices between slit and wide goods for width-invariant MCCs. The commission observed that the pricing differential between BlueScope and Vietnamese exporters’ wide and slit goods was similar for the same MCCs. The commission has also found in the investigation that imports of wide goods, and in Investigation 559 imports of slit goods, were undercutting BlueScope. Generally, the degree of undercutting between imports the subject of the investigation and those the subject of Investigation 559 are similar. As such, the commission considers that the observation of slit goods being offered at wide prices appears to be an artefact of imports undercutting BlueScope generally.

The commission did not find any additional evidence of competition between slit and wide aluminium zinc coated steel that would be injurious. The commission considers that offers of slit goods that compete with wide goods is not significantly influencing the prices of the BlueScope’s like goods to a degree that is material compared to the price effects detailed in section 8.8.

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\(^{101}\) ADN No 2012/024.

\(^{102}\) ‘Wide’ refers to aluminium zinc coated steel of a width equal to or greater than 600 mm, that is, the goods the subject of this investigation.

\(^{103}\) EPR 558, document 056.

\(^{104}\) Investigation 559 is being conducted in parallel to this investigation and shares the same investigation period.
The commission’s assessment of competition between wide and slit goods is at Confidential Attachment 10.

8.10.5 Energy costs

BlueScope’s application outlined that energy cost increases may be a factor other than dumping that may have caused it injury.

The commission has assessed BlueScope’s verified data and estimated that while electricity costs are not an immaterial cost component of BlueScope’s like goods, the year-to-year costs attributable to electricity have not varied considerably over the injury analysis period. Therefore, the commission is of the view that any injury attributable to electricity cost variations is immaterial.

The commission’s assessment of energy costs is at Confidential Attachment 10.

8.11 Materiality of injury

8.11.1 Submissions regarding materiality of injury

In its pre-SEF submission, Dongkuk submitted that BlueScope was not materially injured and that the commission should terminate on the basis that the injury from dumped imports from the ROK during the investigation period, if any, was negligible. 105

Dongkuk provided information regarding BlueScope’s financial performance in the financial year that succeeds the investigation period (drawing on BlueScope’s financial year (FY) 2021 Financial Report) to support its contention. Dongkuk submits that BlueScope’s like goods and its painted products are reported within the same business unit, and since BlueScope’s like goods are the feed for its painted products, the performance of that business unit (Australian Steel Products) is relevant. According to BlueScope’s FY2021 Financial Report, BlueScope has reported, in the period following the investigation period, increases in domestic sales volumes and sales revenue. Dongkuk also refers to BlueScope’s Australian industry verification report, which indicates that BlueScope has experienced injury in the periods prior to the investigation period. Dongkuk highlights that in the investigation period BlueScope has experienced ‘sharp growth and strong recovery’. Dongkuk states that BlueScope’s performance during the investigation period was the start of a strong growth cycle representing the ‘continuation of an uninjured economic condition that shows no sign of abating’.

8.11.2 The commission’s assessment of materiality of injury

The Material Injury Direction provides that the materiality of injury caused by a given degree of dumping (and subsidisation, though subsidisation is not relevant to the investigation as the commission proposes to terminate that part of the investigation) can be judged differently, depending on the economic condition of the Australian industry suffering the injury. In considering the circumstances of each case, the commission must consider whether an industry that at one point in time is healthy and could shrug off the effects of the presence of dumped products in the market, could at another time,

105 EPR 558, document 056.
weakened by other events, suffer material injury from the same amount and degree of dumping.

The commission calculated dumping margins ranging between 2.6% and 10.5% for exports from the ROK and 8.1% and 20.9% for exporters from Vietnam in the investigation period. Exporters from both the ROK and Vietnam maintained sales volumes throughout the injury analysis period. In terms of overall exports by country, the ROK and Vietnam were the largest and third largest exporters of the goods to Australia respectively. In total, dumped goods were 70% of the goods imported into the Australian market during the investigation period.

The commission’s analysis of the economic condition of the Australian industry found that during the investigation period BlueScope experienced:

- a reduction in sales volumes of approximately 1%, albeit in a market that contracted approximately 5%
- increased market share
- a reduction in unit selling prices and unit CTMS after the second quarter
- a greater fall in unit selling prices than unit CTMS in the third quarter
- a greater fall in unit CTMS than unit selling prices in the fourth quarter
- improved profit and profitability, such that a break-even point on sales had been achieved at the conclusion of the period
- dumped imports from the ROK and Taiwan undercutting its price.

In addition, BlueScope provided evidence of the influence of competitor pricing in the market during the investigation period. These examples indicated that customers use import prices to negotiate prices. They also show that during the investigation period, BlueScope reduced its own selling prices in order to compete with consistently lower import prices.

The commission found that imports from each of the subject countries undercut the Australian industry’s price during the investigation period. The commission’s analysis indicated that despite the presence of both dumped and un-dumped imports within the Australian market, at an aggregate level, MCC level or customer level, the dumped goods were more often than not the lowest priced goods in the Australian market. Dumped imports also accounted for approximately 70% of the total volume of imports in the market. Given these factors, and the pricing visibility that importers of the goods from the subject countries enjoyed, the commission considers that the prices of dumped imports from the ROK and Vietnam placed downward pressure on Australian industry prices during the investigation period.

The commission considers that the Australian industry would likely have achieved higher selling prices had the dumped imports not placed downward pressure on prices within the Australian market. Finally, the ability to sell at the higher prices would have translated into improved profit and profitability for the Australian industry.

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106 Taiwan was the second largest exporter of the goods to Australia in the period.

REP 558 Aluminium zinc coated steel ≥ 600 mm – ROK, Taiwan and Vietnam
When taken as a whole, the commission considers that the Australian industry’s injury resulting from dumped goods being exported to Australia was material.

8.12 Submissions regarding causation

8.12.1 Submission from KG Dongbu and HSG regarding causation

In pre-SEF and post-SEF submissions, KG Dongbu submitted that its exports of the goods did not cause material injury to BlueScope. KG Dongbu noted as follows:

- KG Dongbu’s dumping margin is only 0.5% greater than the 2% stipulated in the Anti-Dumping Agreement as being negligible.
- When expressed as a unit value against KG Dongbu’s weighted average unit export price, this 0.5% represents a small amount that could not injure BlueScope.
- KG Dongbu understands that its prices in the Australian market are similar to those of Taiwan, which are not at dumped prices and not injurious, for comparable models.\(^\text{107}\)

In relation to KG Dongbu’s dumping margin being only 0.5% greater than a negligible level of dumping, the commission notes that KG Dongbu’s individual rate is considered within the context of section 269TAE(2C) of the Act. That is, the commission has had regard to the cumulative effect of dumped imports in making an assessment of whether material injury to BlueScope has been caused. As outlined in section 8.3, in the Commissioner’s view it is appropriate to consider the cumulative effects of exports from the ROK and Vietnam.

In relation to the KG Dongbu’s prices being similar to those of Taiwan, which are not dumped, the commission has conducted a price undercutting analysis and considers the prices of dumped and un-dumped goods in section 8.8. There, the commission finds that dumped exports generally have the lowest price in the market, including those exports from the ROK. The commission’s analysis demonstrates that dumped goods from the ROK and Vietnam have exerted the greatest extent of price undercutting in the investigation period.

In separate submissions in response to the SEF, KG Dongbu and HSG asserted that the commission’s consideration of other possible and likely factors that may have contributed to the observed injury during the investigation period lacked analysis that properly isolated and distinguished the effects of other factors from dumped imports.\(^\text{108}\) In particular, KG Dongbu referenced the impact of COVID-19 and its downstream effect on supply chains, as well as BlueScope’s TRUECORE® pricing strategy.

The commission has addressed KG Dongbu’s assertions in respect of BlueScope’s pricing strategy in section 8.10.2 above.

In respect of the impact of COVID-19, the commission notes that the investigation period ends in March 2020 and the World Health Organisation declared the outbreak a pandemic on 11 March 2020.\(^\text{109}\) While the commission acknowledges that the emergence

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\(^{107}\) EPR 558, documents 051 and 063.

\(^{108}\) EPR 558, documents 063 and 064.


REP 558 Aluminium zinc coated steel ≥ 600 mm – ROK, Taiwan and Vietnam
of COVID-19 toward the latter stages of the investigation period as having caused economic uncertainty, the downstream effects referenced by KG Dongbu emerged at a point in time beyond the investigation period, and as such the commission does not consider that COVID-19 had any material impact on the Australian industry during the investigation period.

8.12.2 Submission from Dongkuk regarding causation

In a pre-SEF submission, Dongkuk considers that BlueScope’s rebate arrangements, insulate BlueScope from the effect of competition. Dongkuk submitted that BlueScope’s sales are based on a rebate structure in which customers benefit from buying in large quantities in regular amounts. Dongkuk consider that this sales strategy disadvantages smaller customers who are unable to purchase in amounts that allow them to obtain the rebates. As a result of this rebate structure, and market factors that follow the investigation period that have driven a surge in BlueScope’s prices, Dongkuk claim these smaller customers seek to obtain the goods from alternative sources, including Dongkuk.

Dongkuk also describe its view that there is limited impact from any competition between Dongkuk’s exports and BlueScope, due to a lack of positive evidence that BlueScope either lost sales orders or reduced prices due to competition from Dongkuk or the ROK.

The commission has considered Dongkuk’s submission and is of the view that the fact that BlueScope operates rebating arrangements and did not provide direct evidence of lost sales volumes or reduced prices caused by imports from the ROK does not diminish the commission’s view that BlueScope is competing directly with dumped imports from the ROK, and that those dumped imports have consistently undercut BlueScope’s prices. The commission is satisfied that in such a market BlueScope has reduced prices to remain competitive with lower priced dumped imports, and by so doing has experienced material injury.

The commission has also examined common customers to BlueScope and imports of the goods. The commission finds that there was a material proportion of customers common to both BlueScope and imports of the goods from subject countries that received rebates from BlueScope in the investigation period. There does not appear to be evidence to suggest that customers of BlueScope that received rebates are customers exclusive to BlueScope. There appears to be a reasonable degree of overlap between customers of BlueScope receiving rebates and customers in receipt of subject country imports.

The commission notes that Dongkuk was one source of the goods in the investigation period that had a higher degree of common customer volume that received rebates from BlueScope.

The commission’s detailed assessment of whether dumping has caused material injury finds that BlueScope has suffered material injury in relation to dumped imports from the ROK and Vietnam.
8.13 Conclusion

The commission has found that:

- the volume of dumped goods exported to Australia represents approximately 70% of all imports from the subject countries
- the Australian market is highly competitive with a high level of price transparency
- the Australian industry’s selling prices are closely correlated with the prices of imported goods
- the goods exported to Australia from the subject countries (at dumped and un-dumped prices) have undercut the Australian industry’s prices
- at an aggregate level, and at the level of MCC and customer, the dumped imports have undercut the Australian industry’s prices to the greatest extent
- the dumped imports undercutting of the Australian industry’s prices has caused the Australian industry to reduce selling prices to compete with the dumped imports
- in the absence of the dumped imports, the Australian industry would have been able to achieve higher selling prices
- the higher selling prices would have reflected positively on the Australian industry’s profits and profitability over the investigation period and
- the injury due to goods exported to Australia at dumped prices can be separated from other potential causes of injury.

As such, the commission considers that the Australian industry has suffered material injury in the form of price depression and reduced profit and profitability. The commission further considers that dumped imports from the subject countries has caused this material injury.
9  WHETHER DUMPING MAY CONTINUE

9.1 Findings

The Commissioner is satisfied that dumping may continue in relation to exports of the goods from the ROK and Vietnamese exporters.

9.2 Introduction

To publish a notice under sections 269TG(2) the Minister must be satisfied that, among other things, dumping may continue.

When assessing whether dumping may continue, the Commissioner considers the term ‘may’ to mean ‘possible’.

9.3 Submission from BlueScope in relation to whether dumping will continue

BlueScope provided a submission detailing its views on whether dumping or subsidisation may continue:

- BlueScope has estimated dumping margins for the 12 months following the period of investigation (YE March 2021) with regard to the subject countries and finds that the margins are positive and trend upwards.
- The cumulative volumes of the goods from the subject countries has accelerated upwards in the 12 months following the investigation period.
- Domestic prices in the subject countries have increased in the 12 months following the investigation period, due to increases in HRC costs.\(^{111}\)

9.4 Whether dumping may continue

When assessing whether dumping may continue, the Commissioner considers prior evidence of dumping to be a relevant consideration.

The commission’s analysis found dumping margins between 2.6% and 10.5% for exporters from the ROK and between 8.1% and 20.9% for Vietnamese exporters during the investigation period.

The commission examined import volumes from the ABF import database during and following the end of the investigation period. The commission observes that imports from the ROK and Vietnam have continued.

The commission found that the ROK and Vietnam are the largest and third largest exporters of the goods to Australia and, therefore, maintain an established share of the market. Exports from both the ROK and Vietnam undercut the Australian industry during the investigation period.

\(^{111}\) EPR 558, document 037.
The commission’s assessment of the Australian market found that purchasers of the goods will change their sources of supply and price is a heavy influencer on purchase decisions.

Based on the magnitude of the dumping margins found, the importance of price in this market, the evidence of price undercutting, the established links between suppliers and importers and the ROK’s and Vietnamese exporters maintaining sales volumes, the Commissioner considers that dumping may continue.

9.5 Commissioner’s assessment

Based on the available evidence, the Commissioner is satisfied that exports of the goods may continue in the future at dumped prices from the ROK and Vietnam.
10 NON-INJURIOUS PRICE AND LESSER DUTY RULE

10.1 Findings

As the Commissioner has terminated that part of the dumping investigation in relation to Taiwan and in relation to the Vietnamese exporter Nam Kim, the Minister need not have regard to the desirability of the lesser duty rule for those exporters.\textsuperscript{112}

As the Commissioner has terminated the countervailable subsidy investigation in respect of all Vietnamese exporters, the application of the lesser duty rule in respect of subsidies has not been considered.

For all exporters from the ROK, because the NIP is not less than the normal value, the lesser duty rule does not apply.

For the Vietnamese exporter HSG, because the NIP is not less than the normal value, the lesser duty rule does not apply.

For Hoa Phat and uncooperative exporters from Vietnam, the commission determined that the NIP is less than an amount equal to the sum of the ascertained export price and the interim dumping duty payable. The Commissioner therefore recommends that the Minister apply the lesser duty rule for these exporters.

10.2 Introduction

The NIP is defined in section 269TACA as ‘the minimum price necessary to prevent the injury, or a recurrence of the injury’ caused by the dumped or subsidised goods, the subject of a dumping duty notice or a countervailing duty notice. The commission will generally derive the NIP from the Australian Industry’s unsuppressed selling price (USP).

10.3 Legislative framework

Where the Minister is required to determine the IDD, section 8(5B) of the Dumping Duty Act applies. A lesser dumping duty may be imposed where the NIP of the goods is less than the normal value of the goods (‘lesser duty rule’).

When the lesser duty rule applies, section 8(5B) of the Dumping Duty Act requires that the sum of the export price and the interim dumping duty payable does not exceed the NIP.

However, pursuant to section 8(5BAA), the Minister is not required to have regard to the lesser duty rule where one or more of the following circumstances apply:

- the normal value of the goods was not ascertained under section 269TAC(1) because of the operation of section 269TAC(2)(a)(ii)

\textsuperscript{112} TER 558 refers.
• there is an Australian industry in respect of like goods that consists of at least two small-medium enterprises, whether or not that industry consists of other enterprises.\textsuperscript{113}

While the Minister is not required to consider imposing a lesser amount of duty, they may still exercise their discretion to do so.

10.4 Lesser duty rule

As the commission has terminated the dumping investigation as it relates to Taiwan and Nam Kim, the commission has not had regard to the lesser duty rule for these exporters.

In respect of exports of the goods from the ROK and the remaining Vietnamese exporters, the commission does not consider that any of the exceptions in the Dumping Duty Act apply. The commission therefore has considered whether to recommend that the Minister consider the desirability of applying a lesser rate of duty to these exports, if applicable.

10.5 Calculation of the non-injurious price

10.5.1 Approaches to calculating the NIP

The legislation does not prescribe the methods of calculating a NIP, however there are several methods outlined in the Manual.\textsuperscript{114}

The commission generally derives the NIP by first establishing a price at which the Australian industry might reasonably sell its product in a market unaffected by dumping. This price is referred to as the unsuppressed selling price (USP).

The commission’s preferred approach to establishing the USP is set out in the Manual and observes the following hierarchy:

• industry selling prices at a time unaffected by dumping
• constructed industry prices – industry cost to make and sell plus profit or
• selling prices of un-dumped imports.\textsuperscript{115}

Having calculated the USP, the commission then calculates the NIP by deducting the costs incurred in transitioning the goods from the export FOB point (or another point if appropriate) to the relevant level of trade in Australia. The deductions normally include overseas freight, insurance, into-store costs and amounts for importer expenses and profit.

10.5.2 Commission’s assessment of the calculation of the NIP

In following the hierarchy as set out above, the commission has considered whether the USP may be established using industry selling prices at a time unaffected by dumping.

\textsuperscript{113} As defined in the \textit{Customs (Definition of ‘small-medium enterprise’) Determination 2013}.

\textsuperscript{114} The Manual, Chapter 24.

\textsuperscript{115} Ibid.
The commission considers that it is not practicable to establish a USP based on a time when the Australian industry’s prices were not affected by dumping, because the goods have previously been found to be dumped and injurious to the Australian industry. The commission notes that the goods have been imported from a number of different countries over a sustained and lengthy period of time.\textsuperscript{116}

The next available option to establish the USP in the hierarchy set out above is to construct industry prices based on industry cost to make and sell plus an amount for profit. The commission considers that this approach is appropriate. The commission has applied an amount of profit based on the profit BlueScope achieved in the last quarter of the investigation period in respect of the goods, as this is the best available information.

Having calculated the USP, the Commissioner has calculated a NIP by deducting the costs incurred in getting the goods from the export FOB point (or another point if appropriate) to the relevant level of trade in Australia. The deductions include overseas freight, insurance, into-store costs and amounts for importer expenses and profit.

The commission has assessed that the calculated NIP is not less than the normal values ascertained for exporters from the ROK. Therefore, the lesser duty rule does not apply.

The commission has assessed that the calculated NIP is less than the normal values ascertained for some exporters from Vietnam. As the Commissioner has terminated the countervailable subsidy investigation in respect of all Vietnamese exporters, the application of the lesser duty rule in respect of subsidies has not been considered. There is no basis to apply a lesser rate of duty with respect to the Vietnamese exporter HSG, as the NIP is not less than the normal value. The commission finds that the NIP is the operative measure with respect to Hoa Phat and uncooperative Vietnamese exporters. As such, the commission recommends that a lesser rate of duty be applied to Hoa Phat and uncooperative Vietnamese exporters.

The commission's NIP calculation is at \textit{Confidential Attachment 11}.

\textsuperscript{116} At the time of publication of this report, measures only applied to the goods exported from China. However, measures have previously been imposed on exports from the ROK (those measures were removed following Continuation No 450).
11 RECOMMENDED MEASURES

11.1 Findings

The Commissioner recommends to the Minister that anti-dumping measures, using the combination duty method, be imposed in the form of a dumping duty notice in respect of dumping duty that may become payable by importers of the goods from the ROK and Vietnam.

11.2 Forms of dumping duty available

The forms of duty available to the Minister when imposing dumping duty are prescribed in the Customs Tariff (Anti-Dumping) Regulation 2013 and include:

- fixed duty method ($X per tonne)
- floor price duty method
- combination duty method or
- ad valorem duty method (i.e. a percentage of the export price).\(^{117}\)

The various forms of duty all have the purpose of removing the injurious effects of dumping. However, in achieving this purpose, certain forms of duty will better suit particular circumstances than others. When considering which form of duty to recommend to the Minister, the Commissioner will have regard to the published Guideline on the Application of Forms of Dumping Duty November 2013 (the Guidelines) and relevant factors in the market for the goods.\(^{118}\)

11.2.1 Fixed duty method

A fixed duty method operates to collect a fixed amount of duty – regardless of the actual export price of the goods.

11.2.2 Floor price duty method

The floor price duty method sets a ‘floor’ – for example, a normal value of $100 per tonne – and duty is only collected when the actual export price is less than that normal value of $100 per tonne. The floor price is either the normal value or the NIP, whichever is applicable under the duty collection system.

11.2.3 Ad valorem duty method

The *ad valorem* duty method is applied as a proportion of the actual export price of the goods.

11.2.4 Combination duty method

The combination duty method comprises 2 elements: the ‘fixed’ element and the ‘variable’ duty element. The fixed element is determined when the Minister exercises powers to

\(^{117}\) Section 5 of the *Customs Tariff (Anti-Dumping) Regulation 2013.*

\(^{118}\) Available on the commission website.
‘ascertain’ an amount for the export price and the normal value. This may take the form of either a fixed duty or an *ad valorem* applied to the ascertained export price.

If the actual export price of the shipment is lower than the ascertained export price, the variable component works to collect an additional duty amount, i.e. the difference between the ascertained export price and the actual export price. It is called a ‘variable’ element because the amount of duty collected varies according to the extent the actual export price is beneath the ascertained export price.

### 11.3 Commission’s consideration

The commission considers that the combination duty method is the most appropriate method for determining the duty payable in this instance.

The combination duty method can be considered appropriate where, among other considerations, there are limited models or types of the goods with significantly different prices.¹¹⁹ The commission has not identified a significant difference in price between models.

A further consideration for applying the combination duty method relates to price trends in a particular market. At Figure 20 below, the commission examined the change in quarterly FOB prices over the injury analysis period and found that prices have generally increased over time, which suggests a rising market.

![Quarterly index of export price over injury period](image)

**Figure 20 – Aggregate quarterly indexed FOB export price of subject countries (excluding Taiwan) over the injury period, base quarter 2016 Q2**

¹¹⁹ Other considerations in the use of combination method of duty are where circumvention behaviour is likely (particularly because of related party dealings), and where complex company structures exist between related parties.
The Guidelines outline that, in a falling market, the combination duty method may be considered inappropriate, as it may be considered punitive due to the operation of the fixed element. Since the commission observes a rising market, it is unlikely that the subject exporters will be disadvantaged if the combination duty method is imposed. In addition, should the amount of interim duty an importer paid exceed the amount of final duty payable, importers can apply for a refund via a duty assessment.

The commission notes that the combination duty method is also consistent with measures already in place for exporters of the goods from China.

The commission’s assessment of FOB export price movements is at Confidential Attachment 12.

11.4 Recommendations

The Commissioner recommends that duties be calculated, in respect of any IDD that may become payable, using the combination duty method.

A summary of the recommendations and effective rates of interim dumping duty are shown in the table below.

<table>
<thead>
<tr>
<th>Country</th>
<th>Exporter</th>
<th>Duty method</th>
<th>Fixed rate of IDD (%)</th>
<th>Variable component of IDD</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROK</td>
<td>KG Dongbu</td>
<td>Combination</td>
<td>2.6</td>
<td>Applicable only where the actual export price is below the ascertained export price.</td>
</tr>
<tr>
<td></td>
<td>Dongkuk</td>
<td>Combination</td>
<td>3.9</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Uncooperative exporters</td>
<td>Combination</td>
<td>10.5</td>
<td></td>
</tr>
<tr>
<td>Vietnam</td>
<td>Hoa Phat</td>
<td>Combination</td>
<td>5.5</td>
<td></td>
</tr>
<tr>
<td></td>
<td>HSG</td>
<td>Combination</td>
<td>8.1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Uncooperative exporters</td>
<td>Combination</td>
<td>13.1</td>
<td></td>
</tr>
</tbody>
</table>

*Table 29 – Summary of effective interim dumping duty*
12 RECOMMENDATIONS

12.1 Findings

The Commissioner has found that the goods exported from:

- the ROK, were at dumped prices, and
- Vietnam (except goods exported by Nam Kim) were at dumped prices.

The Commissioner has also found that dumped exports from the ROK and Vietnam have caused material injury to the Australian industry for like goods.

12.2 Recommendations

The Commissioner recommends that the Minister publish a dumping duty notice in respect of all exports of aluminium zinc coated steel of a width equal to or greater than 600 millimetres exported to Australia from the ROK and Vietnam (except by Nam Kim).

The Commissioner recommends that, in accordance with the following provisions, the Minister be satisfied that:

- Section 269TAC(1) – The normal value of the goods exported to Australia by KG Dongbu, Dongkuk, Hoa Phat, and HSG is the price paid (or payable) for like goods sold in the ordinary course of trade for home consumption in the country of export in sales that are ‘arms length’ transactions.
- Section 269TAB(1)(a) – Export prices of the goods by Hoa Phat and HSG were ascertained as the price the importer paid to the exporter less transport and other costs arising after exportation.
- Section 269TAB(1)(a) and section 269TAB(1)(c) – Export prices of the goods by KG Dongbu and Dongkuk were ascertained as the price the importer paid to the exporter, less transport and other costs arising after exportation. Export prices were also ascertained having regard for all of the circumstances of the exportations.
- Section 269TAB(3) - Sufficient information has not been furnished to enable the export price of the goods exported to Australia from the ROK and Vietnam by uncooperative exporters.
- Section 269TAC(6) - Sufficient information has not been furnished to enable the normal value of goods exported to Australia from the ROK and Vietnam by uncooperative exporters.
- Section 269TAE(2C) - The cumulative effect of exportations of the goods from the ROK and Vietnam can be considered and taken into account because:
  (a) the margin of dumping established for exporters from each country is not negligible
  (b) the volume of dumped imports from each country is not negligible
(c) the conditions of competition between the ROK’s and Vietnamese exports, and between those exports and domestically produced like goods are such that it is appropriate to cumulate.

- Section 269TG(1) - The amount of the export price of the goods exported to Australia from the ROK and Vietnam (except by Nam Kim) is less than the amount of the normal value of those goods. Because of that, material injury to the Australian industry producing like goods has been or is being caused.

- Section 269TG(2) - The export price of the goods that have already been exported to Australia from the ROK and Vietnam (except by Nam Kim) is less than the amount of the normal value of those goods. The amount of the export price of the goods that may be exported to Australia from the ROK and Vietnam by all exporters (except Nam Kim) in the future may be less than the normal value of the goods. As a consequence of that, material injury to the Australian industry producing like goods has been, or is being, caused.

The Commissioner recommends that, in accordance with the following provision, the Minister direct:

- 269TAC(8) – In respect of the prices of particular goods exported to Australia by KG Dongbu, Dongkuk, Hoa Phat and HSG, the price paid (or payable) for such like goods is a price consistent with the respective adjustments, as set out in this report.

The Commissioner recommends that, in accordance with the following provisions, the Minister determine:

- Section 269TAB(1)(c) - The export price of the goods exported to Australia from KG Dongbu and Dongkuk, having regard to all the circumstances of the exportations, as set out in sections 6.5.2 and Error! Reference source not found. of this report, respectively.

- Section 269TAB(3) - The export price of the goods exported to Australia from the ROK and Vietnam by uncooperative exporters having regard to all relevant information, as set out in sections 6.5.3 and 6.6.3 of this report, respectively.

- Section 269TAC(6) - The normal value of goods exported to Australia from the ROK and Vietnam by uncooperative exporters having regard to all relevant information, as set out in sections 6.5.3 and 6.6.3 of this report.

- Section 269TACB(2)(aa) and sections 269TACB(1) and (4) - That the goods exported to Australia from the ROK and Vietnam (except those exported by Nam Kim), are taken to have been dumped. The dumping margin for those exporters in respect of those goods is the difference between the weighted average export prices of the goods over the whole investigation period and the weighted average corresponding normal values over the whole of that period (as set out in sections 6.5 and 6.6 of this report).

- Section 8(5) of the Dumping Duty Act - That the interim dumping duty payable in respect of the goods exported to Australia from Vietnam and the ROK, is an
amount, which will be worked out in accordance with the combination duty method, pursuant to sections 5(2) and 5(3) of the **Customs Tariff (Anti-Dumping) Regulation 2013**.

The Commissioner recommends that the Minister have regard to the desirability of applying the lesser duty rule in accordance with section 8(5B) of the Dumping Duty Act.

- However, because the non-injurious price is not less than the normal value for Vietnamese exporter HSG and all exporters from the ROK, the lesser duty rule is not operative in regard to their exports (i.e. it will have no practical effect on the goods exported by HSG and the ROK’s exporters when setting the Interim Dumping Duty).

- As the non-injurious price is less than the normal value for Hoa Phat and uncooperative exporters from Vietnam, the lesser duty rule will be operative in regard to their exports (i.e. it will have a practical effect on the goods exported by these exporters when setting the Interim Dumping Duty).

The Commissioner recommends that, in accordance with the following provisions, the Minister *declare* by public notice:

- **Section 269TG(1)** - That (subject to section 269TN) section 8 of the Dumping Duty Act applies to:
  
  (a) the goods exported to Australia from the ROK and Vietnam (except Nam Kim)
  
  (b) the goods that were exported to Australia from the ROK and Vietnam (except Nam Kim) after the commission made a PAD under section 269TD, on 22 September 2021

- **Section 269TG(2)** - That section 8 of the Dumping Duty Act applies to goods that are exported to Australia from Vietnam and the ROK after the date of publication of the notice
## APPENDICES AND ATTACHMENTS

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APPENDIX A ASSESSMENT OF PARTICULAR MARKET SITUATION – VIETNAM

The appendix sets out the commission’s assessment of whether a particular market situation existed in the Vietnamese market for aluminium zinc coated steel during the investigation period.

A1 Introduction

Section 269TAC(2)(a)(ii) implements, in part, Article 2.2 of the World Trade Organization (WTO) Antidumping Agreement (ADA):

When there are no sales of the like product in the ordinary course of trade in the domestic market of the exporting country or when, because of the particular market situation or the low volume of the sales in the domestic market of the exporting country [footnote omitted], such sales do not permit a proper comparison, the margin of dumping shall be determined by comparison with a comparable price of the like product when exported to an appropriate third country, provided that this price is representative, or with the cost of production in the country of origin plus a reasonable amount for administrative, selling and general costs and for profits.

Where a particular market situation is found, pursuant to section 269TAC(2)(a)(ii), the commission must further consider whether, because of the particular market situation, sales in that market are not suitable for determining a price under section 269TAC(1).

If a particular market situation exists in a country, such that domestic sales are not suitable for comparison with export sales, normal values may instead be constructed under section 269TAC(2)(c) or determined with reference to prices from a third country under section 269TAC(2)(d).

The Act does not prescribe what is required to reach a finding of a particular market situation. A particular market situation will arise when there is some factor (or factors) affecting the relevant market in the country of export generally. When considering whether sales are not suitable for use in determining a normal value under section 269TAC(1), because of the particular market situation, the commission may have regard to factors such as:

- whether the prices are artificially low
- whether there are other conditions in the market that render sales in that market not suitable for use in determining prices under section 269TAC(1).

Government influence on prices or input costs could be one cause of artificially low prices. Such government influence could come from any level of government.

When assessing whether a particular market situation exists due to government influence, the commission assesses whether government involvement in the domestic market has materially distorted market conditions. If government influence has materially distorted market conditions, then domestic prices may be artificially low or not substantially the same as they would be in a market free of material distortion. Prices for the like goods may also be artificially low, or not substantially the same as they would otherwise be, due to government influence on the costs of inputs.
The Manual provides further guidance on the circumstances in which the commission will find that a particular market situation exists.\(^{120}\)

**A2 Applicant's claims**

In its application, BlueScope alleged that domestic prices of aluminium zinc coated steel in Vietnam are not suitable for the determination of normal values on the basis that intervention from the Government of Vietnam (GOV) in the iron and steel industry raw material supply markets has distorted the prices of the subject goods during the investigation period.\(^{121}\)

BlueScope quotes the terms set out in Vietnam’s Protocol of Accession to the World Trade Organisation (WTO). The protocol, to which Vietnam agreed, permits other WTO Members to use special rules for the determination of whether non-market economy conditions exist in the context of anti-dumping cases. Specifically, Vietnam agreed that an importing Member would be permitted to ‘…use a methodology that is not based on a strict comparison with domestic prices or costs in Vietnam if the producers under investigation cannot clearly show that market economy conditions prevail in the industry producing the like product with regard to manufacture, production and sale of that product.’\(^{122}\)

Under these terms, the burden of proof lies with the Vietnamese exporter to show that market conditions prevail. However, this provision expired on 31 December 2018, and is not considered to be in force during this investigation.

BlueScope submits that the GOV substantially determines Vietnam's domestic prices for aluminium zinc coated steel, and that those prices are 'artificially low, or lower than they would otherwise be in a competitive market'. Specifically, BlueScope points to GOV influence in the areas of:

- electricity prices
- Steel Master Plans
- 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.

BlueScope made a submission to the commission on 10 July 2020 in respect of the Vietnamese Steel Master Plans, which discussed the impact of the plans on capacity, growth, production, investment decisions and regional distribution beyond their revocation at the end of 2018.\(^{123}\)

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\(^{120}\) The Manual, section 7.3.

\(^{121}\) EPR 558, document 001.


\(^{123}\) EPR 558, document 005.
A further BlueScope submission was received on 13 July 2021. In it, BlueScope submitted that the Ministry of Industry and Trade issued a document (No 2612/BCT-CN) on 11 May 2021 to the Vietnam Steel Association (VSA) and large steel manufacturers. This document proposes a range of solutions that include restricting the export of domestic steel products and other in-demand products.

In a submission, dated 27 July 2021, BlueScope submitted that the market situation in Vietnam has the effect of facilitating lower input substrate HRC feed costs for the manufacture of the subject goods. BlueScope claims that 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.

A3 Government of Vietnam claims

The GOV made a submission to the commission dated 26 June 2020. In the submission, the GOV expressed a view that a particular market situation does not exist in the Vietnam market for aluminium zinc coated steel. The GOV has indicated to the commission that there have been changes to the Steel Master Plans and the Industrial Development Strategy, which means they no longer apply to the steel industry. The GOV referred to previous findings of the CBSA concerning carbon steel welded pipe, which found that a particular market situation did not exist for that product.

The GOV was sent a questionnaire requesting further information in relation to the aluminium zinc coated steel in Vietnam. The GOV response to the questionnaire was provided to the commission on 1 April 2021.

A4 Commission’s approach

In accordance with legislative requirements, the commission’s market situation assessment is undertaken at the level of the goods and like goods.

The commission has given consideration to conditions:

- within the broader steel industry in Vietnam and the degree to which these may impact on prices and/or raw material costs
- in the Vietnamese market for the raw materials used to produce aluminium zinc coated steel and
- in the Vietnamese markets for aluminium zinc coated steel.

In undertaking its assessment of whether a market situation exists in Vietnam, the commission has considered the following:

- The information provided in the application.

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124 EPR 558, document 042.
125 EPR 558, document 037.
126 EPR 558, document 004.
127 EPR 558, document 035.
A5 The GOV role in the Vietnamese steel market

A5.1 Electricity prices

The commission has previously considered the issue of GOV influence and control over electricity prices in Investigation 416 into steel rod in coils exported from Indonesia, the ROK and Vietnam. In that investigation, the commission found that ‘the level of control exercised by the GOV on electricity prices has artificially suppressed the price of electricity in Vietnam’.

As a result, the commission substituted the price of electricity with a market rate that the World Bank determined. BlueScope here asserts that, in respect of aluminium zinc coated steel ‘cost distortions in the Vietnamese electricity market have a significant impact on the production costs of Vietnamese subject goods manufacturers and that competitive conditions do not exist for domestic electricity prices in Vietnam.’

In its response to the RGQ, the GOV confirmed that the government does regulate electricity pricing, with different prices between the manufacturing sector, administrative and governmental sector, trading sector and households. Within each sector, all entities are charged at the same rate.

The commission has compared the prices the GOV provided with prices obtained from the World Bank. Noting that in Vietnam different rates apply to different sectors and are dependent on voltage, the commission is satisfied that the World Bank electricity price adequately reflects electricity prices in Vietnam and aligns with the data the GOV provided.

The commission has then examined the World Bank price for electricity for the investigation period and notes that prices in the ROK, Malaysia and Taiwan are all cheaper than Vietnam, although it notes China and Australia are higher. The commission's assessment of electricity prices is at Confidential Attachment 13.

In light of the above, the commission is not satisfied that there are significant cost distortions in the Vietnamese electricity market and that, if there were distortions, they would have a significant impact on the production costs of Vietnamese aluminium zinc coated steel manufacturers.

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128 A number of cases have considered market situation findings concerning steel products in Vietnam, including: Investigation 370 (galvanised steel); Investigation 550 (precision pipe and tube steel); and Investigation 553 (painted steel strapping).
130 EPR 558, document 001, p.43.
131 EPR 558, document 035, Exhibit 45.
**A5.2 Steel Master Plans**

As the applicant details, the GOV has in recent decades detailed its plans for its domestic steel industry in a 2 stage Master Plan, as below:

- The Steel Master Plan 2015-2025 (Decision No 694/QD-BCT).\(^{132}\)

The Steel Industry Plan (2007-2015) contained production targets of 23 million tonnes of finished steel production by 2020 and 28 million tonnes by 2025.\(^{133}\) This was to be achieved via large investment projects in a number of steel manufacturing facilities. The GOV sought to develop a domestic steel industry through a range of policy objectives including:

(i) protection of the domestic industry through technical barriers and environmental standards\(^{134}\)

(ii) tasking various Ministries in the GOV with enacting various policies, including protecting domestic steel manufacture against competition from foreign steel products and imposing import tax and export tax policies to step up investment in the development and restructuring of the steel industry in Vietnam.\(^{135}\)

The Steel Master Plan 2007-2015 was superseded by the Steel Master Plan 2015-2025. The later plan details a diversification in domestic steel production into the production of hot-rolled, cold-rolled and galvanised steel.

- Article 1(5)(a) demonstrates a shift to greater diversification:

  ‘Having incentive policies for combined steel plant projects. Prioritising the investment in projects of manufacturing pig iron, steel billets, hot rolled steel sheet, alloy steel, steel of high quality, large shaped steel and stainless steel…’

- Article 2(3) seeks to influence and control steel prices:

  ‘People’s Committee of centrally-affiliated cities and provinces shall: Direct the market management force in the area to coordinate with the authorities to strengthen the inspection and control of prices of steel products; prevent speculation, fake and ensure price stability steel in the area.’

In response to the applicant’s claims, the GOV submitted that the Steel Master Plans were made redundant from the beginning of 2019, as a result of further laws the GOV passed.\(^{136}\) The first of these laws, Law on Planning No 21/2017/QH14, decreed that

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\(^{133}\) Steel Master Plan 2007- 2015, Article 1(3) (a).

\(^{134}\) Ibid, Article 1(3) (c).

\(^{135}\) Ibid, Article 2.

\(^{136}\) EPR 558, document 004.
manufacturing industries, including steel, are no longer the subject of master plans the GOV developed. Following that law, the Ministry of Industry and Trade promulgated Decision No 4977/QD-BCT to repeal specific products planning under the provisions on Law on Planning No 21/2017/QH14, including Decision No 694/QD-BC (otherwise known as the Steel Master Plan 2015-2025).137

The commission has verified the claims of the GOV:

- Article 59(1)(d) of the Law on Planning No 21/2017/QH14 provides that:
  ‘The planning for investment in and development of specific goods, services and products, determination of the volume of goods, services and produced and sold products that is decided or approved is null and void no later than December 31, 2018.’

- Article 1 of Decision No 4977/QD-BCT provides that the Steel production and distribution system development planning up to 2020, with a vision to 2025 was annulled on 27 December 2018.

Accordingly, the commission is satisfied that the legal basis for the Steel Master Plans that the applicant referenced are no longer in force.

In its submission, dated 10 July 2020, BlueScope submitted that the revocation of the Steel Master Plan in no way hinders or minimises the effects of the plan on Vietnamese production of the goods and prices over the investigation period.138 BlueScope submits that the effects of the plans, which affected the structure and capacity of Vietnam’s aluminium zinc coated steel industry, continue long term. The plans, when in force, set production capacity goals, established guidelines for the development of Vietnam’s steel distribution channels, including distribution centre market shares, established forecasts and targets for steel product consumption to 2025, protected, expanded and stabilised the domestic steel market, mandated the removal of outdated production facilities and improved competitiveness, enabling the Vietnamese industry to garner a competitive advantage over foreign producers. BlueScope submits that the impact of the plans will significantly affect the Vietnamese steel industry, including producers of the goods, for years to come.

The commission has not been presented during the investigation with evidence regarding the long-term effects of the Steel Master Plans on the Vietnamese steel industry. While there are forecasts for increased production to 2025, whether these production goals are met and whether there is then a causal link between the Steel Master Plans and the increased production is, with respect to the information before the commission, merely speculation.

138 EPR 558, document 005.
A5.3 Government Policies and Directives – Industrial Development Strategy

BlueScope’s application details the GOV’s industrial development strategy, as laid out in the Steel Master Plans. In particular, BlueScope highlights the strategic goals below:

- To develop the industrial sector on the basis of effective mobilisation of resources from all economic sectors; to encourage the development of the private sector and foreign invested sector.
- To develop priority industries and industrial fields, primarily focusing on agricultural and rural industrialisation and modernization, on the basis of high-quality human resources and advanced technologies, regarding competition as a driving force for development.
- To utilise existing advantages and international opportunities; to associate production with services and trade, and to actively participate deeply into the world industrial production value chain.
- To focus on developing a number of dual-purpose industries to serve national defence and security.
- To develop the industrial sector on the basis of green growth, sustainable development and environmental protection.  

As with the Steel Master Plans, the GOV submitted that Law on Planning No 21/2017/QH14 and Decision No 4977/QD-BCT render the Industrial Development Strategy now unenforceable within the steel industry.

Similar to the ongoing effects of the Steel Master Plans, the commission has not been presented during the investigation with evidence regarding the long-term effects of the strategies outlined above on the Vietnamese steel industry.

A5.4 State ownership of aluminium zinc steel producers

Nam Kim Steel

BlueScope submitted in its application that Nam Kim is one of Vietnam’s largest manufacturers of metallic coated steel, including aluminium zinc coated steel. BlueScope submitted that Nam Kim’s largest shareholder, Dragon Capital Management Co. Ltd is closely affiliated with the government-owned ‘Ho Chi Minh City Securities Corporation’. BlueScope asserts that, via this affiliation, the GOV may influence the price of the subject goods in Vietnam.

The commission has examined verified information that Nam Kim provided as part of its verification for this investigation. The commission has not found any evidence to suggest that ‘Ho Chi Minh City Securities Corporation’ exerts any influence on Nam Kim.

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139 Non-confidential attachment 15 to BlueScope’s application – Development of the Vietnamese Iron & Steel Industry (EPR 558, document 001).
Vina One Steel

BlueScope submitted in its application that Vina One Steel Manufacturing Corporation (Vina One), a large integrated steel producer that manufactures many steel products, including the subject goods, is an SOE.

Vina One was not a cooperating exporter in this investigation. Vina One was a cooperating exporter with respect to Investigation 550 (a dumping and subsidy investigation in relation to precision pipe and tube). There, Vina One indicated in its REQ to that investigation that it was originally set up by the Department of Planning and Investment of Long An Province but is now a privately owned enterprise, and the GOV has no control or influence.\(^\text{140}\) That case team verified this information during that investigation. The commission finds that Vina One is now a privately owned enterprise, with the GOV having no control or influence.

Vietnam Steel

BlueScope submitted in its application that the large integrated steel producer Vietnam Steel (VN Steel) manufactures a range of steel products, including both inputs for and finished products and is operated in accordance with a charter from the GOV. It is claimed that the GOV has an active role in VN Steel’s management and daily operations.

Further, BlueScope submitted that VN Steel has an interest in 2 known aluminium zinc coated steel producers, Ton Phuong Nam (Southern Steel Sheet Co. Ltd) and Vnsteel Thang Long. Southern Steel Sheet Co. Ltd which is a joint venture between VN Steel and 2 foreign partners. Both companies had approximately 10.7 per cent of Vietnam’s market share for surface treated sheets in 2016.\(^\text{141}\) In 2012, VN Steel had a 30 per cent share of Vietnam’s cold-rolled steel market, the substrate material for aluminium zinc coated steel.\(^\text{142}\)

The commission has assessed BlueScope’s claim regarding VN Steel. In a paper that Nozomu Kawabata published in 2017, it was suggested that it is debatable whether VN Steel has a significant role in the market relating to prices and production of other firms. VN Steel does not receive GOV subsidies, and any GOV intervention may only be due to it falling into management crisis, itself a result of delays in corporate governance reforms.\(^\text{143}\)

Assessment

In light of the above, the commission finds that there is no evidence that the GOV influence Nam Kim and Vietnam Steel, and that Vina One is not itself an SOE nor does

\(^{140}\) EPR 550, document 035 – Vina One REQ.  
\(^{141}\) Non-confidential attachment 24 to BlueScope’s application – Development of the Vietnamese Iron & Steel Industry (EPR 558, document 001).  
\(^{142}\) Non-Confidential Attachment 25 to BlueScope’s application - About Vietnam Steel Corporation (EPR 558, document 001).  
the GOV exercise any influence. Overall, the commission does not consider large scale GOV policy initiatives are enacted through SOEs.

A5.5 GOV price stabilisation

BlueScope submits evidence of the GOV engaging in price stabilisation initiatives in the steel industry, specifically noting the following:

- directives to the state owned VN Steel in 2008 to maintain unchanged steel prices for as long as possible
- a quote from the Price Management Department of the Ministry of Finance from April 2010 – ‘The government has long had steel on a list of products in need of price stabilisation…if there’re [are] sudden changes to the price, government agencies totally have the power to stabilise it’
- Circular 122, which delegates authority to the Ministry of Finance to control price over an extensive list of goods when the prices of those goods increase or decrease without legitimate cause. Steel is among the list of goods subject to price controls. The Price Law (coming into effect on 1 January 2013) has superseded Circular 122.

VN Steel

The commission considers that the impact of any directives from the GOV to VN Steel in 2008 are unlikely to have a continuing impact during the investigation period. The commission also notes, as discussed in Non-confidential Appendix A (section A5.4), VN Steel does not have an influential impact of the Vietnamese steel industry.

Price management

The commission notes that the quote that BlueScope provided in the application regarding price management is from 2010 and was in the context of allegations of Vietnamese metal producers manipulating steel prices. The commission also understand that the powers that the Price Management Department referred to in order to stabilise prices come from Circular 122, which is discussed further below.

Circular 122

The commission has examined Circular 122 and confirms that it relates to the implementation of price stabilisation, powers and responsibilities of agencies, organisations and individuals in the elaboration, submission and appraisal of price plans and price decisions, price consultation dossiers and procedures, control for price factors,

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144 Non-Confidential Attachment 27 to BlueScope’s application – Vietnam Steel Producers Manipulating Prices (EPR 558, document 001).
145 Non-Confidential Attachment 28 to BlueScope’s application – Export.gov Vietnam Trade Barriers (EPR 558, document 001).
146 Non-Confidential Attachment 27 to BlueScope’s application - Vietnam Steel Producers Manipulating Prices (EPR 558, document 001).
forms and procedures for price registration and declaration of prices of goods and services.\textsuperscript{147} Such measures can be implemented where:

- the price increase is higher than the increase in the price of the inputs, or higher than the cost price of imported goods
- the price increases or decreases are not grounded, while the price constituents have no change, in the event of natural disasters, fires, epidemics, enemy sabotage, economic-financial crisis, or loss, temporary supply-demand balance or due to unfounded rumours of price increases or decreases, and
- unreasonable increase or decrease in prices due to abuse of monopoly position or market dominance.\textsuperscript{148}

Circular 122 also specifies that the measures relate only to certain goods and services, listed in Decree 75/2008.\textsuperscript{149} Decree 75/2008 lists ‘Construction steel’ as a good which is subject to price stabilisation.

However, both Decree 75/2008 and Circular 122 expired on 1 January 2014.

In its submission, dated 10 July 2020, BlueScope submitted that the Ministry of Industry and Trade (‘MoIT’) has recommended that the GOV develop policies that limit exports, which will encourage steelmakers to expand production and attract new enterprises to the steel industry.\textsuperscript{150} BlueScope references an article, which outlines that on 11 May 2020 the MoIT issued document No 2612/BCT-CN to the VSA and large steel manufacturers. This document proposes a range of solutions that include restricting the export of domestic steel products and other in-demand products. The commission has reviewed the information BlueScope provided and has concluded that it does not demonstrate that the GOV exerted influence on the Vietnamese steel market during the investigation period since this document was issued after the investigation period.

A5.6 GOV control over projects and investments

In its application, BlueScope provided the following examples of GOV control within the Vietnamese steel market:

- In April 2017, the GOV halted construction on the HSG Ca Na steel plant in Ninh Thuan Province, an approx. US$10.6B project that had approval from almost 97% of HSG shareholders. The project is yet to receive GOV approval, however the impact of this decision is an overall reduction in steel production in Vietnam compared to if the project had gone ahead, and therefore not likely to result in lower steel prices in the country. Moreover, environmental and planning concerns have been quoted as the reasons behind the decision.\textsuperscript{151}

\textsuperscript{147} Article 1 of Circular No 122/2010/TT-BTC, available at \url{http://vbpl.vn/TW/Pages/vbpqtoanvan.aspx?ItemID=2563}.
\textsuperscript{148} Ibid, Article 2(2).
\textsuperscript{149} Available at \url{http://vbpl.vn/TW/Pages/vbpq-toanvan.aspx?ItemID=12714}.
\textsuperscript{150} EPR 558, document 037.
\textsuperscript{151} Non-Confidential Attachment 29 to BlueScope’s application – PM Halts Steel Plant (EPR 558, document 001).
The GOV in 2016 removed 12 projects from the most recent Steel Master Plan due to ‘ineffective investments and incapable investors’.\textsuperscript{152} The GOV also directs steel companies to upgrade their production technologies, find ways to save production costs, and require greater flexibility in monthly and quarterly plans to better promote brands and build distribution networks.\textsuperscript{153}

The GOV in its RGQ provides that investment projects related to the goods or any of the upstream raw materials used to manufacture the goods are subject to the same investment regulations as other sectors, in accordance with:\textsuperscript{154}

\begin{itemize}
  \item Law on Investment 67/2014/QH13\textsuperscript{242}
  \item Decree 118/2015/ND-CP which details the implementation of a number of articles of the Law on Investment.\textsuperscript{156}
\end{itemize}

The commission has reviewed Law on Investment 67/2014/QH13 and Decree 118/2015/ND-CP and is satisfied that investors may make their own investment decisions, in accordance with the relevant laws of Vietnam. The relevant laws restrict investment in certain areas, but do not appear to impose a level of power and control within the GOV over the steel industry, such as to prevent market decisions on investment within the industry.

A5.7 Vietnamese steel industry subsidisation

BlueScope identified in its application that the Canada Border Services Agency CBSA recently published findings of countervailable subsidies from Vietnam. The CBSA investigation found that the following subsidies were in place:\textsuperscript{157}

\begin{itemize}
  \item Program 1 - Exemptions of import duty.
  \item Program 2 - Refunds of import duty.
  \item Program 3 - Exemptions/Reductions of Land Rent, Tax and Levy.
  \item Program 4 - Incentives on non-agricultural land use tax.
  \item Program 5 - Export and import support in forms of preferential loan, guarantee and factoring.
  \item Program 6 - Enterprise income tax preferences, exemptions and reductions.
  \item Program 7 - Accelerated Depreciation of Fixed Assets.
  \item Program 8 - Establishments Dealing with Exported Goods.
  \item Program 9 - Investment support.
  \item Program 10 - Export Promotion Program.
  \item Program 11 - Grants to Firms that Employ More than 50 Employees.
  \item Program 12 - Assistance to Enterprises Facing Difficulties for Objective Reasons.
\end{itemize}

\textsuperscript{152} Non-Confidential Attachment 30 to BlueScope’s application – Steel Master Plan Drops 12 Projects (EPR 558, document 001).
\textsuperscript{153} Non-Confidential Attachment 31 to BlueScope’s application – Steel Production Set for Surge (EPR 558, document 001).
\textsuperscript{154} EPR 558, document 035, p. 239.
\textsuperscript{155} EPR 558, document 035, Exhibit 46.
\textsuperscript{156} EPR 558, document 035, Exhibit 23.
\textsuperscript{157} CBSA numbering has been maintained.
The CBSA found each program to be specific and therefore countervailable. In its investigation, the CBSA received no response from the GOV to its request for information of the subsidies and so determined a subsidy rate on the facts available to it. The CBSA calculated the subsidy margin based on the difference between the estimated full costs of the subject goods, which are the costs of producing the goods plus allocated SG&A, and the estimated export price of the goods as declared on import documentation. From this, the CBSA calculated a subsidy margin of 6.5% for Vietnamese exports of cold-rolled steel.

The commission has undertaken its own investigation into alleged subsidies in Vietnam, including those identified above. The commission concluded that the level of subsidisation for all Vietnamese exporters is negligible.

### A5.8 Raw material costs

BlueScope has claimed that the market situation in Vietnam has the effect of facilitating lower input substrate HRC feed costs for the manufacture of the subject goods. It claims that this extends to the selling prices of aluminium zinc coated steel in the Vietnamese market also being lower.

The commission has found that steel coil, in the form of HRC, is the major raw material input used in the production of the goods.

The commission has verified the HRC associated with the production of the goods during the investigation period for cooperating exporters. The commission found that HRC represented a significant and broadly consistent proportion of the CTM of the goods. This is depicted in the table below.

<table>
<thead>
<tr>
<th>Producer</th>
<th>Country</th>
<th>HRC as a percentage of total CTM</th>
</tr>
</thead>
<tbody>
<tr>
<td>BlueScope</td>
<td>Australia</td>
<td>69%</td>
</tr>
<tr>
<td>KG Dongbu</td>
<td>ROK</td>
<td>78%</td>
</tr>
<tr>
<td>Dongkuk</td>
<td>ROK</td>
<td>73%</td>
</tr>
<tr>
<td>HSG</td>
<td>Vietnam</td>
<td>96%</td>
</tr>
<tr>
<td>Hoa Phat</td>
<td>Vietnam</td>
<td>68%</td>
</tr>
<tr>
<td>Nam Kim</td>
<td>Vietnam</td>
<td>82%</td>
</tr>
<tr>
<td>SYSCO</td>
<td>Taiwan</td>
<td>73%</td>
</tr>
<tr>
<td>Yieh Phui</td>
<td>Taiwan</td>
<td>77%</td>
</tr>
</tbody>
</table>

Table A1 – HRC as a proportion of CTM of the goods

The percentage of CTM for BlueScope is lower than that for the verified Taiwanese, Vietnamese and the ROK’s exporters, except for Hoa Phat.

Cooperating exporters advised the commission that raw material prices are influential in setting selling prices for the goods. Generally, lower raw material prices result in lower prices for the goods.

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158 The commission’s assessment of subsidies relevant to Investigation 558 is detailed in TER 558.
159 Yieh Phui’s HRC as a percentage of total CTM is inclusive of CRC.
160 Confidential Attachment 17 to this report.
A5.9 Comparison of HRC costs

Given the high cost proportion of HRC in the production of the goods and its influence on pricing decisions, the commission considers that the HRC price has a significant impact on both the production cost and selling price of the goods.

Therefore, the commission has compared:

- costs that verified Vietnamese exporters paid for Vietnamese HRC and
- costs incurred for verified exporters from the ROK and Taiwanese exporters.\(^{161}\)

**Figure A1** – Comparison of weighted average HRC purchase prices for Vietnamese exporters vs. the ROK and Taiwan exporters (combined)

![Graph showing the comparison of HRC prices](image)

Figure A1 shows the weighted average HRC purchase price for verified Vietnamese, Taiwanese, and the ROK’s exporters over the investigation period, separated for country of supply. This shows that for the majority of the period, Vietnamese exporters paid a similar amount for domestically sourced HRC than the ROK’s and Taiwanese exporters paid for domestically sourced HRC. Over the course of the investigation period, Vietnamese prices were 1% higher than those of the ROK and Taiwanese prices.

A6 Competition in Vietnamese steel markets

The commission has found that Vietnam imported 13.3 million tonnes of steel, compared to 9.85 million tonnes of exports, valued at over USD$8 billion and USD$5 billion respectively.\(^{162}\) In 2021 to July, Vietnam imported 7.1 million tonnes of steel, compared to 5.88 million tonnes of exports, valued at over USD$5 billion and USD$4 billion

\(^{161}\) Ibid.

respectively.\textsuperscript{163} The high level of import penetration indicates a high level of competition within the Vietnamese steel market.

\textbf{A7 Conclusion}

From the evidence available to it, the commission does not consider that the GOV exerts influence on the steel market in Vietnam such that domestic selling prices for aluminium zinc coated steel in Vietnam are not suitable for determining a normal value under section 269TAC(1).

In respect of the applicant’s assertion that the Steel Master Plans that the GOV developed are evidence of GOV intervention, and following that, a market situation, the repeal of these Master Plans, as documented through official Government decrees (Decision No 4977/QD-BCT and Law on Planning No 21/2017/QH14), renders these plans invalid from 2019 onwards.

Given there exists no official Government plans to control or otherwise influence the Vietnamese steel industry, no positive evidence of a continuing impact as a result of the Steel Master Plans, no impact of distorted electricity prices on the CTM of the goods, negligible subsidisation of the goods and no evidence of significantly different prices for raw materials in Vietnam compared to other Asian countries, the commission is satisfied there is no market situation that makes calculating the normal value for Vietnamese exports under section 269TAC(1) inappropriate.

\textsuperscript{163} Ibid.