



Public File

Application for the publication of
dumping and
countervailing duty notices

Aluminium Zinc Coated Steel; of a
width less than 600 millimeters

Exported from the People's Republic
of China, and the Socialist Republic of
Vietnam

June 2020

APPLICATION UNDER SECTION 269TB OF THE *CUSTOMS ACT 1901* FOR THE PUBLICATION OF DUMPING AND/OR COUNTERVAILING DUTY NOTICES

DECLARATION

I request, in accordance with section 269TB of the *Customs Act 1901* (the Act), that the Minister publish in respect of goods the subject of this application:

- ☐ a dumping duty notice, or
- ☐ a countervailing duty notice, or
- ☒ a dumping and a countervailing duty notice.

This application is made on behalf of the Australian industry producing like goods to the imported goods the subject of this application. The application is supported by Australian producers whose collective output comprises:

- 25% or more of the total Australian production of the like goods; and
- more than 50% of the total production of like goods by those Australian producers that have expressed either support for, or opposition to, this application.

I believe that the information contained in this application:

- provides reasonable grounds for the publication of the notice(s) requested; and
- is complete and correct.

Please note that giving false or misleading information is a serious offence.

Signature:

Name:

[REDACTED]

Position:

[REDACTED]

Company:

BlueScope Steel Limited

ABN:

16 000 011 058

Date:

4 June 2020

IMPORTANT INFORMATION

Signature requirements

Where the application is made:

By a company - the application must be signed by a director, servant or agent acting with the authority of the body corporate.

By a joint venture - a director, employee, agent of each joint venturer must sign the application. Where a joint venturer is not a company, the principal of that joint venturer must sign the application form.

On behalf of a trust - a trustee of the trust must sign the application.

By a sole trader - the sole trader must sign the application.

In any other case - contact the Commission's Client support section for advice.

Assistance with the application

The Anti-Dumping Commission has published guidelines to assist applicants with the completion of this application. Please refer to the following guidelines for additional information on completing this application:

- *Instructions and Guidelines for applicants on the application for the publication of dumping and/or countervailing duty notices*
- *Instructions and Guidelines for applicants on the examination of a formally lodged application*

The Commission's client support section can provide information about dumping and countervailing procedures and the information required by the application form. Contact the team on:

Phone: 13 28 46

Email: clientsupport@adcommission.gov.au

Information is available from the Commission's website at www.adcommission.gov.au.

Small and medium enterprises (i.e., those with less than 200 full-time staff, which are independently operated and which are not a related body corporate for the purposes of the *Corporations Act 2001*), may obtain assistance, at no charge, from the International Trade Remedies Advisory (ITRA) Service. For more information on the ITRA Service, visit www.business.gov.au or telephone the ITRA Service Hotline on +61 2 6213 7267.

Important information

To initiate an investigation into dumping and/or subsidisation, the Commission must comply with Australia's international obligations and statutory standards. This form provides an applicant industry with a framework to present its case and will be used by the Commission to establish whether there appear to be reasonable grounds for the publication of a dumping duty or countervailing duty notice and initiate an investigation. To assist consideration of the application it is therefore important that:

- all relevant questions are answered; and

- information that is reasonably available be supplied.

The Commission does not require conclusive evidence to initiate an investigation, but any claims made should be reasonably based. An application will be improved by including supporting evidence and where the sources of evidence are identified. Simple assertion is inadequate to substantiate an application.

To facilitate compilation and analysis, the application form is structured in 3 parts:

1. **Part A** seeks information about the Australian industry. This data is used to evaluate industry trends and assess claims of material injury due to dumping/subsidisation. Where an Australian industry comprises more than one company, each should separately prepare a response to Part A to protect commercial confidentiality.
2. **Part B** relates to evidence of dumping.
3. **Part C** is for supplementary information that may not be appropriate to all applications. However some questions in Part C may be essential for an application, for example, if action is sought against subsidisation.

All questions in Parts A and B must be answered, even if the answer is 'Not applicable' or 'None'. Where appropriate, applicants should provide a short explanation about why the requested data is not applicable. This will avoid the need for follow up questions by the Commission.

The application form does not specifically address all the information required when making a claim that the establishment of an Australian industry producing like goods has been or may be materially hindered. If you are considering making such a claim, please contact the Commission to discuss information requirements.

The application form requests data over several periods (P^1, P^2, \dots, P^n) to evaluate industry trends and to correlate injury with dumped or subsidised imports. The labels $P^1 \dots P^n$ are used for convenience in this application form. Lodged applications should identify the period relevant to the data. This form does not specify a minimum period for data provision. However, sufficient data must be provided to substantiate the claims made. If yearly data is provided, this would typically comprise a period of at least four years (for example the current financial year in addition to three prior years). Where information is supplied for a shorter period, applicants may consider the use of quarterly data. Data must also be sufficiently recent to demonstrate that the claims made are current.

When an investigation is initiated, the Commission will verify the claims made in the application. A verification visit to the Australian industry usually takes several days.

Applicants should be prepared to substantiate all Australian industry financial and commercial information submitted in the application. Any worksheets used in preparing the application should therefore be retained to facilitate verification.

During verification, the Commission will examine company records and obtain copies of documents relating to the manufacture and sale of the goods.

Appendices	Some questions require attachments to be provided. The attachment numbering sequence should refer to the question answered. For example, question A2.2 requests a copy of an organisation chart. To facilitate reference, the chart should be labelled <u>Attachment A2.2</u> . If a second organisation chart is provided in response to the same question, it should be labelled <u>Attachment A2.2.2</u> (the first would be labelled <u>Attachment A2.2.1</u>).
Provision of data	<p>Industry financial data must, wherever possible, be submitted in an electronic format.</p> <ul style="list-style-type: none"> • The data should be submitted on a media format compatible with Microsoft Windows. • Microsoft Excel, or an Excel compatible format, is required. • If the data cannot be presented electronically please contact the Commission's client support section for advice.
Lodgement of the application	<p>This application, together with the supporting evidence, must be lodged in the manner approved by the Commissioner under subsection 269SMS(2) of the Act. The Commissioner has approved lodgement of this application by either:</p> <ul style="list-style-type: none"> • preferably, email, using the email address clientsupport@adcommission.gov.au, or • post to: The Commissioner of the Anti-Dumping Commission GPO Box 2013 Canberra ACT 2601, or • facsimile, using the number (03) 8539 2499.
Public Record	<p>During an investigation all interested parties are given the opportunity to defend their interests by making a submission. The Commission maintains a public record of these submissions. The public record is available on the Commission's website at www.adcommission.gov.au.</p> <p>At the time of making the application both a confidential version (for official use only) and non-confidential version (public record) of the application <u>must</u> be submitted. Please ensure each page of the application is clearly marked "FOR OFFICIAL USE ONLY" or "PUBLIC RECORD". The non-confidential application should enable a reasonable understanding of the substance of the information submitted in confidence, clearly showing the reasons for seeking the publication of a dumping duty or countervailing duty notice, or, if those reasons cannot be summarised, a statement of reasons why a summary is not possible.</p>

PART A

INJURY

TO AN AUSTRALIAN INDUSTRY

IMPORTANT

All questions in Part A should be answered even if the answer is 'Not applicable' or 'None'. If an Australian industry comprises more than one company/entity, each should separately complete Part A.

A-1 Identity and communication

Please nominate a person in your company for contact about the application:

Contact Name:	
Company and position:	Manager – Trade Measures
Address:	
Telephone:	
Facsimile:	
E-mail address:	
ABN:	16 000 011 058

Alternative contact

Name:	
Position in company:	Manager – International Trade Affairs
Address:	
Telephone:	
Facsimile:	
E-mail address:	

If you have appointed a representative to assist with your application, provide the following details and complete Appendix A8 (Representation).

Name:	
Business name:	
Address:	
Telephone:	
Facsimile:	
E-mail address:	
ABN:	

A-2 Company information

1. **State the legal name of your business and its type (e.g. company, partnership, sole trader, joint venture). Please provide details of any other business names you use to manufacture/produce/sell the goods that are the subject of your application.**

The applicant company seeking the imposition of anti-dumping and countervailing measures is BlueScope Steel Limited (ABN 16 000 011 058).

BlueScope Steel Limited (hereafter referred to as “BlueScope”) is an Australian manufacturer of flat steel products. BlueScope produces the goods the subject of this application, being aluminium zinc coated steel (hereafter referred to as “the subject goods” and /or “the subject merchandise” and/or “aluminium zinc coated steel”).

The locally manufactured goods are marketed under the trade names “ZINCALUME®” and “TRUECORE®” steel. These products are sold into the Australian market direct to manufacturing customers, and via distributors.

2. **Provide your company’s internal organisation chart. Describe the functions performed by each group within the organisation.**

An internal group organisation chart is set out below (as at end June 2019):



The functions performed by each group within the organisation are as follows:

1. *Australian Steel Products*
 - Australian Steel Products (“ASP”) produces and markets a range of high value add coated and painted flat steel products for Australian building and construction customers (including the subject goods), as well as providing a broader offering of flat steel products.
 - Products are primarily sold to the Australian domestic market, with some volume exported.
 - Main manufacturing facilities are at Port Kembla (NSW) and Western Port (Victoria).
 - ASP also operates a network of roll forming and distribution centers throughout Australia, acting as a major steel product supplier to the building and construction, manufacturing, transport, agriculture and mining industries.
2. *North Star BlueScope Steel*
 - A single site electric arc furnace producer of hot rolled coil in Ohio, U.S. It is strategically located near its customers and in one of the largest scrap markets in North America.
3. *Building Products Asia & North America*
 - A technology leader in metal coated and painted steel building products, principally focused on the Asia-Pacific region.
 - This segment has an extensive footprint of metallic coating, painting, and steel building product operations in Thailand, Indonesia, Vietnam, Malaysia, India and North America, primarily servicing the residential and non-residential building and construction industries.

4. Buildings North America

- A provider of engineered building solutions, servicing the low-rise non-residential construction sector from an engineering and manufacturing base in North America.
- This segment also includes the BlueScope properties group, which develops industrial properties (predominately warehouses and distribution centers).

5. New Zealand & Pacific Steel

- New Zealand Steel (“NZS”) is the only steel producer in New Zealand, producing slab, billet, hot rolled coil and value added coated and painted products for both domestic and export markets across the Pacific Region.
- Pacific Steel is the sole New Zealand producer of long steel products such as rod, bar, reinforcing coil, and wire.
- This segment also includes the Waikato North Head iron sands mine, which supplies iron sands to the NZS Glenbrook steelworks, and for export.

3. List the major shareholders of your company. Provide the shareholding percentages for joint owners and/or major shareholders.

BlueScope Steel Limited is a publicly listed company. The Major (Top 20) shareholders of BlueScope as at 30 June 2019 are:

BSL.ASX [BlueScope Steel Limited]				
Top holder				
Rank ^	Name	A/C designation	28 Jun 2019	%IC
1	HSBC CUSTODY NOMINEES (A...		192,207,876	37.17
2	J P MORGAN NOMINEES AUST...		100,341,200	19.40
3	CITICORP NOMINEES PTY LIM...		69,951,947	13.53
4	NATIONAL NOMINEES LIMITED		27,952,522	5.40
5	BNP PARIBAS NOMS PTY LTD	<DRP>	11,260,326	2.18
6	BNP PARIBAS NOMINEES PTY L...	<AGENCY LENDIN...	11,007,092	2.13
7	PACIFIC CUSTODIANS PTY LIM...	BSL PLANS CTRL	6,220,752	1.20
8	HSBC CUSTODY NOMINEES (A...		6,091,780	1.18
9	CS THIRD NOMINEES PTY LIMIT...	<HSBC CUST NOM ...	5,714,583	1.10
10	HSBC CUSTODY NOMINEES (A...		4,219,425	0.82
11	BNP PARIBAS NOMINEES PTY L...	<AGENCY LENDIN...	2,716,505	0.53
12	CITICORP NOMINEES PTY LIM...	<COLONIAL FIRST ...	2,614,930	0.51
13	HSBC CUSTODY NOMINEES (A...	<NT-COMNWLTH S...	2,381,077	0.46
14	AMP LIFE LIMITED		1,706,207	0.33
15	NATIONAL NOMINEES LIMITED	<DB A/C>	1,108,601	0.21
16	NATIONAL NOMINEES LIMITED	<N A/C>	1,033,831	0.20
17	UBS NOMINEES PTY LTD		832,971	0.16
18	HSBC CUSTODY NOMINEES (A...		729,920	0.14
19	CS FOURTH NOMINEES PTY LI...	<HSBC CUST NOM ...	698,224	0.14
20	SANJAY DAYAL		529,403	0.10
Total			449,319,172	86.88
Balance of register			67,844,067	13.12
Grand total			517,163,239	100.00

4. If your company is a subsidiary of another company list the major shareholders of that company.

BlueScope is not a subsidiary of another company.

5. If your parent company is a subsidiary of another company, list the major shareholders of that company.

This question is not applicable to BlueScope as it does not have a parent company.

6. Provide an outline diagram showing major associated or affiliated companies and your company's place within that structure (include the ABNs of each company).

BlueScope is a publicly listed company, limited by shares. It has several subsidiaries and joint ventures both in Australia and overseas, which are included in Confidential Attachment A-2.6. A detailed listing of BlueScope's subsidiaries is also located in its FY2019 Annual Full Financial Report, including the level of equity holding in each subsidiary company.

7. Are any management fees/corporate allocations charged to your company by your parent or related company?

This question does not apply to BlueScope.

8. Identify and provide details of any relationship you have with an exporter to Australia or Australian importer of the goods.

BlueScope does not have a relationship with any exporter to Australia of the goods the subject of this application. BlueScope (via the BlueScope Flat Steel Products division) may have, from time-to-time, arms-length relationships with importers of the subject goods.

9. Provide a copy of all annual reports applicable to the data supplied in appendix A3 (Sales Turnover). Any relevant brochures or pamphlets on your business activities should also be supplied.

BlueScope's fiscal year 2019 Annual Report and Full Financials are available at <https://www.bluescopesteel.com/investors>.

10. Provide details of any relevant industry association.

BlueScope is a member of the Australian Industry Group ("AiGroup"), the Australian Steel Institute ("ASI"), and the Bureau of Steel Manufactures Australia ("BOSMA").

A-3 The imported and locally produced goods

1. Fully describe the imported product(s) the subject of your application:

- Include physical, technical or other properties.
- Where the application covers a range of products, list this information for each make and model in the range.
- Supply technical documentation where appropriate.

The imported goods from the Republic of China ("China"), and the Socialist Republic of Vietnam ("Vietnam") the subject of this application can be described as:

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

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

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

The imported goods the subject of this application covers 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 application is un-passivated (often referred to as unchromated) aluminium zinc coated steel.

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

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

These relevant standards are noted below in Table A-3.1 "Relevant International Standards for Aluminium Zinc Coated Steel".

Please also find a summary of International Standards for product equivalents of the subject goods at Non-Confidential Attachment A-3.1.

Table A-3.1 - Relevant International Standards for Aluminium Zinc Coated Steel

International Standards	Product Grades
<i>General and Commercial Grades</i>	
AS/NZS 1397	G1, G2
ASTM A792	CS, type A, B and C
EN10346	DX51D, DX52D
JIS 3321	SGLCC
<i>Forming, Pressing & Drawing Grades</i>	
AS/NZS 1397	G3
ASTM A792	FS, DS
EN10346	DX53D, DX54D
JIS 3321	SGLCD, SGLCDD
<i>Structural Grades</i>	
AS/NZS 1397	G250, G300, G350, G450, G500, G550
ASTM A792	33 (230), 37 (255), 40 (275), 50 (340), 55 (380), 80 (550)
EN10346	S220GD, S250GD, S280GD, S320GD, S350GD, S550GD
JIS 3321	SGLC400, SGLC440, SGLC490, SGLC570

2. List the tariff classification(s) and statistical code(s) of the imported goods.

The goods are generally, but not exclusively, classified to the following tariff classifications per Schedule 3 of the *Customs Tariff Act 1995*:

- 7212.50.00 statistical code 66; and
- 7226.99.00 statistical code 71.

3. **Fully describe your product(s) that are ‘like’ to the imported product:**
- **Include physical, technical or other properties.**
 - **Where the application covers a range of products, list this information for each make and model in the range.**
 - **Supply technical documentation where appropriate.**
 - **Indicate which of your product types or models are comparable to each of the imported product types or models. If appropriate, the comparison can be done in a table.**

BlueScope manufactures flat rolled products of iron and non-alloy steel, of a width less than 600mm, plated or coated with aluminium-zinc alloys (whether or not including resin coating).

The locally produced goods are considered to be like product to the imported plated or coated flat rolled products of iron or steel, plated or coated with aluminium-zinc alloys (whether or not including resin coating).

The subject goods manufactured by BlueScope are coiled for supply to customers and may later be cut into sheets for sale to manufacturers, or slit into narrower widths.

The most common coating is AZ150 (150 grams of aluminium/zinc coating metal per square meter). Other coatings may include AZ200, AZ100 and AZ70.

The steel chemistry, percentage cold reduction, annealing oven temperature, and line speeds are used to produce the required mechanical property (structural) grades, as designated by International Standards.

Typically, each International Standard has a range of steel grades nominated as either Formable or Commercial, or Structural grades. The formable/commercial grades are those with mechanical properties suitable for general pressing and forming whereas the structural grades are those with guaranteed minimum properties.

The locally produced subject goods have a width less than 600mm, with product thicknesses in the range of 0.30mm Base Metal Thickness (“BMT”) to 1.60mm BMT (BMT represents the steel thickness without the metallic coating).

Copies of BlueScope’s Product Brochures for ZINCALUME® steel are included at Non-Confidential Attachments A-3.3.1 to A-3.3.3

More information can be found at <http://www.steel.com.au/products/coated-steel>.

4. **Describe the ways in which the essential characteristics of the imported goods are like to the goods produced by the Australian industry.**

BlueScope considers that aluminium zinc coated steel manufactured in Australia possesses essential characteristics similar to imported equivalents for the following reasons:

1. Physical Likeness

Products made locally by BlueScope have a physical likeness to the goods exported from China and Vietnam. BlueScope’s locally produced aluminium zinc coated steel and the imported goods are manufactured to Australian and International Standards.

2. Commercial Likeness

Australian industry aluminium zinc coated steel competes directly with imported aluminium zinc coated steel in the Australian market. The locally produced goods and the imported goods are produced via similar manufacturing processes.

3. Functional Likeness

Both imported and Australian produced subject goods have comparable or identical end-uses. The goods are used to perform the same function, and have the same end-use.

4. Production Likeness

Locally produced and imported aluminium zinc coated steel are manufactured in a similar manner and via similar production processes.

On this basis, BlueScope considers its locally produced aluminium zinc coated steel is “alike” to the imported goods, and possesses the same essential characteristics as the imported aluminium zinc coated steel.

5. **What is the Australian and New Zealand Standard Industrial Classification Code (ANZSIC) applicable to your product.**

The ANZSIC code applicable to Aluminium Zinc Coated Steel is category 2711.

6. **Provide a summary and a diagram of your production process.**

Summary of manufacturing process

The input steel product is slab.

Slab is heated in a furnace to around 1,200 degrees Celsius then reduced in thickness from 230mm to below 5mm by passing through a series of rollers at pressure. It is then control cooled, and wound up as a coil of steel (known as hot rolled coil (“HRC”)).

The HRC is then further processed by passing through hydrochloric acid baths to remove surface scale. It is then edge trimmed to the customer-specified width.

After this, the cold rolling process begins. Cold rolling is a similar process to hot rolling but is undertaken at ambient temperature. During this process the coil is reduced in thickness to the customer’s requirements, generally 0.30 to 3.5mm 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:

- a. The coil is cleaned; followed by
- b. An annealing process;
- c. It is then passed through a molten bath mixture of zinc, antimony and other trace metals; then
- d. Once coated, the product can then receive various surface treatments, depending on the customer’s specific requirements.

The range of product options include a “Skin Passed” or “un-Skin Passed” surface, chromated or un-chromated surface, an “oiled surface” or “dry surface, or “resin coated” or “not resin coated”.

Resin coating is a thin, clear or lightly tinted translucent polymer resin applied over a passivation treated aluminium zinc surface (2 stage process), or applied with the passivation treatment (1 stage process).

Either of the resin application processes delivers the required characteristics which will assist the customer’s further processing due to its lubricant properties, and will also protect the surface during customer handling of the product. Resin coating can be referred to as Anti- Finger Print coating.

The diagram below reflects a zinc galvanizing coating process, which also permits an understanding

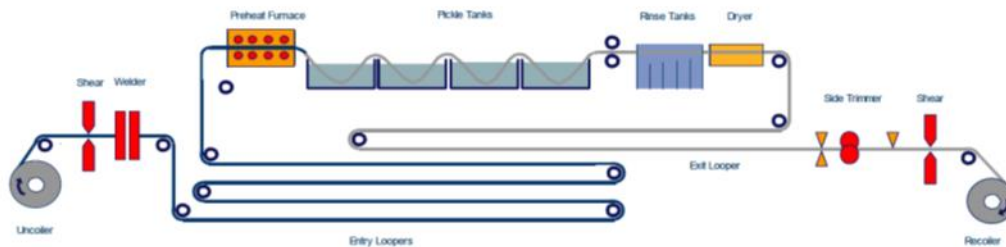
of the aluminium zinc coating process.

Diagrammatic representation of Slab conversion to Zinc coated (Galvanised) steel

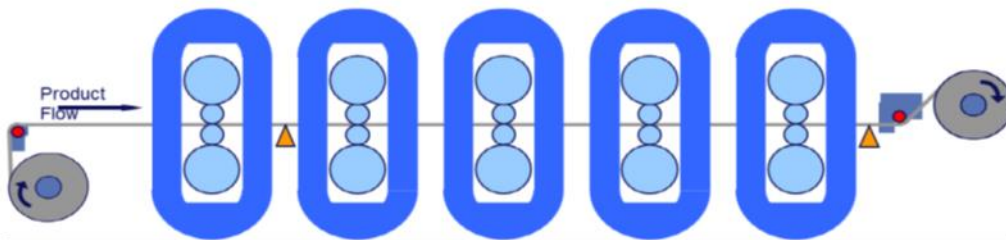
Slab is converted to Hot Roll Coil (HRC) at the Hot Strip Mill



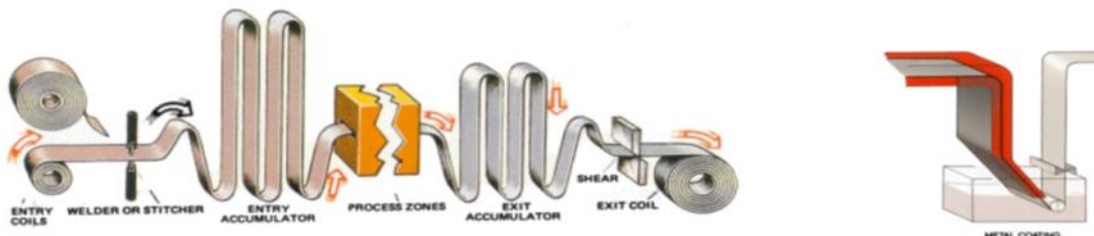
HRC has its surface scale removed and is side trimmed Hot Roll Coil at the Pickle line



Pickled and sidetrimmed HRC is then cold reduced in thickness to customer requirement



The Cold Rolled coil is then cleaned, annealed and hot dip coated with zinc



7. **If your product is manufactured from both Australian and imported inputs:**
- describe the use of the imported inputs; and
 - identify that at least one substantial process of manufacture occurs in Australia (for example by reference to the value added, complexity of process, or investment in capital).

BlueScope manufactures HRC in Australia from liquid steel, via flat steel production. The steel production process is a capital intensive one that converts raw material iron ore and coal into liquid steel, followed by casting into slab steel that is then converted into HRC. BlueScope manufactures aluminium zinc coated steel from cold rolled coil that is transformed from hot rolled coil.

BlueScope is a fully integrated flat steel product manufacturer with large, capital intensive manufacturing operations at Springhill and Port Kembla in NSW, and Western Port in Victoria.

BlueScope submits that it undertakes more than one substantial process of manufacture in the production of the subject goods.

8. **If your product is a processed agricultural good, you may need to complete Part C-3 (close processed agricultural goods).**

The goods the subject of this application are not close processed agricultural goods.

9. **Supply a list of the names and contact details of all other Australian producers of the product.**

BlueScope is the sole Australian manufacturer of the goods the subject of this application.

10. **If different models can be established for the goods subject to the application:**
- What are the differences in physical characteristics that give rise to distinguishable and material differences in price?
 - Provide supporting documentation or analysis supporting the differences in physical characteristics that affects price comparability. Unit costs may also be used to demonstrate differences in physical characteristics where it affects price comparability.
 - In providing the list of physical differences, identify the characteristics in order of significance.
 - Identify key characteristics where the physical differences are significantly different and it is not meaningful to compare models with different physical characteristics.
 - Identify the physical characteristics that can be reported in relation to sales and cost data respectively. This should be reflected in the sales data provided in appendices A4 and A6.
 - Complete the table below having regard to the information provided above. The Commission will consider this information in establishing a model control code structure for the investigation.

The following Table details the proposed model control codes for aluminium zinc coated steel:

Model Control Code Structure - Aluminium/Zinc Alloy Coated Steel					
Item	Category	Sub-Category	Identifier	Sales Data	Cost Data
1	Prime	Prime	P	Mandatory	Not applicable
		Non - Prime	N		
2	Coating Mass	<= 100 g/m2	1	Mandatory	Mandatory
		>100 g/m2 to <= 165 g/m2	2		
		> 165 g/m2	3		
3	Steel Grade	G2 / SGLCC	A	Mandatory	Mandatory
		G3 / SGLCD	B		
		G250 / SGLC 340	C		
		G300 / G350 / SGLC 400 / SGLC 440 / SGLC 490	D		
		G450 / G500	E		
		G550 / SGLC 570	F		
		Other	G		
4	Base Metal Thickness	< 0.40 mm	1	Mandatory	Mandatory
		=> 0.40 mm to < 0.50 mm	2		
		=> 0.50 mm to < 0.75 mm	3		
		=> 0.75 mm to < 1.00 mm	4		
		=> 1.00 mm to < 2.00 mm	5		
5	Width	< 600 mm	1	Mandatory	Mandatory
6	Form	Coil	C	Mandatory	Optional
		Sheet	S		

A-4 The Australian market

1. Describe the end uses of both your product and the imported goods.

Report No. 450 ("Report No. 450") noted that aluminium zinc coated steel is sold either directly or indirectly into the building and construction industry, or for general manufacturing.

BlueScope agrees with this assessment of the Anti-Dumping Commission concerning end-use applications for the subject goods. The locally produced and imported goods are used interchangeably across these applications in the Australian market.

2. Describe the Australian market for the Australian and imported product and the conditions of competition within the overall market. Your description could include information about:

- sources of product demand;
- marketing and distribution arrangements;
- typical customers/users/consumers of the product;
- the presence of market segmentation, such as geographic or product segmentation;
- causes of demand variability, such as seasonal fluctuations, factors contributing to overall market growth or decline, government regulation, and developments in technology affecting either demand or production;
- the way in which the imported and Australian product compete; and
- any other factors influencing the market.

Market Segmentation

The Australian market for aluminium zinc steel products is made up of two key market segments:

- the building and construction industry segment (largest consumer by volume); and
- the smaller manufacturing industry segment.

The building and construction industry segment can be further segmented into residential construction, and industrial/commercial.

Both segments are further discussed below.

– Sources of demand

Key sources of demand in the Australian market for the subject goods include:

- Residential construction. Specifically, new residential dwelling construction, and investment in residential alterations and additions;
- Commercial and industrial construction;
- Substitution into markets previously dominated by other materials, including replacing timber for residential framing and replacing zinc coated steel products for structural framing in the commercial/industrial internal partitioning and walling sectors.

– Distribution arrangements

A major proportion of aluminium zinc steel sales are made directly to the domestic building product manufacturing industry. It is this domestic building product manufacturing industry that roll-forms aluminium zinc coated steel into building products such as roof cladding etc. The building product manufacturers then distribute the manufactured products to builders, homeowners etc.

The balance of sales of the subject goods is made to either the local distribution market (via distributor/resellers such as [*confidential customer names*]) or direct to the general manufacturing industry.

Both BlueScope and importers of aluminium zinc coated steel compete in all Australian States and Territories, and across each segment via similar distribution channels. Products are sold directly to larger manufacturing companies in Australia and to distributors/resellers that on-sell the product into the market.

Distributors and resellers may offer a range of services such as further processing (sheeting, slitting, etc.), smaller parcels of products and credit facilities.

– Typical Customers

Within the construction industry BlueScope's major customers can be described as roll-formers of cladding (i.e. roofing and walling), and framing products.

Within the manufacturing industry, the major customers are commonly referred to as appliance manufacturers.

– Causes of demand variability

A variety of factors influence demand variability for aluminium zinc coated steel products within the Australian market, including:

Seasonal fluctuations

- Agriculture – for example, silos (seasonally dependent);
- Building industry Christmas shutdown directly impacts construction; and
- Wet versus dry season in tropical climates impact construction.

Factors contributing to overall market growth or decline

- Availability of capital for infrastructure spending – government and private;
- General macro-economic factors such as bank interest rates directly impact on investment decisions by home buyers, investors and developers;
- Global and domestic economic conditions (GDP, unemployment, inflation, interest rates); and
- Global and domestic business and consumer confidence.

Government regulation

- Standards – international manufacturers do not always manufacture to the same standards as Australian manufacturers; an issue not commonly understood until installation;
- Policy – major government spending on infrastructure such as the Urban Congestion Fund, Roads of Strategic Importance etc.; and
- New home rebates which can pull forward demand.

Developments in technology affecting either demand or production

- Not significant.

Short Term Pricing Volatility

- Pressure on Australian manufacturing to compete with imported finished products;
- Which can influence purchasing decisions on inventory levels;
- Is more evident in the indirect distribution channel;
- Is influenced via global steel capacity utilisation; and
- Has a seasonal element.

- The way in which the imported and Australian products compete

All customers can purchase imported subject goods material either:

- Direct from the overseas mill;
- via an international trader; and/or
- via an aligned/non-aligned Australian based stockiest/reseller.

3. Identify if there are any commercially significant market substitutes for the Australian and imported product.

There exist certain market substitutes for both the Australian produced and imported like-goods that fall into one of two categories, being “other coated steel substitutes” and “inter-material substitutes”.

Other coated steel substitutes include:

- Zinc coated (galvanised) steel products (in some product applications); and
- Painted metallic coated steel substitutes. This could include either painted aluminium zinc coated steel (e.g. COLORBOND® steel), or painted galvanised steel.

Inter-material substitutes depend on end use, and include:

- In domestic roofing applications, clay and cement roof tile products;
- In industrial building walling, concrete panel and masonry brick products;
- In rainwater goods, such as plastic and aluminium gutters and downpipes; and
- In residential or industrial/commercial structural framing applications (e.g. roof or wall framing), the substitute product is timber.

Despite the identified substitutes, aluminium zinc coated steel is considered by end-users as a fit-for-purpose product that is better suited in the identified key applications to alternate substitutes due to its superior value proposition.

4. Complete appendix A1 (Australian production). This data is used to support your declaration at the beginning of this application.

BlueScope has completed Confidential Appendix A1 for total production (local and export sales) for the twelve months ending March 2020.

5. Complete appendix A2 (Australian market).

BlueScope has completed Confidential Appendix A2 – Australian market for aluminium zinc coated steel.

The import data represented in Confidential Appendix A-2 is based on official published information from [confidential data sources].

6. Use the data from appendix A2 (Australian market) to complete this table:

Indexed table of sales quantities

Period	(a) Your Sales	(b) Other Aust Sales	(c) Total Aust Sales (a+b)	(d) Dumped Imports	(e) Other Imports	(f) Total Imports (d+e)	Total Market (c+f)
2016/17	100.00	100.00	100.00	100.00	100.00	100.00	100.00
2017/18	107.29	100.00	107.29	166.39	10.45	110.44	107.47
2018/19	94.20	100.00	94.20	423.28	3.86	272.79	104.68
2019/20	98.90	100.00	98.90	362.98	5.39	234.67	106.87

Notes:

1. Period is the twelve months ending March 2020.

A-5 Applicant's sales

1. Complete appendix A3 (sales turnover).

BlueScope has completed Confidential Appendix A3 for all sales of aluminium zinc coated steel. Please refer to Confidential Appendix A3.

2. Use the data from appendix A3 (sales turnover) to complete these tables.

Indexed table of Applicant's sales quantities

Quantity	2016/17	2017/18	2018/19	2019/20
All products				
Australian market	100.00	105.03	101.41	103.52
Export market	100.00	100.00	100.00	100.00
Total	100.00	105.03	101.41	103.52
Like goods				
Australian market	100.00	107.29	94.20	98.90
Export market	100.00	100.00	100.00	100.00
Total	100.00	107.29	94.20	98.90

Indexed table of Applicant's sales values

Value	2016/17	2017/18	2018/19	2019/20
All products				
Australian market	100.00	110.33	96.95	96.13
Export market	100.00	100.00	100.00	100.00
Total	100.00	110.33	96.95	96.13
Like goods				
Australian market	100.00	111.89	105.15	111.20
Export market	100.00	100.00	100.00	100.00
Total	100.00	111.89	105.15	111.20

3. **Complete appendix A5 (sales of other production) if you have made any:**
- **internal transfers; or**
 - **domestic sales of like goods that you have not produced, for example if you have imported the product or on-sold purchases from another Australian manufacturer.**

Confidential Appendix A5 has been completed by BlueScope highlighting sales to related parties.

4. **Complete appendix A4 (domestic sales).**

BlueScope has completed Confidential Appendix A4 for the twelve months ending March 2020.

5. **If any of the customers listed at appendix A4 (domestic sales) are associated with your business, provide details of the association. Describe the price effect of the association.**

BlueScope makes sales of the subject goods to associated parties. These sales are readily identifiable in Confidential Appendix A4.

The approach to price setting for these owned or related companies is the same as that for the broader customer base; net prices are set to meet import competition. From time to time, owned or related parties may benefit from a nominally lower price (from 0.1% to 0.5% difference) than similar unrelated customers, due to the structure of various rebate mechanisms.

6. **Attach a copy of distributor or agency agreements/contracts.**

BlueScope has supply agreements in place with certain domestic customers which detail the terms of trade including supply arrangements, rebate structure, supply terms and conditions, etc.

Examples of these standard supply agreements are included at Confidential Attachments A-5.6.1 and A-5.6.2

7. **Provide copies of any price lists.**

Please find attached at Confidential Attachment A-5.7 an example of a BlueScope price list during the proposed period of investigation.

8. **If any price reductions (for example commissions, discounts, rebates, allowances and credit notes) have been made on your Australian sales of like goods provide a description and explain the terms and conditions that must be met by the customer to qualify.**
- **Where the reduction is not identified on the sales invoice, explain how you calculated the amounts shown in appendix A4 (domestic sales).**
 - **If you have issued credit notes (directly or indirectly) provide details if the credited amount has not been reported appendix A4 (domestic sales) as a discount or rebate.**

BlueScope provides discounts and rebates for some sales identified in Confidential Appendix A4. Discounts and rebates are separately identified. There is a range of rebate mechanisms in place. For example, [*rebate types*]. Discounts are available for early settlement of accounts.

9. **Select two domestic sales in each quarter of the data supplied in appendix A4 (domestic sales). Provide a complete set of commercial documentation for these sales. Include, for example, purchase order, order acceptance, commercial invoice, discounts or rebates applicable, credit/debit notes, long or short term contract of sale, inland freight contract, and bank documentation showing proof of payment.**

BlueScope has included complete sets of commercial documentation, as requested. Please refer to Confidential Attachment A-5.9.1 – A-5.9.8 for BlueScope's commercial documentation.

10. Provide a list of model control codes from appendix A4.

Appendix A4 has been completed incorporating the proposed Model Control Code structure per A-3(10) above.

A-6 General accounting/administration information

1. Specify your accounting period.

BlueScope's financial year is 1 July to 30 June.

2. Provide details of the address(es) where your financial records are held.

BlueScope's financial records for the goods the subject of the review are located at its Five Islands Road, Port Kembla premises.

3. To the extent relevant to the application, please provide the following financial documents for the two most recently completed financial years plus any subsequent statements:

- **chart of accounts;**

BlueScope's Chart of Accounts has been provided at Confidential Attachment A-6.3.1.

- **audited consolidated and unconsolidated financial statements (including all footnotes and the auditor's opinion);**

BlueScope's audited parent entity and consolidated statutory accounts are included in the company's fiscal year 2019 Annual Report. This, and all previous Annual Reports, are available from BlueScope's website at <https://www.bluescope.com/investors>.

- **internal financial statements, income statements (profit and loss reports), or management accounts, that are prepared and maintained in the normal course of business for the goods.**

These documents should relate to:

- 1. the division or section/s of your business responsible for the production and sale of the goods covered by the application, and**
- 2. the company overall.**

BlueScope has also included select monthly management report extracts at Confidential Attachment A-6.3.2.

4. If your accounts are not audited, provide the unaudited financial statements for the two most recently completed financial years, together with your taxation returns. Any subsequent monthly, quarterly or half yearly statements should also be provided.

BlueScope's accounts are audited annually. This question is therefore not applicable.

5. If your accounting practices, or aspects of your practices, differ from Australian generally accepted accounting principles, provide details.

The accounting practices of BlueScope are maintained in accordance with Australia's generally accepted accounting principles.

6. Describe your accounting methodology, where applicable, for:

BlueScope's accounting methodology complies with the Australian Accounting Standards issued by the

Australian Accounting Standards Board (AASB) and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). Further detailed information can be sourced from BlueScope's full financial report, accessed at <https://www.bluescopesteel.com/investors>.

- **the recognition/timing of income, and the impact of discounts, rebates, sales returns warranty claims and intercompany transfers;**

Revenue is recognised by BlueScope when the significant risks and rewards of the ownership of the goods have passed to the buyer. This is considered to have occurred when the legal title of the product is transferred to the customer and BlueScope is no longer responsible for the product. The point at which title is transferred is dependent upon the specific terms and conditions of the contract under the sale.

Sales discounts are recognised at invoice date. Rebates and warranty claims are provided for monthly. Sales returns are recognised once the goods have been receipted into BlueScope inventory.

- **provisions for bad or doubtful debts;**

Collectability of trade receivables are reviewed monthly. Debts that are known to be uncollectable are written off by reducing the carrying amount directly.

- **the accounting treatment of general expenses and/or interest and the extent to which these are allocated to the cost of goods;**

General expenses are allocated on an absorption cost basis.

- **costing methods (eg by tonnes, units, revenue, activity, direct costs etc) and allocation of costs shared with other goods or processes;**

BlueScope's mainstream costing system is designed to enable:

- Actual process costs to be reported monthly;
- Cost detail as low as the cost element level;
- Actual fully absorbed product cost per unit of output (e.g. per tonne) at a minimum of product group level. Product costs broken down into components such as feed, conversion costs, yield, depreciation, support costs, etc; and
- The distinguishing of the underlying behavior of costs (e.g. fixed, variable, cash, non-cash).

- **the method of valuation for inventories of raw material, work-in-process, and finished goods (eg FIFO, weighted average cost);**

Raw materials, work in progress, and finished goods are stated at the lower of cost and net realisable value.

- **valuation methods for scrap, by-products, or joint products;**

At the lower of cost and net realisable value.

- **valuation methods for damaged or sub-standard goods generated at the various stages of production;**

The lower of cost and net realisable value.

- **valuation and revaluation of fixed assets;**

Regular acquisitions and disposals of financial assets are recognised on trade-date; i.e. the date

on which BlueScope commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs, for acquired financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed.

Financial assets on disposal are derecognised (progressively or otherwise) when the rights to receive cash flows have expired or have been transferred and where BlueScope has transferred substantially all the risks and rewards of ownership.

- **average useful life for each class of production equipment, the depreciation method and depreciation rate used for each;**

Depreciation on assets other than land is calculated on a straight-line basis, with costs allocated over the estimated useful life. The estimated useful lives of property, plant and equipment (including buildings) can be up to 40 years.

- **treatment of foreign exchange gains and losses arising from transactions and from the translation of balance sheet items; and**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at transaction date. Foreign exchange gains and losses resulting from the settlement of transactions are recognised in profit or loss. Similarly, foreign exchange gains and losses resulting from the translation of monetary assets and liabilities (denominated in foreign currency) at year-end exchange rates are recognised in profit and loss. An exception to these rules occurs when the foreign currency gains and losses are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Translation differences on available-for-sale financial assets are included in equity until the available-for-sale asset is sold and the translated amount is reported in profit and loss.

- **restructuring costs, costs of plant closure, expenses for idle equipment and/or plant shut-downs.**

Liabilities arising directly from undertaking a restructuring program, defined as the closure of an operation, are recognised when a detailed plan of the restructuring activity has been developed and implementation of the restructuring program as planned has commenced.

7. If the accounting methods used by your company have changed over the period covered by your application please provide an explanation of the changes, the date of change, and the reasons.

The accounting and financial practices/principles of BlueScope complies with the Australian Accounting Standards issued by the Australian Accounting Standards Board (AASB), and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

BlueScope's 2019 Annual Report includes a note in relation to new standards, both adopted and not adopted by the reporting group as at 30 June 2019, namely:

- i. AASB 15 Revenue from Contracts with Customers (effective 1 July 2018);
- ii. AASB 9 Financial Instruments (effective 1 July 2018);
- iii. AASB 16 Leases (effective 1 July 2019); and
- iv. AASB 23 Interpretation (effective 1 July 2019).

Please refer to Note 35 (a) and (b) Other Accounting Policies, in the BlueScope 2019 Annual Report.

A-7 Cost information

1. Complete appendices A6.1 and A6.2 (cost to make and sell) for domestic and export sales.

BlueScope has completed Confidential Appendix A6.1 and A6.2.

2. Provide a list of model control codes from appendix A6.1 and A6.2.

The full list of Model Control Codes is provided above at A-3(10).

A-8 Injury

The principal indicators of injury are price, volume and profit effects – although not all of these must be evident. For this application, profit refers to amounts earned. Profitability is the ratio of profit to sales revenue. Where the application includes a claim of threat of material injury you must also complete question C.2.

1. Estimate the date when the material injury from dumped and/or subsidised imports commenced.

The injury from imports of aluminium zinc coated steel at dumped prices commenced in BlueScope's financial period 2017/18, immediately following the upsurge in imports from certain of the nominated countries, coupled with the emergence of Vietnam to a materially injurious extent.

2. Using the data from appendix A6 (cost to make and sell), complete the following tables for each model control code of your production. Pⁿ is the most recent period.

BlueScope's stable overall production volumes since 2016/17 are materially insignificant when contrasted with the [XX] per cent increase (to 2019/20) in the overall aluminum zinc coated steel market over the same period.

Index of production variations (model control code)

Model Categories	2016/17	2017/18	2018/19	2019/20
TrueCore	100.00	115.75	100.06	107.85
Other	100.00	84.14	78.85	75.48
Total	100.00	107.29	94.20	98.90

Notes:

1. Data from label A of Appendix A6.1.
2. Years ending March.

BlueScope's production volumes have not benefited from the growth in the Australian market. BlueScope has the available capacity to increase production levels from the current volumes represented in Appendix A6.1.

Index of cost variations (model control code)

Model Categories	2016/17	2017/18	2018/19	2019/20
TrueCore	100.00	116.83	126.17	119.17
Other	100.00	112.00	123.27	117.27
Total	100.00	115.87	125.59	118.88

Notes:

1. Data from label J of Appendix A6.1.
2. Years ending March.

BlueScope's production costs have increased year-on-year since 2016/17, with increases in global HRC prices impacting subject goods manufacture.

Index of price variations (model control code)

Model Categories	2016/17	2017/18	2018/19	2019/20
TrueCore	100.00	103.05	109.82	112.54
Other	100.00	110.84	119.11	115.37
Total	100.00	104.29	111.63	112.44

Notes:

1. Data from label L of Appendix A6.1.
2. Years ending March.

BlueScope [*selling price trend*] for the subject goods over the proposed investigation and injury assessment periods, [*cost to make and sell trend*].

Index of profit variations (model control code)

Model Categories	2016/17	2017/18	2018/19	2019/20
TrueCore	100.00	31.92	27.84	46.79
Other	100.00	84.95	26.39	73.03
Total	100.00	23.14	19.73	33.92

Notes:

1. Data from label N of Appendix 6.1.
2. Years ending March.

BlueScope has experienced price suppression in 2019/20 as it has been unable to increase selling prices to recover production cost increases – primarily for higher HRC input feed.

Index of profitability variations (model control code)

Model Categories	2016/17	2017/18	2018/19	2019/20
TrueCore	100.00	32.90	30.57	52.65
Other	100.00	76.65	22.15	63.30
Total	100.00	24.13	22.03	38.14

Notes:

1. Data from label O of Appendix A6.1.
2. Years ending March.

The profitability for BlueScope's aluminium zinc coated steel business has reflected the trend in BlueScope's profit – declining in consecutively years 2017/18 and 2018/19, before a slight improvement (albeit continually negative) in 2019/20 as the dumped imports suppressed selling prices on the Australian market.

3. **Complete appendix A7 (other injury factors).**

Where applicable to injury claims, prepare an indexed table for other injury factor(s) in the format above.

Index of Capital Investment

Period	2017	2018	2019	2020
Index	100	44.78	45.05	47.07

Index of Return on Investment

Period	2017	2018	2019	2020
Index	100	9.19	9.14	18.11

Index of Capacity Utilisation

Period	2017	2018	2019	2020
Index	100	104.77	91.83	95.66

Index of Productivity

Period	2017	2018	2019	2020
Index	100	107.55	86.74	66.27

A-9 Link between injury and dumped or subsidised imports

To establish grounds to initiate an investigation there must be evidence of a causal relationship between the injury and the alleged dumping or subsidisation. This section provides for an applicant to analyse the data provided in the application to establish this link. It is not necessary that injury be shown for each economic indicator.

1. **Identify from the data at appendix A2 (Australian market) the influence of the volume of dumped and/or subsidised imports on your quarterly sales volume and market share.**

Following from the base year of 2016/17, imports from China remained stable in 2017/18, then increased by a significant [XX] percent in 2018/19. China's volumes increased further again, by [XX] percent, for the proposed investigation period. Most notably, imports from Vietnam emerged in 2017/18 with a dramatic increase of [XX] percent by 2018/19, followed by a further [XX] percent (from the base period) in 2019/20.

Overall import volumes from China and Vietnam increased by [XX] percent from 2016/17. Including the later 2017/18 base year period for Vietnamese volumes, the increase was still materially significant at [XX] percent. In stark contrast, BlueScope's sales volumes remained at the same level evident during 2016/17 – materially insignificant in a clearly growing market for the subject goods.

2. **Use the data at appendix A2 (Australian market) to show the influence of the price of dumped and/or subsidised imports on your quarterly prices, profits and profitability provided at appendix A6.1 (costs to make and sell). If appropriate, refer to any price undercutting and price depression evident in the market.**

As indicated, BlueScope has experienced a reduction in its market participation rate over the injury analysis period. This has been due to increasing imports from the subject countries that have undercut BlueScope's selling prices. BlueScope has been able to identify the following examples where it has lost volumes and/or reduced prices to match the injurious imports in 2019/20:

BlueScope provides the below instances of price undercutting and price depression in the market in conjunction with its parallel application for anti-dumping and countervailing measures on aluminium zinc coated steel, of a width equal to or greater than 600mm, from the Republic of Korea, Taiwan, and Vietnam. Both applications need to be considered/consolidated for injury analysis purposes as their use-in-market and competitive price dynamics are interchangeable. This point cannot be under-emphasised, and an assessment of the following price undercutting/price depression examples, in conjunction with those detailed in the above-noted parallel application, clearly demonstrates this.

Price Undercutting Example No. 1 – [Country]; [Customer]

BlueScope's long term [*customer and industry*], and utilises narrow (i.e. less than 600mm wide) aluminium zinc coated steel as its feed raw material.

[*Customer*] purchase both locally from BlueScope, and direct via [*country*] suppliers (currently understood to be [*exporters*]). Their preference in supply channel is dictated solely by price.

During the period of investigation, specifically [*date*], BlueScope sought to negotiate supply for narrow aluminium zinc coated steel (BlueScope's TRUECORE® range of subject merchandise) for the [*supply period*], for an annualised order volume of [XX] metric tonnes.

These supply negotiations are represented as follows:

1. [**Month/Year**]:
 - BlueScope met with [*customer*] to initiate supply discussions for the above-noted period.

- BlueScope communicated its intent to apply [*supply period pricing*] for the subject merchandise.
- BlueScope's sell price to [*customer*] for the [*supply period*] across the full TRUECORE® range was [*price*].
- [*Customer*] advised it would canvass [*country*] import options.

2. [**Month/Year**]:

- [*Customer*] reverted to BlueScope with an import offer from [*country/exporter*] for [XX] tonnes of narrow aluminium zinc coated steel, at [*price*].
- On an AUD conversion, plus on-costs for testing, certification, brokerage, and freight, the [*landed price details*].
- [*Customer*] advised that they would not accept price increase [*price negotiation details*].

3. [**Month/Year**]: BlueScope considered its pricing options, and finalised the supply offer to [*customer*].

4. [**Month/Year**]: BlueScope furnished the price offer for the new supply period, which was accepted by [*customer*].

A conservative minimum estimate of the price-depression injury from this example is summarised as follows:

In the absence of dumped imports

Ave. Price	Supply Period Volume	Net Revenue
AU\$[XXX]	[XXX] tonnes	AU\$[XXX]

Competing against dumped imports

Ave. Price	Supply Period Volume	Net Revenue
AU\$[XXX]	[XXX] tonnes	AU\$[XXX]

Price Depression Injury

Ave. Price Diff.	Supply Period Volume	Net Revenue Diff.
AU\$[XXX]	[XXX] tonnes	AU\$[XXX]

BlueScope provides at Confidential Attachment A-9.2(a) correspondence evidencing the above-noted pricing negotiations during the period.

Price Undercutting Example No. 2 – [*Country*]; [*Customer*]

BlueScope has been supplying [*customer*] with slit/narrow aluminium zinc coated steel for [*period*]. [*Customer*] is [*customer industry*], of which the subject goods (both locally produced, and imported) are a key feed component.

Annually, [*customer*] purchase [XX] tonnes of slit/narrow aluminium zinc coated steel from BlueScope nationally. [*Customer*] also source dumped and injurious import equivalents from [*country/exporter*].

In [*month/year*] BlueScope entered price negotiations with [*customer/supply period*] for [XX] tonnes of narrow aluminium zinc coated steel. Discussions were heavily influenced by [*customer's*] supply-chain capability to source equivalent material from [*exporter*]. The negotiations can be summarised as follows:

[*Price negotiations vis-à-vis dumped/injurious import offer*].

A conservative minimum estimate of the price-depression injury from this example is summarised as follows:

In the absence of dumped imports

Ave. Price	Supply Period Volume	Net Revenue
AU\$[XXX]	[XXX] tonnes	AU\$[XXX]

Competing against dumped imports

Ave. Price	Supply Period Volume	Net Revenue
AU\$[XXX]	[XXX] tonnes	AU\$[XXX]

Price Depression Injury

Ave. Price Diff.	Supply Period Volume	Net Revenue Diff.
AU\$[XXX]	[XXX] tonnes	AU\$[XXX]

BlueScope highlights the critical commentary aspects of this example, and provides all other supporting information, at Confidential Attachment A-9.2(b).

Price Undercutting Example No. 3 – [Country]; [Customer]

BlueScope maintains a commercial arrangement with [customer] for supply of a range of flat steel products, including the subject merchandise, in the [geographic] market. [Customer] provides [end-use product], and has been an end-user of BlueScope's products for [XX] years.

Annually, [customer] purchase approximately [XX] tonnes of BlueScope's TRUECORE® steel products. [Customer] also maintains a [country] import supply channel [producer/exporter].

BlueScope's [period] price negotiations, for supply [period], were solely influenced by [customer's] supply-chain capability to procure cheap equivalent [country] subject goods. In order to secure the business, BlueScope negotiated with reference to this alternate supply, represented as follows:

[price negotiations vis-à-vis dumped/injurious import offer].

Confidential Attachment A-9.2(c) provides all supporting information.

Price Undercutting Example No. 4 – [Country]; [Customer]

BlueScope has supplied [customer] with the TRUECORE® range of steel products for a period of [XX] years. [Customer] purchase approximately [XX] tonnes per annum, ranging in [product specifications]. [Customer] also maintain a [country] import channel for the subject goods.

During the proposed investigation period, BlueScope negotiated pricing with reference to [customer's] ability to procure dumped and injurious subject goods from [country]. These negotiations, and finalised net price points, can be represented as follows:

(i) [Supply period #1]

For supply of [XX] tonnes of TRUECORE® steel over [period], BlueScope [price negotiations vis-à-vis dumped/injurious import offer].

(ii) [Supply period #2]

For the [supply period], BlueScope [price negotiations vis-à-vis dumped/injurious import offer]. [Customer] provided the following [period] import offer details in securing [price] from BlueScope, for subject goods from [country]:



The combined price-depression impact for the above-noted two periods is AU\$[XXX]. Confidential Attachment A-9.2(d) evidences the above-noted price negotiations.

Price Undercutting Example No. 5 – [Country]; [Customer]

BlueScope has maintained a [term] commercial arrangement with [customer] for supply of a range of flat steel products, including aluminium zinc coated steel, primarily in the [geographic markets]. [Customer] then [end-use product].

Annually, [customer] purchase [XX] tonnes of slit/narrow aluminium zinc coated steel from BlueScope.

[Customer] known import supply channels are as follows:

- Traders/importers: [XXX]
- Countries: [XXX]
- Producers: [XXX].

During the proposed investigation period, BlueScope negotiated pricing with reference to [customer's] ability to procure dumped and injurious subject goods from [country]. These negotiations, and finalised net price points, can be represented as follows:

(i) [Supply period #1]

[Price negotiations vis-à-vis dumped/injurious import offer].

BlueScope secured the business at these revised lower prices. Confidential Attachment A-9.2(e)(i) provides all supporting details.

(ii) [Supply period #2]

[Price negotiations vis-à-vis dumped/injurious import offer].

Confidential Attachment A-9.2(e)(ii) provides all supporting details.

(iii) [Supply period #3]

[Price negotiations vis-à-vis dumped/injurious import offer].

All supporting details can be found at Confidential Attachment A-9.2(e)(iii).

Price Undercutting Example No. 6 – [Country]; [Customer]

BlueScope supplies subject goods material to [customer and end-use product/market].

For the [supply period], and for volume of [XX] tonnes per month, [customer] utilised [import offer details] to negotiate price. On sighting this, BlueScope [price negotiations vis-à-vis dumped/injurious import offer].

All supporting details can be found at Confidential Attachment A-9.2(f).

3. Compare the data at appendix A2 (Australian market) to identify the influence of dumped and/or subsidised imports on your quarterly costs to make and sell at appendix A6.1 (for example refer to changes in unit fixed costs or the ability to raise prices in response to material cost increases).

As imports from the nominated countries increased by [XX] per cent in 2017/18, and BlueScope was experiencing at the same time further cost increases of [XX] percent, BlueScope was unable to sufficiently raise its prices in the face of the growing import volumes at unfair prices to recover full cost. Again in 2018/19 and 2019/20, with import volumes increasing by an average of [XX] percent, BlueScope's price increases were prevented to a significant degree and did not cover the cost to make and sell the subject goods.

Across the injury analysis and dumping periods, BlueScope encountered price suppression and was unable to raise prices sufficient to recover costs. The presence of dumped imports from China and Vietnam thus significantly hampered BlueScope's profit and profitability.

4. The quantity and prices of dumped and/or subsidised imported goods may affect various economic factors relevant to an Australian industry. These include, amongst other things, the return on investment in an industry, cash flow, the number of persons employed and their wages, the ability to raise capital, and the level of investment in the industry. Describe, as appropriate, the effect of dumped and/or subsidised imports on these factors and where applicable use references to the data you have provided at appendix A7 (other economic factors). If factors other than those listed at appendix A7 (other economic factors) are relevant, include discussion of those in response to this question.

The impact of the dumped aluminium zinc coated steel from China and Vietnam has been significant in terms of both volume and price-effect injury. BlueScope can demonstrate (refer Confidential Appendix A7) that it has also experienced injury in other forms, including:

- Decline in capital investment;
- Ongoing negative Return on investment (ROI);
- Decline in capacity utilisation; and
- Reductions in productivity.

It is BlueScope's view that the deterioration in each of the identified 'other' indicators can be readily attributed to the increase in imports from the above-noted countries, and a subsequent deterioration in sales of the locally produced subject goods.

5. Describe how the injury factors caused by dumping and/or subsidisation and suffered by the Australian industry are considered to be 'material'.

The injury experienced by BlueScope in each of the years 2017/18, and 2018/19, and 2019/20 is considered 'material' on the basis that profit has deteriorated from [XX] percent (in base year 2016/17) to [XX] percent (2017/19), [XX] percent (2018/19), and [XX] percent (2019/20).

BlueScope's net revenue [*trend*] throughout the injury analysis and dumping periods. [*Trend*], consistent cost [*trend*] increases resulted in [*trend*] in profit and profitability each twelve-monthly period.

Realised returns by the BlueScope's aluminium zinc coated steel business have [*trended*] over the injury analysis and dumping periods. Coinciding with this profit [*trend*] has been the previously noted upsurge in dumped imports from China and Vietnam (commencing in 2017/18) at prices that have undercut BlueScope's selling prices.

BlueScope submits that the declines in [*injury factors*] it has experienced in an expanding market over the injury analysis and dumping periods is considered 'material' in nature relative to past years' profit and profitability, and [*sector participation*].

6. Discuss factors other than dumped and/or subsidised imports that may have caused or may threaten to cause injury to the industry. This may be relevant to the application in that an industry weakened by other events may be more susceptible to injury from dumping and subsidisation.

BlueScope, along with other industries in Australia, is not immune to recent energy cost increases. BlueScope has been unable to pass on higher energy costs as it has experienced price undercutting from rapidly increasing imports of dumped aluminium zinc coated steel from China and Vietnam.

BlueScope does not consider there are any 'other' factors that may have contributed to BlueScope's injury, other than increasing energy costs. Higher energy costs do not detract from the reality that an average annual [XX] percent increase in dumped imports at prices that have undercut BlueScope's selling prices have had an impact that is considered 'material' in nature to BlueScope's profit and profitability.

7. This question is not mandatory, but may support your application. Where trends are evident in your estimate of the volume and prices of dumped and/or subsidised imports, forecast their impact on your industry's economic condition. Use the data at appendix A2 (Australian market), appendix A6 (cost to make and sell), and appendix A7 (other economic factors) to support your analysis.

BlueScope is a large integrated flat steel manufacturer in Australia that adds value to its hot-rolled coil production in downstream activities including aluminium zinc coated steel. The integrated process is capital intensive (assets of approximately \$400 Million) and employs more than 3,100 personnel.

The impact of dumped exports of the goods the subject of this application from China and Vietnam (with both country's exports also subsidised) is not limited to BlueScope's investment in aluminium zinc coated steel. As a fully integrated process, a decline in demand for raw material coil used in aluminium zinc coating also impacts the upstream production of flat steel, HRC and cold rolled coil ("CRC"). BlueScope highlights this consideration with the Anti-Dumping Commission in its assessment of material injury to the Australian industry.

Further, BlueScope has observed in 2019/20 an increase in the willingness of importers of dumped aluminium zinc coated steel to approach a broader representation of distributors/end-users of the subject goods at prices that undercut BlueScope's selling prices. Provided the volume of exports is sufficient to enable the importer to offer across the market – which is the case for aluminium zinc coated steel – the levels of dumping provide an incentive for the importer to increase volumes at the expense of the Australian produced subject goods.

In 2019/20 BlueScope experienced higher input cost increases (in the form of, inter alia, higher HRC and electricity), whereas the selling prices for imported aluminium zinc coated steel fell and therefore undercut BlueScope's selling prices.

The injury experienced by BlueScope in 2019/20 is material. BlueScope is concerned that the increased preparedness of Australian importers of aluminium zinc coated steel from China and Vietnam to undercut the Australian industry demonstrates a likelihood of increased import volumes in the foreseeable future (Section C-2 also refers).

BlueScope has identified that the subject goods exported from China and Vietnam are at significant margins of dumping, and that further material injury in the form of lost sales volumes, price suppression, price depression, and reduced profits and profitability is considered likely.

BlueScope therefore requests the Commission to commence an investigation into the alleged dumping of aluminium zinc coated steel into Australia at margins that are material, and of which has caused material injury to the Australian industry producing like goods. BlueScope also requests the Commission publish a Preliminary Affirmative Determination at Day 60 to prevent further material injury from occurring from the Australian industry.

PART B

DUMPING

IMPORTANT

All questions in Part B should be answered even if the answer is 'Not applicable' or 'None' (unless the application is for countervailing duty only: refer Part C). If an Australian industry comprises more than one company/entity, Part B need only be completed once.

B-1 Source of exports

1. Identify the country(ies) of export of the dumped goods.

The countries of export of the goods the subject of this application are China and Vietnam.

2. Identify whether each country is also the country of origin of the imported goods. If not, provide details.

It is BlueScope's understanding that the country of export is also the country of origin of the dumped goods.

3. If the source of the exports is a non-market economy, or an 'economy in transition' refer to Part C.4 and Part C.5 of the application.

The countries the subject of this application – China, Korea, Taiwan, and Vietnam – are not considered 'economy-in-transition' countries.

4. Where possible, provide the names, addresses and contact details of:

- **producers of the goods exported to Australia;**
- **exporters to Australia; and**
- **importers in Australia.**

BlueScope understands the following companies are exporters of aluminium zinc coated steel to Australia:

China:

- (i) ANGANG Steel
No.1, Huangang Road, Tiexi district,
Anshan City, Liaoning Province, P.R. China
Tel: 86 510 86032308,
Fax: 86 510 82400522
- (ii) YIEH PHUI (CHINA) TECHNOMATERIAL (YPC)
No.1, Xingdao Avenue, Dongbang Industrial Park, Changshu City,
Suzhou City, Jiangsu Province, P.R. China
- (iii) Jianyin Zongcheng Steel Co Ltd
No. 568 Five Star Road
Jiangyin City, Jiangsu China 214442
Tel: 86 510 6817 2928
Fax: 86 510 8160 1000
- (iv) Union Steel Co., Ltd
No. 1, Xingang Road, Xiagang Zone
Jiangyin Riverside Economy Development Area
Jiangyin Jiangsu China 214442

Vietnam:

- (v) Hoa Sen Steel
183 Nguyen Van Troi Street,
Phu Nhuan District ,
Ho Chi Minh City,
Viet Nam.
Tel: +84 8 3999 0111
Fax: +84 8 3999 0222

- (vi) Nam Kim Steel Corporation
91 Lang Ha, Dong Da District
Hanoi, Vietnam
Tel: 84 4 3856 1767
Fax: 84 4 3856 1815
- (vii) Hoa Phat Steel
66 Nguyen Du., P. Nguyen Du., Hai Ba Trung
Hanoi, Vietnam
Tel: 0246 284 8666
Fax: 0246 283 3456

BlueScope understands the following importers would have an interest in this application for aluminium zinc coated steel exported from China, Korea, Taiwan, and Vietnam:

- (i) Marubeni-Itochu Steel Oceania Pty Ltd (MISO)
P O Box 16055
Melbourne Victoria 3007
Phone - 03-9242 1500
Fax - 03-9242 1599
Web Site - www.benichu.com.au
- (ii) MinMetals Australia Pty Ltd
580 St Kilda Road
Melbourne Victoria 3001
Tel: (03) 9520 6810
Fax: (03) 9521 1815
www.minmetals.com.au
- (iii) Stemcor Australia Pty Ltd
Level 13, 15 Blue Street
North Sydney NSW 2060
Phone - 02-9959 3088
Fax - 02-9925 0844
- (iv) Toyota Tsusho (Australasia) Pty Ltd
231-233 Boundary Road
Laverton North Vic 3026
Phone - 03-8368 7991
Fax - 03-8368 7999
- (v) Wright Steel Pty Ltd
Suite 201, 254 Bay Road
Sandringham Vic 3191
Phone - 03-9598 0050
Fax - 03-9597 0050
- (vi) GS Global Australia Pty Ltd
Lvl 38, 100 Miller Street
North Sydney, NSW. 2060
Phone – 02-9954 0911
Fax – 02-9954 0919
- (vii) CMC (Australia) Pty Ltd
118 Dowd Street
Welshpool, WA 6986
Phone – 08-9258 6066
Fax – 08-9258 6366

- (viii) Ferropacific
Suite 5/9-11 Knox Street
Double Bay, NSW 2028
Phone – 02-9363 3513
- (ix) ThyssenKrupp Mannex Pty Ltd
Locked Bag 2103 Pacific Highway
North Sydney NSW 2059
Phone – 02-995 50978
Fax – 02-9925 0084
Web Site <http://www.tk-mannex.com/english/>
- (x) Amity Pacific
PO Box 1015, Suite 301, 270 Pacific Highway
Crows Nest, NSW 1585
Phone: +61 (2) 9439 1300
Fax: +61 (2) 9439 1344
Web Site www.amitypacific.com.au

5. If the import volume from each nominated country at Appendix A.2 (Australian Market) does not exceed 3% of all imports of the product into Australia refer to Part C.6 of the application.

The import volumes from each of the nominated countries exceed the 3 per cent negligible volume thresholds in 2019/20. Table B-1.5 below demonstrates actual import volumes in 2019/20.

Table B-1.5 – Aluminium Zinc Coated steel import volumes from China, Korea, Taiwan and Vietnam (tonnes)

Country	2016/17	2017/18	2018/19	2019/20	% 2019/20
China	[XXX]	[XXX]	[XXX]	[XXX]	[XX]%
Vietnam	[XXX]	[XXX]	[XXX]	[XXX]	[XX]%
Korea	[XXX]	[XXX]	[XXX]	[XXX]	[XX]%
Malaysia	[XXX]	[XXX]	[XXX]	[XXX]	[XX]%
United Kingdom	[XXX]	[XXX]	[XXX]	[XXX]	[XX]%
U.S.A	[XXX]	[XXX]	[XXX]	[XXX]	[XX]%
Germany	[XXX]	[XXX]	[XXX]	[XXX]	[XX]%
Other	[XXX]	[XXX]	[XXX]	[XXX]	[XX]%
Total	[XXX]	[XXX]	[XXX]	[XXX]	[XX]%

6. In the case of an application for countervailing measures against exports from a developing country, if the import volume from each nominated country at Appendix A.2 (Australian Market) does not exceed 4% of all imports of the product into Australia refer to Part C.6 of the application

This application includes an application for countervailing measures in respect of exports from China and Vietnam. Both country's imports during the proposed investigation period exceed the 4 per cent threshold.

B-2 Export price

Possible sources of information on export price include export price lists; estimates from the Australian Bureau of Statistics; a deductive export price calculation from the Australian selling price of the imported goods; export sales quotations or invoices; foreign government export trade clearances.

1. **Indicate the FOB export price(s) of the imported goods. Where there are different model control codes or levels of trade involved, an export price should be supplied for each.**

BlueScope has included FOB values for the subject goods per Confidential Appendix A2, as sourced from *[import data sources]*. An average FOB price for aluminium zinc coated steel imported from the nominated countries has been calculated from the identified Tariff Sub-Heading categories for the subject goods.

BlueScope has used the FOB prices for China and Vietnam) as the basis for determining prima facie dumping margins.

2. **Specify the terms and conditions of the sale, where known.**

Export prices for the imported goods the subject of this application are represented at the FOB level, as sourced from *[import data sources]*.

3. **If you consider published export prices are inadequate, or do not appropriately reflect actual prices, please calculate a deductive export price for the goods. Appendix B1 (Deductive Export Price) can be used to assist your estimation.**

BlueScope considers published import data (*[import data source]*) for export prices for aluminium zinc coated steel from China and Vietnam is reliable for calculating dumping margins.

4. **It is important that the application be supported by evidence to show how export price(s) have been calculated or estimated. The evidence should identify the source(s) of data.**

Please refer to Confidential Attachment B-4.1 for import volume and value details for the goods the subject of this application.

B-3 Selling price (normal value) in the exporter's domestic market

Possible sources of information about domestic selling prices in the country of export include: price lists for domestic sales (with information on discounts); actual quotations or invoices relating to domestic sales; published material providing information on the domestic selling prices; or market research undertaken on behalf of the applicant.

1. **State the selling price for each model control code of like goods sold by the exporter, or other sellers, on the domestic market of the country of export.**

A. China & Vietnam

BlueScope does not have access to domestic selling price information for aluminium zinc coated steel in China or Vietnam as such prices are not published in industry newsletters or journals. In respect of both countries, BlueScope asserts that a particular market situation applies for the subject goods that are manufactured from raw material flat steel.

The Commission has previously determined, for certain products manufactured in China where locally-sourced flat steel is the raw material input, that a 'market situation' exists for the value-added product.¹

¹ Refer Trade Measures Reports No. 177, 190, 285, 379, 419 and 441.

For Vietnam, BlueScope has detailed below a comprehensive position evidencing the existence of a particular market situation in the Vietnamese steel industry.

B. Market Situation – China

BlueScope submits that during the proposed investigation period (i.e. 1 April 2019 to 31 March 2020) there is a particular market situation in the Chinese domestic market for aluminium zinc coated steel that renders sales in that market unsuitable for determining normal values under subsection 269TAC(1), due to the influence of the Government of China (“GOC”) in the Chinese iron and steel industry.

GOC interventions in the Chinese iron and steel industry were recently addressed in Anti-Dumping Commission Report No. 441 on steel pallet racking exported from China. In that case the applicant – Dematic Pty Ltd – asserted that the Commission’s findings in earlier investigations including, in particular Trade Measures Report No. 177² and more recently in Anti-Dumping Commission Report No. 379, that the GOC intervenes in the Chinese market for steel products, including HRC. HRC is the major raw material input to the production of steel pallet racking (Report No. 441) and aluminium zinc coated steel (this application).

As was argued by the steel pallet racking industry – based on HRC accounting for a significant proportion of the overall production cost for steel pallet racking – BlueScope contends that Chinese domestic prices for the subject goods are artificially low and are not suitable for determining normal values under subsection 269TAC(1).

Several recent dumping investigations by the Commission have determined that a particular market situation exists in relation to certain steel and steel related products in China. The following cases are particularly relevant to this application as they all involve HRC as the key raw material used in the manufacture of the subject goods:

- Investigation No. 177 (2012) – Hollow Structural Sections;
- Investigation No. 190 (2013) – Galvanised (zinc) and Aluminium Zinc Coated Steel;
- Investigation No. 203 (2013) – Hollow Structural Sections;
- Continuation Inquiry No. 379 (2017) – Hollow Structural Sections;
- Review Investigations (No. 456/457) (2018) – Galvanised (zinc) and Aluminium Zinc Coated Steel; and
- Investigation No. 441 (2018) – Steel Pallet Racking.

In the recent Investigation No. 441³ the Commissioner “*considered that the GOC’s involvement in the Chinese steel industry to be a primary cause of the prevailing structural imbalances within both the broader steel industry and the HRC market. Some of the examples of the GOC’s involvement in the steel market includes the GOC’s planning guidelines and directives along with provisions of direct and indirect financial support.*”

Report No. 441 discussed the GOC influence in Chinese steel markets including referencing of recent OECD studies which identified that Chinese steelmaking capacity more than doubled between 2006 and 2015, from 488 million metric tonnes (mmt) to 1,150 mmt.⁴ The OECD Economic Survey for China (2017) confirmed that as the Chinese economy adjusts for “lower but higher-quality growth” a reduction in overcapacity (including steel and coal) and less-energy intensive production via “market-oriented mechanisms” is required. In addressing the structural imbalances, the Commission noted some of the specific initiatives announced in recent years, including⁵:

- the Central Government ‘supply-side reform’ initiative;
- advice on addressing excessive capacity and relieving hardship for the steel industry;
- the ‘opinions of the State Council on reducing overcapacity in the Iron and Steel Industry’;

² Trade Measures Report No. 177 – HSS Exported from China, Korea, Malaysia and Taiwan.

³ Trade Measures Report No. 441 – Steel Pallet Racking exported from China, May 2019, p.114.

⁴ Report 441 at p.114 referencing OECD Report on ‘Recent developments in steelmaking capacity, OECD 2018’.

⁵ Report No. 441, p.114.

- proposals that State Owned Enterprise (“SOE”) capacity be reduced by 100 to 150 million tonnes by 2020, via the banning of new steel projects and elimination of ‘zombie mills’;
- in 2016 the central government also pledged an RMB 100 million fund for employee compensation, social security payments, and plant closure incentives in the coal and steel sectors;
- the ‘opinions of the State Council on reducing overcapacity in the Iron and Steel Industry’ strictly forbids the registration of new production capacity in any form and demands that any production that does not meet environmental, energy consumption, quality, safety or technical standards be taken offline.

It is the Commission’s view that the GOC’s interventions to address existing structural imbalances has so far been of limited success. The Commission noted:

“Constraints on the effectiveness of these initiatives not only relate to the extent of the imbalances but also the difficulties in coordinating activities between central, provincial and local levels of government. The resistance of provincial and local governments to closing down mills relates to their role as major employers, source of tax revenue and providers of social services within their respective regions. Specific examples of these include the reliance of their tax systems on business revenue (including production based VAT) and GDP oriented performance measures which encourage over investment in capacity.

The effectiveness of the GOC’s attempts to address overcapacity has also been constrained by its desire to promote the replacement of older mills with new larger and more efficient mills. It is the Commissioner’s view that while this initiative is likely to improve the industry’s structure over the longer term, its current impact has been to increase production and exacerbate the existing structural imbalances. The difficulties faced by the GOC in achieving these objectives are also reflected in the reality that many smaller mills need to be shut down to offset the commissioning of new larger mills and the difficulties in ensuring that once mills are closed, they are not brought back on line as market conditions improve.”⁶

In recent Report 441, the Commissioner considered that the GOC distorted the conditions within the Chinese steel industry, including the demand for, and markets for, major raw materials through the following mechanisms:

- the role and operation of SOEs;
- industry planning guidelines and directives;
- the provision of direct and indirect financial support; and
- taxation and tariff policies.

Role and Operation of SOEs

In Report No. 441 the Commissioner noted the following:

“In a recent document published by the European Commission, the European Commission noted that Chinese SOEs represent approximately 49 per cent of the total Chinese steel production. It is the Commissioner’s view that these entities continue to receive significant direct and indirect financial support from central, provincial and local levels of government as a means to increase tax revenues, expand employment and maintain social stability.

The World Bank has found that state enterprises have close connections with the GOC. SOEs are more likely to enjoy preferential benefit such as access to bank loans at preferential terms and conditions (including reduced interest rates) and access to other key raw material inputs, access to business opportunities, and protection against competition to name a few.”⁷

⁶ Ibid, P. 115.

⁷ World Bank; *China 2030: Building a Modern, Harmonious, and Creative Society*, Report No. 96299 (March 2013), p.25.

While the Commission does not consider that the presence of these entities alone causes markets distortions, it does consider that their presence increases the likelihood that the GOC's plans and directives will be adhered to. The Commission also considers that the support provided to these entities by the GOC has enabled many of them to be operated on non-commercial terms (operating at losses) for extended periods, significantly impacting supply and pricing conditions within the domestic Chinese market.⁸

Some of the examples that support these mechanisms include government subsidies, support from associated enterprises (through direct subsidy, interest-free loans or provision of loan guarantees) and loans from state-owned banks.⁹

The Commission considered these mechanisms supported “the rapid expansion of steel production capacity in the SOE segment, in spite of repeated attempts by the Central Government to reduce the scale of steel production. It is also the Commissioner's view that these support mechanisms have created rigidities in the way recipient firms...respond to price and profit signals and hence have significantly contributed to the excessive investment in capacity, excess steel production and distorted prices.”

“...[direct] government subsidies, support from associated enterprises...and loans from state-owned banks”¹⁰ facilitated the rapid expansion of steel production capacity in the SOE segment despite repeat central government directives to reduce the scale of steel production.

Industry Planning Guidelines & Directives

The Commissioner considered that through the various planning guidelines and directives, the GOC has contributed to the overcapacity, oversupply and distorted structure of the Chinese steel industry. The Commission identified numerous planning guidelines and directives targeted at the Chinese iron and steel industry, including:¹¹

- National Steel Industry Development Policy (2005);
- Blueprint for the Adjustment and Revitalisation of the Steel Industry (2009);
- 2011-2015 Development Plan for the Steel industry (2011);
- Steel Industry Adjustment Policy (2015 Revision);
- Advice on Addressing Excess Capacity and Relieving Hardship for the Steel industry (2016);
- The Opinions of the State Council on Reducing Overcapacity in the Iron and Steel Industry of Gain Profit and Development (2016); and
- The Iron and Steel Industry Adjustment and Upgrade Plan (2016-2020).

The Commission further identified certain broader restructuring and reorganising directives as follows (which were targeted at multiple industries including the Chinese steel industry):¹²

- Notice of Several Opinions on Cutting Overcapacities and Redundant Constructions in Certain Industries and Guiding the Healthy Development of Industries (2009);
- Guiding Opinions on Pushing Forward Enterprise M&A and Reorganisation in Key Industries (2013);
- Guiding Opinions on Resolving Serious Excess Capacity Contradictions (2013);
- Directory Catalogue on Readjustment of Industrial Structure (2013 Amendment); and
- Guidance on the promotion of central enterprises restructuring and reorganisation (2016).

Report 441 also detailed the key themes, objectives and implementation policies of the GOC.¹³

⁸ Anti-Dumping Commission, *Analysis of Steel and Aluminium Markets Report to the Commissioner of the Anti-Dumping Commission August 2016* (Commissioner's Steel Report), p.47.

⁹ Liu. H & Song. L, 2016, p.348.

¹⁰ Report No. 419, p.68.

¹¹ Ibid, p.69-70.

¹² Ibid. p.118.

¹³ Ibid, p.119-120.

Direct and Indirect Financial Support

It is noted that the Commission established that:

“Chinese banks appear to be guided by government policies, as well as national economic and social development needs.

Subsidies and tax concessions reduce the operating costs of Chinese steel enterprises, confer a competitive advantage through the ability to offer steel products at lower prices, and increase the profitability of steel production.

The OECD has highlighted price influences in the Chinese energy market. A 2015 report notes that energy prices “do not reflect the true social and environmental cost of production, making for a widespread misallocation of resources.

Examples of specific support programs provided to Chinese steel producers by the GOC, as identified by the American Iron and Steel Institute and the Steel Manufacturers Association, include preferential loans and directed credit, equity infusions and/or debt-to equity swaps, access to land at little or no cost, government mandated mergers (permitting acquisition at little or no cost) and direct cash grants for specific steel construction projects.

Similar programs have been previously identified by the Commission in respect of the Chinese steel industry. It is the Commission’s view that these programs have directly contributed to conditions within the Chinese steel industry during the investigation period by providing direct financial support to recipient steel producers.”¹⁴

Taxation Arrangements

Further in Report 441 the Commissioner noted that it “...has previously identified evidence of export taxes and export quotas on a number of key inputs in the steel making process including coking coal, coke, iron ore and scrap steel in Anti-Dumping Commission Report No. 198. The Commission found that these measures would keep input prices artificially low and create significant incentives for exporters to redirect these products into the domestic market, increasing domestic supply and reducing domestic prices to a level below what would have prevailed under normal competitive market conditions.”

The Commission also observed that the GOC has traditionally compensated some steel exporters for VAT paid during the production process of steel goods, via VAT rebates. The operation of a variable VAT rebate system for select exports creates advantages for exporters of certain steel products (including aluminium zinc coated steel). As recently as 17 March 2020, the GOV has increased rebates to 13% to stimulate steel exports:

“China will raise the export rebate to 13% from 10% for a large number of steel products from March 20, according to a notice released by the Ministry of Finance late on Tuesday March 17. The rate increase concerns major steel products such as hot-rolled coil, wire-rod, cold-rolled strip, hot dipped galvanized strip and stainless steel strip.”¹⁵

Moreover, by altering the VAT rebate and export tax applied to steel exports (specifically HRC and metallic coated at the above-noted 10 per cent versus the 17 per cent applied to domestic sales) the GOC ‘reduces’ the profitability of export sales. The reduced export VAT rebate on exports redirects export sales to the domestic market, creating significant oversupply and suppressed selling prices, including for the subject goods.

¹⁴ Ibid, p.121.

¹⁵ Confidential Attachment 1: Fastmarkets, Metalbulletin, “NEWSBREAK: China Increases Rebates to 13% to Stimulate Exports” (March 18, 2020).

Additional Evidence – SOE Reform Initiatives

BlueScope considers that the level of government involvement in the Chinese steel industry is more prevalent than ever, with the slowing pace of domestic economic reform and the resurgence of the state in placing more investment in poorly performing and deteriorating state owned enterprises.¹⁶ Indeed, it's now widely considered that the Chinese Communist Party seeks to take control of everything, everywhere.¹⁷

The GOC has allegedly taken recent steps to improve the performance of state-owned companies, and has historically sought to halt their faltering financial performance:

“China initiated reform of state companies in the 1980’s. The priority the party and government have given to this effort has waxed and waned over the ensuing decades and the results have varied widely – from the relatively successful reforms of the Zhu Rongji era to the near complete failure of the past decade.”¹⁸

Specific to the Chinese steel industry, BlueScope notes that the following Chinese reform initiatives, whilst touted as market-oriented, are relevant factors in conversely concluding that a market situation exists.

1. Corporatisation

China has sought to accelerate and complete the conversion of traditional state firms (including steel producers) to limited liability or joint stock companies. This corporatisation has been an ongoing process following the National People’s Congress passing the Company Law in 1994; the new push, mandated by the China State Council in July 2017, sought to complete the corporatisation of all central state firms (with the exception of those in the financial and cultural sectors) by the end of 2017.¹⁹

2. Mergers

China’s State-Owned Assets Supervision and Administration Commission (“SASAC”) facilitates mergers amongst the largest Chinese SOE’s. It’s remit following establishment in March 2003 was to improve the performance of 196 of China’s largest non-financial state firms, including the three largest state-owned oil companies, the three largest state-owned telecommunications companies, and most of the large state-owned electricity and steel companies.²⁰

The SASAC’s economic footprint is vast, and far exceeds the impression given by the relatively small number of firms it oversees.²¹ It should be underscored that:

“...these firms are invariably group companies or holding companies that control subsidiaries. Counting subsidiary firms three levels down from the parent, these group and holding companies in 2010 controlled 23,738 firms, about one-fifth of all state nonfinancial companies. Including 52,371 subsidiaries of companies controlled by SASAC at the provincial level, SASAC controls three-fifths of all state nonfinancial companies.”²²

¹⁶ Non-Confidential Attachment 2: Nicholas R. Lardy *“The State Strikes Back; The End of Economic Reform in China?”* (January 2019, p.4).

¹⁷ Non-Confidential Attachment 3: The Irish Times, “A victory for China’s Leader – but what is ‘Xi Jinping Thought’?” (October 24, 2017).

¹⁸ Non-Confidential Attachment 2: Nicholas R. Lardy *“The State Strikes Back; The End of Economic Reform in China?”* (January 2019, p.81).

¹⁹ Ibid, p.81, 83.

²⁰ Ibid, p.86.

²¹ Ibid.

²² Ibid.

3. Mixed Ownership

The GOC has also sought to introduce private capital into state-owned firms in an attempt to rehabilitate. This campaign has had limited success, with the spread of mixed ownership coinciding with a continuous and marked decline in the financial performance of state firms since 2007.²³

4. Governance Reforms

This reform seeks to divide state firms into two categories; commercial and public service. Presumably then, commercially classified SOE's would become accountable per profitability and other financial metrics...

Yet very little information has been released to-date on the number of firms in each category or who they are, the most plausible explanation being that *"...powerful vested interest at large state companies that were tentatively classified as commercial were able to fend off the attempt to make their firms responsible for their own profits and losses."*²⁴

5. SOE Reform Initiative Conclusions

The above-noted GOC initiatives have thus far failed to substantively transform SOE's to what would be considered comparable to market-based economies elsewhere, and appear more form than substance. Further:

*"Most of the state firms that are corporatised and adopt mixed ownership remain state-controlled, meaning that the state continues to be the majority or at least the dominant, controlling shareholder. And the group companies that have been merged to date under SASAC guidance remain 100 per cent state-owned. [This] merger program has not improved corporate governance but has reduced competition and created new monopolies, impeding innovation, productivity, and financial performance..."*²⁵

And also, that:

*"The Organisation Department of the Chinese Communist Party in many cases continues to appoint the top management; the Party Committee within each firm retains a central role in major corporate decisions; and there is little or no increase in transparency."*²⁶

China Market Situation – Conclusion

BlueScope submits that the GOC has exerted influence on the Chinese steel industry and, as has been determined in previous steel cases involving exports from China, the GOC has substantially distorted competitive market conditions in the domestic steel industry in China (including in the aluminium zinc coated steel market).

BlueScope contends that as the GOC materially influenced conditions in the Chinese steel market during the proposed investigation period, the prices for the subject goods are substantially different to those that would prevail in normal competitive market conditions. It is evident, therefore, that a particular market situation for aluminium zinc coated steel exists in the Chinese domestic market.

C. Market Situation – Vietnam

BlueScope alleges that domestic prices of aluminium zinc coated steel in Vietnam are not suitable for the determination of normal values on the basis that intervention by the Government of Vietnam ("GOV") in the iron and steel industry raw material supply markets has distorted prices of the subject

²³ Ibid, p.91.

²⁴ Ibid, p.95.

²⁵ Ibid, p.96-97.

²⁶ Ibid, p.97.

goods during the investigation period.

Subsection 269TAC(1)²⁷ establishes that:

“the normal value of any goods exported to Australia 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 arm’s length transactions by the exporter or, if like goods are not so sold by the exporter, by other sellers of like goods.”

Subsection 269TAC(2)(a) sets out an exception and states that where:

“...because the situation in the market of the country of export is such that sales in that market are not suitable for use in determining a price under subsection (1); the normal value of goods exported to Australia cannot be ascertained under subsection (1);...”

In such circumstances, the normal value may be determined based on construction of cost (paragraph 269TAC(2)(c)), or third country sales (paragraph 269TAC(2)(d)). Therefore, a determination as to whether there is a ‘particular market situation’ has consequences for the assessment of normal values and dumping margins.

BlueScope has been unable to locate home market prices for aluminium zinc coated steel; however submits that Vietnamese domestic subject goods prices are significantly lower than prevailing world prices, due to the involvement of the GOV.

Vietnam agreed in its Protocol of Accession to the WTO that other WTO Members would be permitted 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 Viet Nam 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.”²⁸ The terms of Vietnam’s Protocol expressly permit the use of section 269TAC(2)(a) unless the Vietnamese producers under investigation can clearly show that market economy conditions prevail in the Vietnamese subject goods industry. Under the terms of Vietnam’s Protocol, the burden is on the Vietnamese producers to clearly show that market economy conditions prevail.

Vietnam has been found to be a non-market economy by the United States (“U.S.”) and Canada in the following recent trade investigations:

- U.S. anti-dumping investigation on circular welded carbon-quality steel pipe²⁹; and
- Canada anti-dumping and countervailing investigation on Cold-Rolled Steel³⁰.

The *Canada Border Services Agency* (“CBSA”) has also initiated (November 22, 2019) an investigation into the dumping and subsidisation of certain corrosion-resistant (“COR”) steel sheet originating from Turkey, the United Arab Emirates, and Vietnam.

²⁷ References in this application to any statutory provisions are references to the provisions of the Customs Act 1901, unless otherwise specifically stated.

²⁸ WTO, Report of the Working Party on the Accession of Vietnam, WT/AA/VNM/48, 27 October 2006, at para’s 255 and 527; Vietnam’s Protocol of Accession to the WTO, WT/L/662, 15 November 2006, at para. 2.

²⁹ Non-Confidential Attachment 4: U.S. International Trade Commission, Circular Welded Carbon-Quality Steel Pipe from Oman, Pakistan, the United Arab Emirates, and Vietnam, Final Determination, Dec. 2016; and United States Department of Commerce, Circular Welded Carbon-Quality Steel Pipe from the Socialist Republic of Vietnam: Issues and Decision Memorandum for the Final Determination.

³⁰ Non-Confidential Attachment 5: Canada Border Services Agency, Cold-Rolled Steel from China, South Korea and Vietnam, Final Determination Statement of Reason, Nov. 2018.

In this new investigation³¹, the applicant producer-industry has alleged that the COR industry in Vietnam does not operate under competitive market conditions and consequently, prices established in Vietnamese domestic markets are not reliable for determining normal values.

In its preliminary *Statement of Reasons*³² published April 3, 2020, the CBSA have concluded thus far that:

“...there is evidence to support the fact that the GOV is significantly invested in the steel sector. Furthermore, the involvement and measures adopted by the GOV in respect of various steel products provides cost advantages to exporters/producers of COR in both the Vietnamese and international markets.

The wide range and material nature of the GOV measures in the steel industry have resulted in significant influence on the flat-rolled steel sector in Vietnam, which includes COR. Based on the preceding, the CBSA is of the opinion that:

- *domestic prices are substantially determined by the GOV; and*
- *there is sufficient reason to believe that the domestic prices are not substantially the same as they would be in a competitive market”.*

In considering whether sales are not suitable for use in determining normal values under section 269TAC(1) because of the situation in the market of the country of export, the Commission may have regard to factors such as whether the prices are “artificially low”.

Government influence on prices or costs could be one cause of “artificially low pricing”. In investigating whether a market situation exists due to government influence, it is necessary to determine whether the impact of the foreign government’s involvement in the domestic market has materially distorted competitive conditions. A finding that competitive conditions have been materially distorted may lead to a finding that domestic prices are “artificially low” or “not substantially the same as they would be if they were determined in a competitive market”.

BlueScope asserts that the GOV substantially determines Vietnam’s domestic prices for aluminium zinc coated steel, and that these prices are “artificially low or lower than they would otherwise be in a competitive market”. Specifically, influence and control by the GOV is exerted in the following areas, policies and directives:

- a) Electricity prices;
- b) The Steel Master Plans;
- c) Industrial Development Strategy;
- d) State Ownership of Aluminium Zinc Coated Steel Producers;
- e) Domestic Price Stabilisation Initiatives;
- f) Steel Industry Construction Project and Investment Control; and
- g) Steel Industry Subsidisation.

I. Vietnam Electricity Prices – Impact of GOV Influence

BlueScope notes that the Commission has previously considered the issue of GOV influence and control over electricity prices per Investigation No. 416 into Steel Rod in Coils exported from Indonesia, Korea and Vietnam.

³¹ Non-Confidential Attachment 6: Canada Border Services Agency, Certain Corrosion-Resistant Steel Sheet, Initiation Statement of Reasons, Nov. 2019.

³² Non-Confidential Attachment 7: Canada Border Services Agency, Certain Corrosion-Resistant Steel Sheet, Preliminary Statement of Reasons, Apr. 2020.

In Investigation No. 416, the applicant domestic producer stated:³³

“Critically, the Vietnam government still controls the [electricity] price through the following mechanisms:

- i. Decision No. 24/2011/QD-TTg dated 15 April 2011 requires electricity retail tariffs be revised reflecting fuel cost, exchange rate fluctuation and generation capacity charge;*
- ii. Decision No. 2165/QD-TTg dated 11 November 2013 sets the average electricity retail tariffs for 2013–2015 at a minimum of D1,437/kWh and a maximum of D1,835/kWh, any adjustment of the given average electricity retail tariff bracket because of cost fluctuations will be decided by the MOIT and the Ministry of Finance; and*
- iii. Decision No. 69/2013/QD-TTg dated 19 December 2013 stipulates that cost increases less than 7% can be recovered by EVN in the next tariff adjustment; cost increases from 7% to 10%, and within the approved ceiling, can be approved by the MOIT; and cost increases over 10% and/or beyond the set ceiling require the prime minister’s approval. In addition, there is a mandatory one-year wait for cost recovery of any increase over 7%.*

Accordingly, the Vietnam government has not allowed the state utility, EVN [Vietnam Electricity], to raise power prices:

- In early-2014, the Government rejected EVN’s request to increase electricity prices;*
- In July 2014, the Government again rejected EVN’s request to increase electricity prices in order to cover cost overruns of USD330 million due to higher input costs;*
- In May 2016, the Government approved an increase to the ‘maximum’ electricity tariff from 1,135 VND to 1,200 VND per kWh, and an increase to the ‘minimum’ (wholesale) tariff between 1,066 VND and 1,119 VND per kWh;⁸ and*
- In June 2017, the Government rejected EVN’s request to raise electricity prices.”*

The Commission’s consideration of, and conclusion on, the level of influence and control by the GOV on domestic Vietnamese electricity prices is noted in both the Statement of Essential Facts³⁴ and Termination Report³⁵ to Investigation No. 416:

“The Commission is therefore of the view that the level of control exercised by the GoV on electricity prices has artificially suppressed the price of electricity in Vietnam.”

In Investigation No. 416, the Commission determined a sustainable level of electricity tariff for the GOV-controlled EVN, as published by the World Bank, and substituted the electricity costs of Vietnamese rod in coil producers with this market rate. The Commission concluded:

“...given the undeniable dominance of EVN in Vietnam’s power generation and transmission sectors by itself and through its subsidiaries, it is reasonable to accept that the sustainable tariff rate calculated by the World Bank Group for EVN is representative of a sustainable tariff rate for electricity in [the] whole Vietnamese electricity sector.”

The requirement for cost substitution is further supported by recent South-East Asian analysis and commentary into the Vietnamese electricity market. While electricity market reforms have sought to

³³ EPR Folio No. 013.

³⁴ EPR Folio No. 024. P.32.

³⁵ EPR Folio No. 037, P.40.

raise prices³⁶ (yet still under the cautions price management of the GOV³⁷), the recent *Southeast Asian Energy Outlook 2017* comments that “...the price [of electricity] in Vietnam is relatively low compared with other regional countries”.³⁸ Further:

*“...the World Bank’s ‘Electricity, Tariffs, Power Outrages and Firm Performance: A Comparative Analysis 2017’ [has] also commented that the electricity price in Vietnam is among the lowest in the region, even compared with the countries with low income per capita such as Cambodia, Indonesia, the Philippines, Laos and Myanmar.”*³⁹

Electricity costs represent [XX] per cent of the total average conversion cost of manufacturing aluminium zinc coated steel.⁴⁰ This is additional to the cost of electricity for the manufacture of the subject goods flat steel feed material (hot-rolled coil, cold-rolled coil, and metallic coated steel) of 8 per cent.⁴¹

Applied here, BlueScope asserts that 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.

II. Government Policies & Directives – The Steel Master Plan

BlueScope submits that the GOV is heavily involved in the steel industry, including the metallic coated steel sector. BlueScope submits that the prices of aluminium zinc coated steel in Vietnam are controlled by the GOV, and are different than what they otherwise would be in a competitive market.

The extent of the GOV’s influence can be seen at every stage of the steel-making process, from inputs used to produce the subject goods, to the customers purchasing the product. This involvement is no more obvious than as per the GOV’s ‘**Steel Master Plan**’ policy directives.

The GOV’s Steel Master Plan has been/is being implemented over two stages:

- i. The Steel Mater Plan; 2007-2015 (Decree No. 145/2007/QD-TTg); and
- ii. The Steel Master Plan; 2015-2025 (Decision No. 694/QD-BCT).

The Steel Master Plan; 2007-2015

In a presentation by the GOV to the OECD Steel Committee on July 1, 2013, the purpose of the original Plan was summarised as follows:

- a) To develop Vietnam’s steel industry, in conjunction with local plans on socio-economic development;
- b) To build and develop Vietnam’s steel industry into an important industry, ensuring stability and sustainability of industrial development, and minimising the imbalance in manufacturing between pig iron, steel billet and finished products; and between long and flat products;
- c) To build Vietnam’s steel industry with advanced technologies, using domestic resources in an effective manner, and ensuring alignment with environmental protection policies in localities of manufacturing;
- d) A step-by-step reduction in small manufacturing facilities using outdated technologies;

³⁶ Non-Confidential Attachment 8: Vietnam Economic Times (Nov. 2017).

³⁷ Ibid.

³⁸ Non-Confidential Attachment 9: VietnamNet (Dec. 2017).

³⁹ Ibid.

⁴⁰ Confidential Attachment 10.

⁴¹ Confidential Attachment 11.

- e) To encourage domestic economic sectors and enterprises to cooperate with foreign counterparts in investing in steel metallurgical-rolling equipment to international standards for the consequent production of pig iron, steel billet, and finished steel goods; and
- f) To set priority investment policies for high-quality steel production for large-scale projects.⁴²

The Steel Master Plan 2007-2015 specifically includes targets for the manufacture of 23 million tonnes of finished steel production by 2020 (and 28 million tonnes by 2025), and increasing exports to 20% of total steel production by 2020 (and to 25% by 2025).⁴³ The GOV planned to accomplish these goals through major investment projects in expanding capacity at a number of steel complexes, investing in equipment and machinery, researching new projects, and partnering with domestic and foreign parties.

Also included in the Steel Master Plan 2007-2015 is the GOV's stipulated intent to actively manage the development of the steel industry via the utilisation of policy measures, combined with direct government action, to affect pricing and incentivise investment.

Firstly, the plan includes *"...to protect the domestic market through lawful technical barriers and quality and environmental standards..."*.⁴⁴ BlueScope submits that any technical barriers imposed will have the effect of distorting market prices.

Secondly, the GOV's Ministry of Finance is tasked with *"...studying, improving and proposing mechanisms, financial policies as well as import tax and export tax policies in order to step-up investment in the development and restructuring of the steel industry"*.⁴⁵ Explicitly enacting policies and imposing mechanisms directly controls the price of steel in Vietnam.

Thirdly, the Ministry of Natural Resources and Environment assumes accountability for *"...closely managing iron ore resources and fluxing minerals; to direct and increase investment in survey, assessment and exploration of iron ores and fluxing minerals according to the approved master plan"*.⁴⁶ By controlling the feed inputs for the subject goods, the GOV is also controlling the subject goods market.

The Steel Master Plan; 2015-2025

The GOV continues to control the domestic steel industry. While the above-noted Steel Master Plan provided for government-directed reform of the industry from 2007 through 2015 (with a vision to 2025), BlueScope submits that the GOV's new Steel Master Plan for the Vietnamese steel industry ("Steel Master Plan 2015-2025") (Decision No. 694/QD-BCT dated January 31, 2013)⁴⁷ facilitates control by the GOV over the metallic coated steel sector, including aluminium zinc coated steel. Its intent is to govern the Vietnamese steel industry until 2025, and provide a vision of the industry until 2035.⁴⁸

This new Steel Master Plan was prompted by a short-fall of 15 million tonnes of crude steel in 2015, leading Vietnam to import approximately US\$6-US\$7 billion dollars worth of steel. The GOV did not allow the market to correct this imbalance; instead the Deputy Prime Minister asked the Minister of

⁴² Non-Confidential Attachment 12: OECD Vietnam Economy and the Development of the Steel Industry, Steel Committee Meeting (July 2013), p.6.

⁴³ Ibid, p.7.

⁴⁴ Non-Confidential Attachment 13: Decision No.145/2007/QD-TTg of September 04, 2007 approving the master plan on the development of Vietnam's steel industry in the 2007-2015 period, with the 2025 vision taken into consideration, at Article 1 (c).

⁴⁵ Ibid, Article 2(3).

⁴⁶ Ibid, Article 2(6).

⁴⁷ Non-Confidential Attachment 14: Decision No. 694/QD-BCT of January 31, 2013.

⁴⁸ Non-Confidential Attachment 15: Viet Nam News, "Foreign Consultancy to Evaluate Steel Sector Master Plan", December 24, 2016.

Industry and Trade (“MOIT”), the Ministry in charge of the Steel Master Plan, to revise the previous plan.⁴⁹

The principal object of the Steel Master Plan 2015-2025, as set out in Article 1, is as follows:

“Developing Vietnamese steel industry to meet demand of steel products for national economy and ensure stability for domestic consumption market and export. Developing the steel industry which is sustainable and environmentally friendly”.⁵⁰

In addition to this broad objective, the Steel Master Plan 2015-2025 mandates specific development goals for the manufacture of pig iron, sponge/raw steel, and finished steel products. With respect to finished steel, the Steel Master Plan 2015-2025 provides targeted production levels for specified time periods. The production of hot-rolled steel, a major input material to produce the subject goods, is scheduled to increase to 23.8 million metric tonnes by 2025 – 5.3 times higher than the level in 2015.⁵¹

Improvements in Vietnamese domestic steel capacity, outlook and demand are heavily reliant on the State’s role in mapping out the master development plan for the sector.⁵² The plan stipulates a diversification in domestic steel manufacture in order to produce hot-rolled, cold-rolled, and metallic coated steel. One of the implementation policies per the plan directly specifies the GOV’s intention to encourage investment in projects for the manufacture of hot-rolled sheet, the main input material of aluminium zinc coated steel:

“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...”⁵³

By establishing control of steel-related construction and investment projects, and in managing and controlling the production levels of steel, the GOV is influencing steel prices in Vietnam.

Moreover, the Steel Master Plan 2015-2025 explicitly states that the various levels of Vietnamese Government are to directly influence and control steel prices. This would likely include the subject merchandise. Per Article 2, subsection 3:

“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 in the area” (underline added).⁵⁴

The MOIT also notes on its government website that it is “...an agency of the Government, which performs the function of State management over industry and trade, including the following branches and domains: electricity, coal, oil and gas...metallurgy, mining and mineral processing...”⁵⁵ as well as to:

- “...manage and develop the mechanical engineering, metallurgy, mining and mineral processing industries...;
- ...formulate and organise the implementation of industrial promotion programs and plans...;

⁴⁹ Ibid.

⁵⁰ Non-Confidential Attachment 14: Decision No. 694/QD-BCT of March 31, 2013.

⁵¹ Ibid.

⁵² Non-Confidential Attachment 16: The Voice of Vietnam, “Vietnam’s steel industry set to grow over 20% in 2018”, January 26, 2018.

⁵³ Ibid, footnote 37.

⁵⁴ Ibid.

⁵⁵ Non-Confidential Attachment 17: Functions, Tasks and Powers of the Ministry of Industry and Trade, according to the Government’s Decree No. 98/2017/ND-CP of August 18, 2017.

- ...organise the implementation of mechanisms and policies on development of domestic commerce and markets; to develop trade and ensure the balance of supply and demand of commodities...;
- ...organise the implementation of mechanisms and policies on export and import of goods and border trade, and development of overseas markets...;
- ...assume the prime responsibility for...building, organising and operating market management forces...".⁵⁶

The GOV's influence on and involvement in, the domestic steel industry, via the MOIT, is vast and comprehensive. It clearly 1) intervenes to manage the supply of steel products (in turn impacting domestic prices); and 2) directly controls prices within the steel sector, having an impact on the domestic price of aluminium zinc coated steel. Such influence and control alter the economic forces of supply and demand, and would substantially influence the price of the subject goods in the Vietnamese market.

III. Government Policies & Directives – Industrial Development Strategy

The focus of the GOV's current Industrial Development Strategy⁵⁷ is:

- a. *"To develop the industrial sector on the basis of effective mobilization of resources from all economic sectors; to encourage the development of the private sector and foreign invested sector.*
- b. *To develop priority industries and industrial fields, primarily focusing on agricultural and rural industrialization and modernization, on the basis of high-quality human resources and advanced technologies, regarding competition as a driving force for development.*
- c. *To utilize existing advantages and international opportunities; to associate production with services and trade, and to actively participate deeply into the world industrial production value chain.*
- d. *To focus on developing a number of dual-purpose industries to serve national defence and security.*
- e. *To develop the industrial sector on the basis of green growth, sustainable development and environmental protection".*⁵⁸

The Development Strategy prioritises, inter alia, "steel for production" until 2025. As the solution to develop steel as a priority industry, the MOIT has proposed *"To invest in the development of steel manufacturing for mechanical engineering such as steel sheets, shaped steel, and alloy steel"*.⁵⁹

IV. State Ownership of Large Aluminium Zinc Coated Steel Producers

Nam Kim Steel ("Nam Kim") is one of Vietnam's largest manufacturers of metallic coated steel, including aluminium zinc coated steel. Its largest shareholder, Dragon Capital Management Co. Ltd.,⁶⁰ is closely affiliated with the government-owned 'Ho Chi Minh City Securities Corporation'.⁶¹ BlueScope asserts that, via this affiliation, the GOV may influence the price of the subject goods in Vietnam.

⁵⁶ Ibid.

⁵⁷ Non-Confidential Attachment 18: Socialist Republic of Vietnam Government Portal, "Prime Minister Nguyen Tan Dung on June 9, 2014 signed Decision No. 879/QĐ-TTg to approve the Industrial Development Strategy through 2025, vision toward 2035".

⁵⁸ Ibid.

⁵⁹ Ibid.

⁶⁰ Non-Confidential Attachment 19: Market Screener; Nam Kim Steel Joint Stock Co.

⁶¹ Non-Confidential Attachment 20: Affiliations; Dragon Capital Group.

Vina One Steel Manufacturing Corporation (“Vina One”) is a large integrated steel producer that manufactures many steel products, including the subject goods.⁶² BlueScope submits that it is a state-owned enterprise. Vina One was established in 2007 by the Department of Planning and Investment of Long An Province.⁶³

VN Steel is a state-owned entity and has 49 related companies. It is organised and operated in accordance with the VN Steel Charter approved by the Vietnamese Prime Minister in Decision 91/2007/QĐ-TTg dated June 21, 2007, and other related legal documents of the MOIT. BlueScope submits that the GOV has an active role in VN Steel’s management and daily operations on the basis that it “...appoints, dismisses, rewards and punishes...the five members of VN Steel’s Board of Management”.⁶⁴

VN Steel has an interest in two known aluminium zinc coated steel producers: Ton Phuoc Nam (Southern Steel Sheet Co. Ltd.)⁶⁵ and Vnsteel Thang Long⁶⁶ (Ton Phuoc being a joint venture between VN Steel, Sumitomo Corporation (Japan) and FIW Steel Sdn. Bhd. (Malaysia)).⁶⁷ Both companies had approximately 10.7% of Vietnam’s market share for “surface treated sheets” in 2016.⁶⁸ Further, VN Steel has a 30% share of Vietnam’s cold-rolled steel market, the substrate material for aluminium zinc coated steel.⁶⁹

V. Govt. of Vietnam Price Stabilisation

Governmental control over steel prices in Vietnam is not recent. In 2008, with high inflation a concern, the GOV asked the state-owned VN Steel to keep its steel prices unchanged for as long as possible. However, this governmental directive was referenced as not “good for the company”.⁷⁰

In April 2010, the Price Management Department of the Ministry of Finance noted that:

“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”.⁷¹

Further, Vietnam has rules concerning how many tonnes of iron ore, steel billet, coal and how many kilowatt-hours of power are to be used in the making of one tonne of steel. The GOV will also act against steel producers who raise prices excessively.⁷² Such price stabilisation practices and directives are examples of how the GOV intervenes in the steel market.

The GOV’s price control has been legislated via Circular 122 on price management and price registration. Circular 122 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.⁷³ Steel is among the list of goods subject to price controls. While Circular 122 has been superseded by the Price Law (coming into effect January 1, 2013), GOV policy concerning price stabilisation does not appear to have altered, and is further evidence of the GOV controlling the price of steel.⁷⁴

⁶² Non-Confidential Attachment 21: VN Steel products.

⁶³ Non-Confidential Attachment 22: Vina One Steel Manufacturing Corporation Company Profile.

⁶⁴ Non-Confidential Attachment 23: VN Steel, Introduction of [the] Parent Company.

⁶⁵ Non-Confidential Attachment 24: Southern Steel Sheet Co. Ltd.

⁶⁶ Non-Confidential Attachment 25: VnSteel Thang Long.

⁶⁷ Non-Confidential Attachment 26: About the Company – Ton Phuoc Nam SSSC.

⁶⁸ Non-Confidential Attachment 27: “Development of the Vietnamese Iron & Steel Industry under International Economic Integration”, *TERG Discussion Paper No. 396* (November 2018). Table 2 at p.12.

⁶⁹ Non-Confidential Attachment 28: About Vietnam Steel Corporation.

⁷⁰ Non-Confidential Attachment 29: Comments Concerning the Proposed United States Trans-Pacific Partnership Trade Agreement, sent to the US Trade Policy Staff Committee on behalf of the US member companies of the American Iron & Steel Institute, January 25, 2010, p.8.

⁷¹ Non-Confidential Attachment 30: Thanhnien News, “Vietnam steel producers manipulating prices”, April 9, 2010.

⁷² Ibid.

⁷³ Non-Confidential Attachment 31: Export.Gov, “Vietnam – Trade Barriers,” August 24, 2018, p.2.

⁷⁴ Ibid.

VI. Government of Vietnam Control Over Projects & Investments

As noted above in the Steel Master Plan commentary, the GOV maintains investments in steel companies and economic expansion projects.

Moreover, in the management of demand for steel products, the GOV intermittently starts, stops, and re-starts construction projects.⁷⁵ For example, in April 2017 the GOV halted construction on the Hoa Sen Ca Na steel plant in the south-central Ninh Thuan Province, a project estimated at US\$10.6 billion.⁷⁶ At the time, the GOV required that more studies be completed, despite the fact that almost 97% of Hoa Sen's shareholders had approved the construction. The GOV has now included this project within its Master Plan. As of the date of this Application, this large-scale steel plant investment is still yet to receive governmental approval. This is indicative of government control over the steel industry, as Hoa Sen represents approximately 40% of the steel sheet market, and 20% of the steel pipe market domestically.⁷⁷

As per the GOV's current Steel Master Plan, as noted earlier, 12 projects were removed from the Plan's second draft because "...of ineffective investments and incapable investors."⁷⁸ By determining project approval or otherwise, the government is controlling the Vietnamese steel industry. The GOV also directs steel companies to upgrade their production technologies, find ways to save production costs, and require greater flexible in monthly and quarterly plans to better promote brands and build distribution networks.⁷⁹

VII. Vietnamese Steel Industry Subsidisation

BlueScope has evidenced at Section C of this application recent affirmative countervailing subsidy findings by the CBSA involving steel exports from Vietnam, namely:

Product	Statement of Reason – Final Determination	Positive Subsidy Margin
Certain Oil Country Tubular Goods ⁸⁰	March 2015	19%
Certain Copper Pipe Fittings ⁸¹	May 2018	30.6%
Cold Rolled Steel ⁸²	November 2018	6.5%

This subsidisation influences the price of Vietnamese domestic steel, including the subject goods. Such an influenced price is different to what would otherwise be under commercial market conditions.

Subsidies allow Vietnamese steel producers to manufacture and consequently sell domestic steel products, including the subject goods, at prices determined by factors other than the market, including at lower price points than they would be without government intervention and financial assistance.

BlueScope submits that the GOV determines the price of aluminium zinc coated steel as a consequence of the countervailable subsidies made available to subject goods producers and exporters.

⁷⁵ Non-Confidential Attachment 29: Comments Concerning the Proposed United States Trans-Pacific Partnership Trade Agreement, sent to the US Trade Policy Staff Committee on behalf of the US member companies of the American Iron & Steel Institute, January 25, 2010, p.8.

⁷⁶ Non-Confidential Attachment 32: Viet Nam News, "PM Halts US\$10.6 billion steel plant", April 17, 2017.

⁷⁷ Ibid.

⁷⁸ Non-Confidential Attachment 33: Viet Nam News, "Steel masterplan drops 12 projects", December 12, 2016.

⁷⁹ Non-Confidential Attachment 34: "Vietnam's steel production set for 2017 surge", January 10, 2017.

⁸⁰ Non-Confidential Attachment 35: CBSA, Statement of Reasons - Final Determination; *Dumping of Certain Oil Country Tubular Goods Originating in or Exported from Chinese Taipei, the Republic of India, the Republic of Indonesia, the Republic of the Philippines, the Republic of Korea, the Kingdom of Thailand, the Republic of Turkey, Ukraine, and the Socialist Republic of Vietnam, and the subsidising of Oil Country Tubular Goods originating in or exported from the Republic of India, the Republic of Indonesia, and the Socialist Republic of Vietnam*, March 18, 2015.

⁸¹ Non-Confidential Attachment 36: CBSA Statement of Reasons – Final Determination; *Dumping and Subsidisation of Certain Copper Pipe Fittings Originating in or Exported from the Socialist Republic of Vietnam*, May 10, 2018.

⁸² Non-Confidential Attachment 37: CBSA Statement of Reasons – Final Determination; Canada Border Services Agency, Cold-Rolled Steel from China, South Korea and Vietnam, Nov. 2018.

Vietnam market situation conclusion

BlueScope considers that the GOV has intervened in the domestic steel industry in Vietnam such that domestic prices for steel goods (including aluminium zinc coated steel) are materially distorted and are substantially different than they otherwise would be.

As such, BlueScope submits that a particular market situation applies in Vietnam for aluminium zinc coated steel, and that normal values cannot be determined under subsection 269TAC(1).

D. Domestic selling prices – Korea

BlueScope has not been able to obtain domestic selling prices for aluminium zinc coated steel sold domestically in Korea. Domestic selling prices are similarly not available from industry newsletters or publications. BlueScope does not have access to cost of production data for those Korean producers noted at Section B-1(4) above.

BlueScope, therefore, is unable to determine normal values for the subject goods under subsection 269TAC(1) or (2).

E. Domestic selling prices – Taiwan

BlueScope has not been able to obtain domestic selling prices for aluminium zinc coated steel sold domestically in Taiwan. Domestic selling prices are similarly not available from industry newsletters or publications. BlueScope does not have access to cost of production data for those Taiwanese producers noted at Section B-1(4) above.

The Applicant, therefore, is unable to determine normal values for aluminium zinc coated steel in Taiwan under subsection 269TAC(1) or (2).

2. Specify the terms and conditions of the sale, where known.

This question is not applicable.

3. Provide supporting documentary evidence.

Please refer to Section B-4 of this application (below).

4. List the names and contact details of other known sellers of like goods in the domestic market of the exporting country.

This question is not applicable.

B-4 Estimate of normal value using another method

This section is not mandatory. It need only be completed where there is no reliable information available about selling prices in the exporter's domestic market. Other methods of calculating a normal value include:

- the cost to make the exported goods plus the selling and administration costs (as if they were sold in the exporter's domestic market) plus an amount for profit (if applicable);
- OR
- the selling price of like goods from the country of export to a third country.

1. Indicate the normal value of the like goods in the country of export using another method (if applicable, use appendix B2 Constructed Normal Value).

As outlined in Section B-3(1) above, BlueScope considers that domestic selling prices for aluminium zinc coated steel sold in China and Vietnam are artificially low, and conditions exist in those domestic markets that render sales of the subject goods not suitable for use in determining normal values under subsection 269TAC(1).

BlueScope has therefore determined normal values for aluminium zinc coated steel in China and Vietnam on a constructed selling basis. As detailed in Section B-3(1) above, the costs and selling prices for the subject goods in China and Vietnam are adversely affected by the GOC's and GOV's interventions in their respective iron and steel industries. BlueScope therefore contends that domestic selling prices for aluminium zinc coated steel in China and Vietnam are not suitable and are therefore not representative of competitive market costs.

BlueScope has demonstrated that raw material HRC (bare, cold-rolled and galvanised) manufactured in China and Vietnam is the subject of government influence. Therefore, Chinese and Vietnamese domestic selling prices for HRC are not appropriate for determining a competitive market cost for HRC. BlueScope has sought to include an external benchmark HRC price in the constructed normal value for the subject goods produced in China and Vietnam.

BlueScope has sourced domestic selling price information for raw material HRC for certain countries. The domestic selling price data (from an independent steel industry subscription service) details domestic selling prices in Korea and Taiwan. This data forms the basis of a market 'benchmark' price for HRC⁸³ that can be incorporated into the constructed cost model for Chinese aluminium zinc coated steel.

Vietnam's constructed normal value includes, as the benchmark for HRC, published HRC feed import prices on the basis that it does not have a materially significant HRC domestic manufacturing industry.⁸⁴

In respect of conversion costs (pickling, cold rolling, and metallic coating), and selling, general and administration ("SG&A") expenses, BlueScope does not have access to Chinese/Vietnamese manufacturer costs. In the absence of this information, BlueScope has [*conversion costs/SG&A methodology*]. This is considered materially representative of conversion and SG&A costs incurred in the manufacture of the subject goods in the ASEAN region. A level of profit of [XX] per cent has been applied for China and Vietnam.⁸⁵

⁸³ The Commission used a similar benchmark price from verified HRC costs from Korean and Taiwanese producers, for use in Chinese aluminium zinc coated steel constructed normal values in Investigation No. 190 and more recently in Continuation Inquiry 450.

⁸⁴ These published HRC import prices have been sourced from the International Steel Statistics Bureau (ISSB).

⁸⁵ Confidential Attachment 38.

China and Vietnam Normal values for aluminium zinc coated steel

BlueScope has calculated constructed selling prices for aluminium zinc coated steel sold domestically in China and Vietnam on a monthly basis, from April 2019 to March 2020.

Table B-4.1.1 Constructed domestic selling prices for the subject goods in China and Vietnam

Month	China Domestic Selling Price A\$/MT	Vietnam Domestic Selling Price A\$/MT
Apr. 2019	\$(XXX)	\$(XXX)
May 2019	\$(XXX)	\$(XXX)
Jun. 2019	\$(XXX)	\$(XXX)
Jul. 2019	\$(XXX)	\$(XXX)
Aug. 2019	\$(XXX)	\$(XXX)
Sep. 2019	\$(XXX)	\$(XXX)
Oct. 2019	\$(XXX)	\$(XXX)
Nov. 2019	\$(XXX)	\$(XXX)
Dec. 2019	\$(XXX)	\$(XXX)
Jan. 2020	\$(XXX)	\$(XXX)
Feb. 2020	\$(XXX)	\$(XXX)
Mar. 2020	\$(XXX)	\$(XXX)

Please refer Confidential Attachment B-4.1 for monthly constructed normal value calculations for China and Vietnam.

2. Provide supporting documentary evidence.

Supporting documentation has been provided at Confidential Attachment B-4.1.

B-5 Adjustments

A fair comparison must be made between the export price and the normal value. Adjustments should be made for differences in the terms and circumstances of the sales such as the level of trade, physical characteristics, taxes or other factors that affect price comparability.

1. Provide details of any known differences between the export price and the normal value. Include supporting information, including the basis of estimates.

Normal values determined for each of the exporting countries nominated in this application have been determined at the ex-factory level. Export prices for the goods exported to Australia from each of the nominated countries have been determined at the FOB point, country of export.

BlueScope does not have details of domestic inland freight costs in each of the exporting countries from the respective exporter to transport the goods from factory to FOB point. BlueScope therefore has not included an adjustment for domestic inland freight for each normal value.

Adjustments will also be required for, inter-alia and specific to each exporter, domestic and export credit terms, and domestic and export packing. BlueScope does not have details of such costs for exporters in each exporting country.

In respect of goods exported from China, differences exist for VAT levied on domestic goods (i.e. 17 per cent) and exported goods (now 10 per cent). An upward adjustment to normal values will therefore be required for goods exported from China to Australia.

2. **State the amount of adjustment required for each and apply the adjustments to the domestic prices to calculate normal values. Include supporting information, including the basis of estimates.**

BlueScope is unable to provide information as to the relevant adjustments identified in B-5.1.

B-6 Dumping margin

1. **Subtract the export price from the normal value for each model control code of the goods (after adjusting for any differences affecting price comparability).**

BlueScope has calculated prima facie dumping margins for aluminium zinc coated steel exported from China and Vietnam for the 12 months ending March 2020. A one-month lag has been used in the published export data to more accurately reflect the likely time of Australian importation.

Table 6.1 – Dumping Margins for aluminium zinc coated steel exported from China

Period	Dumping Margin A\$/MT	Dumping Margin as % of export price
Apr. – Jun. 2019	[\$XXX]	[XX]%
Jul. – Sep. 2019	[\$XXX]	[XX]%
Oct. – Dec. 2019	[\$XXX]	[XX]%
Jan. – Mar. 2020	[\$XXX]	[XX]%
Apr. 19 – Mar. 20	[\$XXX]	76%

Table 6.2 – Dumping Margins for aluminium zinc coated steel exported from Vietnam

Period	Dumping Margin A\$/MT	Dumping Margin as % of export price
Apr. – Jun. 2019	[\$XXX]	[XX]%
Jul. – Sep. 2019	[\$XXX]	[XX]%
Oct. – Dec. 2019	[\$XXX]	[XX]%
Jan. – Mar. 2020	[\$XXX]	[XX]%
Apr. 19 – Mar. 20	[\$XXX]	36%

Please refer to the above-noted Confidential Attachment B-4.1 for dumping margin calculations.

2. **Show dumping margins as a percentage of the export price.**

BlueScope has included dumping margins as a percentage of export price in the above tables 6.1, and 6.2.

PART C

SUPPLEMENTARY SECTION

IMPORTANT

Replies to questions in Part C are not mandatory in all instances, but may be mandatory for certain applications.

C-1 Subsidy

This section must be completed where countervailing duties are sought to offset foreign government assistance through subsidies to exporters or producers.

If the application is for countervailing duty alone, the domestic price information required by Part B of the application need not be supplied.

Responses to questions A-9 will need to identify the link between subsidisation and injury.

- 1. Identify the subsidy paid in the country of export or origin. Provide supporting evidence including details of:**
 - (i) the nature and title of the subsidy;**
 - (ii) the government agency responsible for administering the subsidy;**
 - (iii) the recipients of the subsidy; and**
 - (iv) the amount of the subsidy.**

The goods exported from China and Vietnam are understood to benefit from a range of subsidies that provide the exporter with benefits that aid in the reduction of selling prices for the exported goods.

Republic of China

BlueScope notes that the Commission has previously identified a range of countervailable subsidy programs applicable to producers in the Chinese steel and aluminium industries. As the exported goods are products of the Chinese steel industry, and the Commission has previously concluded that goods manufactured from HRC attract a broad range of subsidies, it is reasonable to conclude that the identified programs below also currently afford benefits to Chinese exporters of the goods the subject of this application.

The following summary of countervailable subsidy programs identifies those most recently examined by the Commission per Review Inquiry Report No. 456 into aluminium zinc coated steel exported from China and Korea.

In Review Inquiry No. 456, the Commission found that financial benefits were conferred to aluminium zinc coated steel producers in respect of the goods via countervailable subsidy programs. The Commission examined 36 subsidy programs, as identified in the original investigation (No. 198 refers) and found 34 of these to be countervailable.

The Commission concluded⁸⁶ all of the following 34 programs were countervailable in respect of aluminium zinc coated steel:

No.	Name	Type
1	Preferential Tax Policies for Enterprises with Foreign Investment Established in the Coastal Economic Open Areas and Economic and Technological Development Zones.	Tax
2	Preferential Tax Policies for Foreign Invested Enterprises– Reduced Tax Rate for Productive Foreign Invested Enterprises scheduled to operate for a period of not less than 10 years.	Tax
3	Preferential Tax Policies for Enterprises with Foreign Investment Established in Special Economic Zones (excluding Shanghai Pudong area).	Tax
4	Preferential Tax Policies for Enterprises with Foreign Investment Established in Pudong area of Shanghai.	Tax
5	Preferential Tax Policies in the Western Regions.	Tax
6	Land Use Tax Deduction.	Tax
7	Preferential Tax Policies for High and New Technology Enterprises.	Tax
8	Tariff and VAT Exemptions on Imported Materials and Equipment.	Tax
9	One-time Awards to Enterprises Whose Products Qualify for ‘Well-Known Trademarks of China’ and ‘Famous Brands of China’.	Grant
10	Matching Funds for International Market Development for Small and Medium Enterprises.	Grant
11	Superstar Enterprise Grant.	Grant
12	Research & Development (R&D) Assistance Grant.	Grant
13	Patent Award of Guangdong Province.	Grant
14	Innovative Experimental Enterprise Grant.	Grant
15	Special Support Fund for Non-State-Owned Enterprises.	Grant
16	Venture Investment Fund of Hi-Tech Industry.	Grant
17	Grants for Encouraging the Establishment of Headquarters and Regional Headquarters with Foreign Investment.	Grant
18	Grant for key enterprises in equipment manufacturing industry of Zhongshan.	Grant
19	Water Conservancy Fund Deduction.	Grant
20	Wuxing District Freight Assistance.	Grant
21	Huzhou City Public Listing Grant.	Grant
22	Huzhou City Quality Award.	Grant
23	Huzhou Industry Enterprise Transformation & Upgrade Development Fund.	Grant

⁸⁶ Report No. 456.

24	Wuxing District Public Listing Grant.	Grant
25	Anti-dumping Respondent Assistance.	Grant
26	Technology Project Assistance.	Grant
27	Hot rolled steel provided by government at less than fair market value.	LTAR
28	Capital injections	Equity
29	Environmental protection grant	Grant
30	High and New Technology Enterprise Grant	Grant
31	Independent Innovation and High-Tech Industrialisation Program	Grant
32	VAT refund on domestic sales by local tax authority	Tariff/VAT
33	Environmental Prize	Grant
34	Jinzhou District Research and Development Assistance Program	Grant

The review period for Inquiry No. 456 covered the twelve months ending September 2017. The almost concurrent Inquiry No. 419 into Hollow Structural Sections exported from China, Korea, Malaysia and Taiwan had a review period of fiscal year 2017. In that review, the Commission found all of the above-noted countervailable subsidies, plus the following additional ones:

No.	Name	Type
1	Balidian Town Public Listing Award.	Grant
2	Local Tax Bureau Refund.	Tax
3	Return of Farmland Use Tax.	Tax
4	Return of Land Transfer Fee.	Tax
5	Return of Land Transfer Fee From Shiyou.	Tax
6	Dining lampblack governance subsidy of Jinghai County Environmental Protection Bureau.	Grant
7	Discount interest fund for technological innovation.	Grant
8	Energy conservation and emission reduction special fund project in 2015.	Grant
9	Enterprise famous brand reward of Fengnan Finance Bureau.	Grant
10	Government subsidy for construction.	Grant
11	Infrastructure Construction Costs Of Road In Front Of No.5 Factory.	Grant
12	New Type Entrepreneur Cultivation Engineering Training Fee Of Jinghai County Science And Technology Commission.	Grant
13	Subsidy for Coal-Fired Boiler of Fengnan Subtreasury.	Grant
14	Subsidy for Coal-Fired Boiler Rectification.	Grant
15	Subsidy for District Level Technological Project.	Grant
16	Subsidy For Pollution Control Of Fengnan Environmental Protection Bureau.	Grant
17	Subsidy from Science and Technology Bureau of Jinghai County.	Grant
18	Subsidy of Environment Bureau transferred from Shiyou.	Grant

BlueScope considers it is reasonable that Chinese aluminium zinc coated steel producers/exporters continue to be in receipt of the above-noted GOC benefits, as earlier identified.

Republic of Vietnam

BlueScope submits that recent trade case precedent is the most relevant way to highlight affirmative positive findings of subsidisation in the Vietnamese steel industry. In chronological order of most recent decision-making by Administration's, BlueScope has detailed below affirmative subsidy findings and current investigations by the CBSA evidencing the existence of countervailable benefits provided by the Government of Vietnam ("GOV") to the steel industry.

Corrosion Resistant Steel Sheet – 2019

On November 22, 2019 the CBSA published its Initiation Statement of Reasons into the alleged dumping and subsidisation of certain corrosion-resistant ("COR") steel sheet originating from Turkey, the United Arab Emirates, and Vietnam.⁸⁷

The CBSA have preliminarily determined that the Government of Vietnam have likely provided specific support to exporters/producers of the subject goods in the following manner:

1. Exemptions of Import Duty (consisting of seven separate programs);
2. Refund of Import Duties;
3. Incentives on non-agricultural land use;
4. Exemptions/reductions of Land Rent, Tax, and Levies (consisting of five separate programs);
5. Export & Import Support in the Form of Preferential Loans, Guarantee's, and Factoring (consisting of five separate programs);
6. Enterprise Income Tax Preferences, Exemptions, and Reductions (consisting of seven separate programs);
7. Investment Support (consisting of two separate programs);
8. Export Promotion;
9. Accelerated Depreciation of Fixed Assets; and
10. Assistance to Enterprises Facing Difficulties due to objective reasons.

BlueScope will provide further representations on this new investigation in due course.

Cold Rolled Steel – 2018

In November 2018, the CBSA published its Final Determination Statement of Reasons into the dumping and subsidisation inquiry concerning cold-rolled steel exported from Vietnam, China and South Korea.

The CBSA concluded that Vietnamese producers of cold-rolled steel are in receipt of subsidy benefits, as a percentage of their export price, of 6.5%. During the inquiry, the CBSA had not received responses to its Request For Information ("RFI") from either the GOV or the subject-goods exporters.

The following Vietnamese subsidy programs were included within the scope of the investigation. The CBSA concluded that the GOV provided support to exporters/producers of the subject goods in the following manner:

Relief from Duties & Taxes

- | | |
|------------|--|
| Program 1: | Exemptions of Import Duty; |
| Program 2: | Refunds of Import Duty; |
| Program 3: | Exemption/Reductions of Land Rent, Tax and Levy; and |
| Program 4: | Program Incentives on non-agricultural Land Use Tax. |

⁸⁷ Non-Confidential Attachment 6: Canada Border Services Agency, Certain Corrosion-Resistant Steel Sheet, Initiation Statement of Reasons, Nov. 2019.

Preferential Loans & Guarantees

Program 5: Export and Import Support in the Forms of Preferential Loans, Guarantees, and Factoring.

Preferential Tax Programs

Program 6: Enterprise Income Tax Preferences, Exemptions and Reductions;
Program 7: Accelerated Depreciation of Fixed Assets; and
Program 8: Establishments Dealing with Exported Goods.

Grants & Grant Equivalents

Program 9: Investment Support;
Program 10: Export Promotion Program;
Program 11: Grants to Firms that Employ More than 50 Employees; and
Program 12: Assistance to Enterprises Facing Difficulties due to Objective Reasons.

Certain Copper Pipe Fittings – 2018

In May 2018, the CBSA concluded its dumping and subsidy investigation of Certain Copper Pipe Fittings exported from Vietnam. In the Statement of Reasons published on 10 May 2018⁸⁸, the CBSA determined a subsidy margin of 30.6% for Vietnamese exporters of the subject goods.

The subsidy programs identified by the Canadian industry and the GOV, which were then investigated by the CBSA and who subsequently concluded that benefits were conferred to producers/exporters of the subject goods, were as follows:

Program 1:	Land-Use Levy Exemptions/Reductions;
Program 2:	Land Rent Exemptions/Reductions;
Program 3:	Tax Exemptions and Reductions for Encouraged Sectors;
Program 4:	Enterprise Income Tax Exemption/Reduction for Business Expansion and Intensive Investment Projects;
Program 5:	Exemption of Import Tax on Equipment and Machinery Imported to Create Fixed Assets;
Program 6:	Tax Preferences for Investors Producing and/or Dealing in Export Goods;
Program 9:	Tax Exemptions and Reductions for Investment in Disadvantaged Regions;
Program 10:	Establishments Dealing with Exporter Goods;
Program 11:	Preferential Income Tax Rates for Enterprises within Economic Zones or Industrial Parks;
Program 12:	Tax Exemptions and Reductions for Foreign-Invested Enterprises;
Program 16:	Grants to Firms that Employ more than 50 Employees;
Program 18:	Accelerated Depreciation of Fixed Assets; and
Program 19:	Program Incentives on Non-agricultural land use tax.

Appendix C-1.1 provides further detail on each of the subsidy programs investigated by the CBSA (Refer Appendix C-1.1 from the CBSA Final Determination).

During the investigation, the CBSA did not receive a substantially complete response to its RFI from either the GOV or the subject-goods exporters. The CBSA therefore applied a facts available comparative analysis to calculate the 30.6% subsidy margin.

BlueScope submits that in the absence of any alternative information to that relied upon by the CBSA, it is reasonable to conclude that Vietnamese aluminium zinc coated producers/exporters are in receipt of the same benefits as identified by the CBSA in the copper pipe fittings investigation.

⁸⁸ Non-Confidential Attachment 36: CBSA Final Determination / Statement of Reasons Copper Pipe Fittings (May 2018).

Oil Country Tubular Goods – 2015

In March 2015, the CBSA completed its countervailing and subsidy investigation into certain Oil Country Tubular Goods (“OCTG”) from Vietnam. In the Final Determination published on 18 March 2015⁸⁹, the CBSA concluded subsidy margins for Vietnamese exporters of OCTG at a rate of 19%.

The subsidy programs identified by the Canadian industry and investigated by the CBSA included:

Program 1:	Land-Use Levy Exemptions or Reductions;
Program 2:	Land Rent Exemptions or Reductions;
Program 3:	Tax Exemptions and Reductions for Encouraged Sectors;
Program 4:	Tax Exemptions and Reductions for Investment in Disadvantaged Regions;
Program 5:	Tax Exemptions and Reductions for Investments in Economic Zones or High-Tech Industrial Parks;
Program 6:	Tax Exemptions and Reductions for Foreign-Invested Enterprises;
Program 7:	Additional Income Tax Preferences for Exporters;
Program 8:	Accelerated Depreciation of Fixed Assets;
Program 9:	Preferential Provisions for Carry-forward of Losses;
Program 10:	Exemption of Import Tax on Equipment and Machinery Imported to Create Fixed Assets;
Program 11:	Export Support Loans at Preferential Rates;
Program 12:	Excessive Duty Exemptions for Imported Raw Materials for Exported Goods;
Program 13:	Import Duty Exemption on Equipment and Machinery Imported to Create Fixed Assets;
Program 14:	Interest Rate Support Program under the State Bank of Vietnam;
Program 15:	Preferential Lending under the Viet Bank Export Loan Program;
Program 16:	Grants to Firms that Employ More than 50 Employees;
Program 17:	Assistance to Enterprises Facing Difficulties due to Objective Reasons; and
Program 18:	Acquisition of State Assets at Less Than Fair Market Value.

BlueScope notes that the exporters of OCTG in Vietnam and the GOV did not respond to the CBSA’s RFI; hence positive findings in respect of each of the subsidy programs was made.

WTO Committee on Subsidies & Countervailing Measures

In March 2013, Vietnam provided the WTO Committee on Subsidies and Countervailing Measures a “New and Full Notification Pursuant to Article XVI.1 of the GATT and Article 25 of the Agreement on Subsidies and Countervailing Measures.”⁹⁰ The document detailed support programmes for the period 2005 to 2007 and provided a *“full and updated notification for subsidies effective during the notified period, inclusive of both new (if any) and previously notified programmes”*.

The 2013 New and Full Notification of Subsidies programs included the following:

1. Preferential Import Tariff Rates contingent upon Localisation Ratios with respect to products and Parts of Mechanical-Electric-Electronic Industries (updating Programme II of Notification of Subsidies period 2003-2004);
2. Support for the Implementation of Projects Manufacturing Priority Industrial Products (Updating Programme III of 2003-2004);
3. Investment Incentives Contingent upon Export Performance For Domestic Businesses (Updating Programme IV of 2003-2004);
4. Other Investment Incentives for Domestic Businesses (Updating Program V of Period 2003-2004);
5. Investment Incentives Contingent upon Export Performance for Foreign Invested Enterprises (Updating Programme VI of the Period 2003-2004);
6. Other Investment Incentives for Foreign Invested Enterprises (Updating Programme VII for Period 2003-2004);

⁸⁹ Non-Confidential Attachment 35: CBSA Final Determination / Statement of Reasons OCTG (March 2015).

⁹⁰ Refer WTO Document G/SCM/N/155/VNM of 13 March 2013 at Non-Confidential Attachment 39.

7. Preferential Investment Credit for Development Contingent upon Export Criteria (Updating Programme VIII of Period 2003-2004);
8. Preferential Development Credit for Investment Contingent Upon Localisation Ratios (Updating Programme IX of Period 2003-2004);
9. Other Preferential Investment Credit for Development (Updating Program X of Period 2003-2004);
10. Export Promotion (Updating Program XII of Period 2003-2004);
11. Trade Promotion (Updating of Programme XIII of Period 2003-2004);
12. Support for Mechanical Products (Updating Program XV of Period 2003-2004);
13. Support for Shipbuilding Industry (Updating of Programme XV of Period 2003-2004);
14. Assistance for Commercial Development in Mountainous, Island and Ethnic Minority Areas (Updating Programme XVI of Period 2003-2004);
15. Assistance to Enterprises Facing Difficulties Due to Objective Reasons (Updating of Programme XVII of Period 2003-2004); and
16. Incentives for Investment Projects in Science and Technology (Updating Programme XVIII of Period 2003-2004).

On 25 September 2015, Vietnam provided a further New and Full Notification Pursuant to Article XVI.1 of the GATT 1994 and Article 25 of the Agreement on Subsidies and Countervailing Measures.⁹¹ The updated Notification provided details of the subsidy programs in operation including, for example, Incentives on Corporate Income Tax for enterprises operating in regions or sectors entitled to incentives. Specifically, the incentives were targeted to encourage enterprises to invest in regions or sectors which require development.

Greater than negligible benefit – Vietnamese Aluminium Zinc Coated Steel Exporters

It is BlueScope's submission that the aggregate benefit of the identified subsidy programs as received by a recipient exporter are above negligible levels and therefore justify the imposition of a countervailing notice in respect of the Vietnamese exporters of the subject goods.

BlueScope also submits that the regularity with which the CBSA has found countervailable subsidies to exist over a number of steel product inquiries (in many cases, the exact same type), and the GOV's own admission in these inquiries and per its support program notifications to the WTO, that government support provided to the Vietnamese steel industry is clearly prevalent and proven, and that the manufacturers and exporters of aluminium zinc coated have benefited from this.

⁹¹ Refer WTO Document G/SCM/N/253/VNM dated 25 September 2015, at Non-Confidential Attachment 40.

C-2. Threat of material injury

You must complete this section if the application includes a claim that material injury is threatened to an Australian industry because of the exportation of goods into the Australian market.

- 1. Identify the change(s) in circumstances that would make material injury foreseeable and imminent unless dumping or countervailing measures were imposed, for example by having regard to:**
 - (i) the rate of increase of dumped/subsidised imports;**
 - (ii) changes to the available capacity of the exporter(s);**
 - (iii) the prices of imports that will have a significant depressing or suppressing effect on domestic prices and lead to further imports;**
 - (iv) inventories of the product to be investigated;**
 - (v) for applications claiming subsidisation, the nature of the subsidies in question and the trade effects likely to arise therefrom; or**
 - (vi) any other relevant factor(s).**
- 2. If appropriate, include an analysis of trends (or a projection of trends) and market conditions illustrating that material injury is both foreseeable and imminent.**

Articles 3.4 and 3.7 of the *Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994* ("ADA") and article 15 of the *Agreement on subsidies and countervailing measures* ("the SCM Agreement") set out the factors to be considered in a determination of threat of material injury. The Agreements give a non-exhaustive list of factors that should be considered when making a determination of threat of material injury (as noted above at C-2(1)(i-vi).

Extraordinary circumstances are impacting global steel markets, including the markets for aluminium zinc coated steel. The excess capacity that has plagued the industry in recent years continues prompting, most recently, an unprecedented trade policy response in the U.S. In 2018, the U.S. imposed a 25% tariff on a wide range of steel imports, including the subject goods, on national security grounds. None of the countries named in this application are excluded in totality from the measure.

On January 4, 2019, the European Union notified the World Trade Organisation that it would be implementing steel-related safeguard measures.⁹² These combined actions by the world's two largest steel consuming markets constitutes significant trade restrictions for the subject goods.

BlueScope submits that the current circumstances in the global aluminium zinc coated steel market will drive significant volumes of low-priced subject goods to Australia, and hence threaten the Australian industry with material injury. The comparatively high prices in the Australian market, combined with trade measures in other markets, excess production capacity, and excess exports, will make Australia an attractive destination for increased volumes of dumped and subsidised subject goods.

Imports are increasing, and are likely to continue to do so, given the unused and growing production capacity in the named countries, existing channels of distribution, and their level of price undercutting. Increasing import volumes at prices that substantially undercut BlueScope's pricing will continue to depress and/or suppress domestic prices. The adverse volume and price effects of increasing dumped and/or subsidised imports will cause BlueScope to suffer material injury.

BlueScope submits that the below furnished evidence should allow the Commission to conclude that there is a reasonable likelihood that the domestic industry will suffer material injury in the next 12 to 24 months should the trends exhibited continue in 2020/21.

⁹² Non-Confidential Attachment 41: European Union "Notification under article 12.1(b) of the agreement on safeguards on finding a serious injury or threat thereof caused by increased imports", (2 January 2019) WTO Doc G/SG/N/11/EU/1/Suppl.1.

(i) Increase in Dumped/Subsidised Imports

The volume of subject good imports has increased significantly over the proposed investigation period and prior. The volume of subject goods imports has risen from [XXX] tonnes in 2016/17, to [XXX] tonnes in 2017/18, to [XXX] tonnes in 2018/19, and [XXX] in 2019/20. As discussed above, this rise has corresponded with low-priced import offers and price undercutting, which has had a financial impact on the domestic industry.

For China and Vietnam, import volumes have trended as follows:⁹³

- China: from [XXX] tonnes in 2016/17, to [XXX] tonnes in 2019/20, with its share of subject goods imports decreasing with the significant emergence of Vietnam; and
- Vietnam: from [XXX] tonnes in 2016/17, to [XXX] tonnes in 2019, with its share of imports increasing substantially to [XX] percent.

BlueScope submits that there has been a clear overall and cumulative trend of rising import volumes, collectively, from the above-noted sources, and that this trend will continue in the absence of appropriate trade measures redress.

(ii) Over Capacity and Capacity Increases

A consideration as to whether the domestic industry faces a threat of injury from the importation of dumped or subsidized goods is if there is sufficient freely disposable capacity, or an imminent, substantial increase in the capacity of an exporter, that indicates a likelihood of a substantial increase of dumped or subsidised goods, taking into account the availability of other export markets to absorb any increase.⁹⁴ BlueScope submits that global steel excess capacity, including excess capacity relating to aluminium zinc coated steel, represents a material threat to the domestic subject-goods producing industry.

a) Global Excess Steel Capacity

An analysis of excess capacity in the subject goods industry requires consideration of both overcapacity in the industry specifically, and the steel industry more generally. Aluminium zinc coated steel is produced from HRC substrate – a product of primary steel production. Overcapacity in such primary steel production affects the volume of production, price, profitability, and export orientation of the subject goods.

The Commission's *Analysis of Steel and Aluminium Markets Report to the Commissioner of the Anti-Dumping Commission*⁹⁵ found that ongoing excess capacity is a significant challenge for the global steel industry, particularly in Asia. In relevant part:

“Excess capacity – a problem that afflicts the steel industry – is a significant issue for the sector. The growing gap between global steelmaking capacity and demand had led to deterioration in the financial situation of steelmakers, and raised concerns about the longer-term economic viability and efficiency of the industry”.

The tipping point in global steel excess capacity was recognised by the Organisation of Economic Cooperation and Development (“OECD”) in April 2016 when it took the unprecedented step of convening a high-level meeting in Brussels attempting to address the problem. It noted that excess capacity is the biggest challenge facing the steel industry:

“Excess steelmaking capacity – a global challenge that continues to grow – is creating significant difficulties for steel producers in advanced, emerging and developing economies alike. Low steel prices, weak profitability, trade disturbances in some jurisdictions, and an escalation of trade actions against steel imports are some of the immediate impacts of excess capacity that are being felt by steel manufacturers around the world. These effects are pronounced due to the weakness of global

⁹³ Confidential Appendix A2 refers.

⁹⁴ Anti-Dumping and Subsidy Manual, November 2018, p.23.

⁹⁵ <https://www.industry.gov.au/data-and-publications/analysis-of-steel-and-aluminium-markets>

steel markets and sluggish growth prospects. Alleviating excess capacity would lead to improved and more stable business conditions, and allow the industry to face a number of long-term challenges more effectively.”⁹⁶

At the March 2018 OECD Steel Committee meeting, it was further noted that:

“New investment projects continue to take place around the world and global steelmaking capacity could increase by 2.0% between 2018 and 2020 in the absence of any further closures. Global excess capacity is expected to continue to be a major challenge for the global steel industry—calling for urgent, accelerated actions to reduce it. Economies at the heart of the increase in capacity have an important role in this regard, and those increasing capacity should do so strictly in line with demand to avoid an exacerbation of the problem.”⁹⁷

As recently as March 2019, the OECD Steel Committee again “...expressed concerns about the low growth prospects for the global economy and global steel markets, noting that decelerating demand growth and virtually unchanged steelmaking capacity result in a persistence of severe excess capacity in the steel sector.”⁹⁸

Even more contemporary, on 25 November 2019 the South East Asian Iron and Steel Institute (“SEAISI”) highlighted that the ASEAN region is slated to significantly increase its overall steelmaking capacity.⁹⁹ SEAISI forecasts an alarming increase across the region from the current existing capacity of [XXX] million metric tonnes, to [XXX] million metric tonnes.¹⁰⁰ This will be driven primarily by [drivers]¹⁰¹, the steel industry of which is not impartial to ignoring the economic and fiscal impacts of unmitigated steel manufacture in the face of stagnant global demand.

BlueScope contends that overcapacity in the global steel market generally has an impact on the subject goods specifically. Such global excess capacity leads to excess capacity and low prices for aluminium zinc coated steel.

(iii) Pricing

BlueScope submits that subject-goods imports have entered the Australian market at dumped and injurious prices, and that this has had a depressing effect on the price of locally manufactured aluminium zinc coated steel.

BlueScope’s evidence of injury (discussed above at A-9) demonstrates that it has had to drop its price by significant amounts in order to compete with subject goods imports, which have entered the domestic market at prices up to [XX] per cent less than the BlueScope price at the time of the offer. In some instances, the level of undercutting was upwards of AU\$[XXX]/tonne, and in many cases, it was over AU\$[XXX]/tonne.

The injury examples and case studies provided at A-9 clearly depict a trend of progressively higher price reductions and lower realised net prices throughout the proposed investigation period. This price-trend of subject goods imports from China and Vietnam supports the conclusion that such prices are having a depressive effect on domestic pricing, and are likely to lead to an increased demand for low-priced imports.

⁹⁶ Non-Confidential Attachment 42: OECD, High-Level Meeting, Excess Capacity and Structural Adjustment in the Steel Sector: Background Note No. 2: Capacity Developments in the World Steel Industry” (April 18, 2016) at 2.

⁹⁷ Non-Confidential Attachment 43: OECD, “Statement by Lieven Top, Chair of the OECD Steel Committee”, 84th Session of the OECD Steel Committee, (5-6 March 2018).

⁹⁸ Non-Confidential Attachment 44: OECD, “Statement by Mr Jai Motwane, Vice Chairman of the OECD Steel Committee”, 86th Session of the OECD Steel Committee, (25-26 March 2019).

⁹⁹ Confidential Attachment 45.

¹⁰⁰ Ibid.

¹⁰¹ Ibid.

(iv) Other Relevant Factors

A prescribed factor that may be considered by the Commission in continuation inquiries in assessing the likelihood of continuing or recurring dumping is, inter alia, the world market for the subject goods.¹⁰² BlueScope contends that domestic and international market characteristics are factors that should be considered vis-à-vis threat of injury posed by aluminium zinc coated steel imports from China and Vietnam.

a) The Economic Outlook for Steel

Irrespective of recent overall steel market improvements (during late 2016 and 2017), the steel industry remains vulnerable, and several factors could reverse earlier recent improvements.

Global economic expansion lost momentum during 2018, and according to the OECD “...global GDP growth forecasts were revised downward, to 3.3% for 2019 and 3.4% for 2020.”¹⁰³ At the most recent meeting of the OECD Steel Committee in March 2019, the Steel Committee “...expressed concerns about the low growth prospects for the global economy and global steel markets...”¹⁰⁴ They also reported that:

*The second half of 2018 saw a marked decline in steel market conditions, with steel prices erasing their earlier gains to fall back to pre-2018 levels. Global crude steel production increased by 4.8% in 2018, while steel consumption growth has been decelerating in most of the large steel-consuming economies. Risks to the steel sector outlook are high, given the pronounced weakening of the global economy, trade frictions, and persisting structural imbalances.*¹⁰⁵

BlueScope also notes that:

- Commodity prices have been volatile, in particular non-oil commodities such as steel;¹⁰⁶
- The UK’s economy has been weakened since the referendum on Brexit, and with no final resolution to date (save the 11-month transition currently in place), this has affected economies globally;¹⁰⁷
- The US-China trade war has also severely affected their trading relationship and it is projected that any additional “US-China trade shocks would have global effects, especially if uncertainty rose further.”¹⁰⁸
- As recently as April 22, 2020, the Australian Steel Institute (“ASI”) highlighted as follows, in relation to anticipated Novel Coronavirus (“COVID-19”) impacts:

“(ASI) members are reporting a contraction in future construction activity, likely to cause a significant downturn in this critical sector of the economy. The underlying causes of this downturn are deteriorating liquidity and business confidence, both directly related to COVID-19 impacts.

International stockpiles of steel have grown significantly during the period of disruption caused by coronavirus lockdowns and have now reached 10-year highs in China. At the same time, the Chinese Government has increased export incentives by raising the tax rebate available to exporters. This combination of conditions mean that the Australian steel industry is particularly vulnerable to injury caused by dumped steel.....”¹⁰⁹

¹⁰² Anti-Dumping and Subsidy Manual, November 2018, p.176.

¹⁰³ Non-Confidential Attachment 44: OECD, “Statement by Mr Jai Motwane, Vice Chairman of the OECD Steel Committee”, 86th Session of the OECD Steel Committee, (March 25-16, 2019).

¹⁰⁴ Ibid.

¹⁰⁵ Ibid.

¹⁰⁶ Non-Confidential Attachment 46: OECD, “Global Economic Outlook”, 86th Session of the OECD Steel Committee (March 25, 2019) at slide 10.

¹⁰⁷ Ibid, slide 12.

¹⁰⁸ Ibid, slide 15.

¹⁰⁹ Non-Confidential Attachment 56: Australian Steel Institute, “Trade-Related Issues Caused by COVID-19”, accessed on 22 April 2020 at <https://www.steel.org.au/advocacy/anti-dumping/trade-related-issues-caused-by-covid-19/>.

b) China's Steel Market – Injury Threatened

Developments in China in the short, medium, and long term will be overwhelmingly impactful for the global steel industry. China's massive steel capacity and output continues to be the most important cause of distress to the global steel industry. As China's demand continues to weaken, and overcapacity and excess supply fail to decline at a similar pace, more and more cheap Chinese steel, including the subject-goods, will be pushed onto the global market. China's much-publicised efforts to reduce steel capacity will fail to meaningfully address this threat.

In July 2019, annualised Chinese steel production amounted to [XXX] billion tonnes, up [XX] per cent year-on-year, and [XXX] million tonnes higher than it was in July 2008.¹¹⁰ This can be contrasted with the total non-Chinese rate of steel production – at [XXX] million tonnes for the 12 months to July 2019; [XXX] million tonnes lower than it was in July 2008.¹¹¹ In terms of new investment, [XXX] million tonnes of new coastal capacity is currently under construction, and another [XXX] million tonnes of additions are planned.¹¹²

China's steel mills strongly impact the seaborne export trade in flat steel, including aluminium zinc coated steel. World Steel Dynamics notes that global steel oversupply leading into 2021 may precipitate a flat steel export pricing "death spiral"¹¹³ and that:

*"The Chinese mills may once again be offering their hot-rolled band at a relatively low price on the world market. Given that many of the mills' traditional outlets for their product have been limited or closed by recent trade actions, the competition in the non-closed markets will be particularly intense."*¹¹⁴

And further that:

*"...there's little doubt that the Chinese steel mills will seek to export more than 100 million tonnes, which could put huge pressure on export prices since the Chinese will be concentrating their sales efforts in non-restricted steel markets."*¹¹⁵

Australia is one such non-closed/non-restricted market to actual and threatened dumped, subsidised and injurious imports of aluminium zinc coated steel from China.

Fastmarkets Metalbulletin recently quoted an eastern Chinese steel mill as saying:

*"Our mill would love to export more these days. It's clear that domestic demand will recover very slowly, and I expect our inventory to rise as a result. We are planning to cut production but I expect exports to rise before we make a decision on whether to proceed with the cuts."*¹¹⁶

BlueScope submits that the commercial, financial, political, and economic realities of Chinese steel production make it extremely likely that Chinese subject goods producers will continue to increase their focus on aluminium zinc coated steel export sales over the next 18 to 24 months, particularly given weak demand.

¹¹⁰ Confidential Attachment 47.

¹¹¹ Ibid.

¹¹² Ibid, p.9.

¹¹³ Confidential Attachment 48.

¹¹⁴ Ibid.

¹¹⁵ Confidential Attachment 47.

¹¹⁶ Confidential Attachment 49.

c) Vietnam's Steel Market – Injury Threatened

Injury is threatened to the Australian domestic industry in the following ways:

1. Steel demand in Vietnam is forecast to decline after peaking in 2017. Steel production was expected to increase by 20% in 2019, according to MOIT,¹¹⁷ yet in the Vietnamese domestic market “...there was more supply than demand.”¹¹⁸ This situation will force Vietnamese subject goods producers to export their product as they face increasing supplies of steel and weak demand domestically.
2. The Vietnamese steel market is export oriented. The Hoa Sen Group, which produces the subject goods, states that they are:
“...the leading exporter of steel sheet in South East Asia. Founded on August 8, 2001, over 17 years of establishment and development, Hoa Sen Group is constantly rising its position in both domestic and international markets, affirming the stature of a global growth company of World Economic Forum...”¹¹⁹

Hoa Sen further state:

“...Hoa Sen Group is not only the leader in manufacturing and trading steel sheets in Viet Nam with over 30% steel sheets market share, and over 20% of steel pipe market share but also become the leading exporter of steel sheets in Southeast Asia. To be able to have that success, apart from maintain the domestic market shares, Hoa Sen Group always speeds up the export activities continuously.”¹²⁰

On the same page referenced at footnote's 123 and 124 below, Hoa Sen indicates Australia as one of its seventy key export destinations.

3. Vietnamese aluminium zinc coated steel producers are export oriented. In 2016 the Vietnamese steel producer, and subject goods exporter, Hoa Phat Steel Sheet Co., Ltd (“Hoa Phat”) initiated production of prepainted galvanized steel sheet, bare galvanized steel sheet, and galvalume steel sheet at a 400,000 tonne per year capacity.¹²¹ Hoa Phat states that they export “40% of output to international markets.”¹²²

According to the Vietnam Steel Association, six new major steel projects are slated for initiation by the end of calendar year 2020, adding a total of 6.2 million tonnes of finished and crude steel capacity.¹²³ Noteworthy is Hoa Phat Dung Quat, at 2 million tonnes of hot rolled coil – the major substrate feed material for aluminium zinc coated steel.

Nam Kim Steel has also realised capacity increases. In 2016/17, it commissioned its third flat steel rolling mill – taking combined capacity to almost 650,000 tonnes per annum.¹²⁴ In 2017/18, it increased its cold strip capacity by 200,000 tonnes per year via start-up of a reversing cold mill.¹²⁵

These increases in Vietnamese steel capacity will exacerbate the country's export orientation, with Australia a likely destination for any increase in exports of aluminium zinc coated steel.

¹¹⁷ Non-Confidential Attachment 52: VNA, “Steel producers urged to enhance product quality to compete.” (28 January 2019).

¹¹⁸ Ibid.

¹¹⁹ Non-Confidential Attachment 53: Hoa Sen Group, “Home”, (accessed 4 February 2020).

¹²⁰ Ibid.

¹²¹ Non-Confidential Attachment 54: Hoa Phat, “Annual Report: 2018, p.25.

¹²² Ibid, p.62.

¹²³ Confidential Attachment 55.

¹²⁴ Confidential Attachment 56.

¹²⁵ Confidential Attachment 57.

C-3. Close processed agricultural goods

Where it is established that the like (processed) goods are closely related to the locally produced (unprocessed) raw agricultural goods, then – for the purposes of injury assessment – the producers of the raw agricultural goods form part of the Australian industry. This section is to be completed only where processed agricultural goods are the subject of the application. Applicants are advised to contact the Commission’s client support section before completing this section.

1. Fully describe the locally produced raw agricultural goods.
2. Provide details showing that the raw agricultural goods are devoted substantially or completely to the processed agricultural goods.
3. Provide details showing that the processed agricultural goods are derived substantially or completely from the raw agricultural goods.
4. Provide information to establish either:
 - a close relationship between the price of the raw agricultural goods and the processed agricultural goods; or
 - that the cost of the raw agricultural goods is a significant part of the production cost of the processed agricultural goods.

C-4. Exports from a non-market economy

Complete this section only if exports from a non-market economy are covered by the application. The domestic price information required by Part B of the application need not be supplied if this question is answered.

Normal values for non-market economies may be established by reference to selling prices or to costs to make and sell the goods in a comparable market economy country.

1. Provide evidence the country of export is a non-market economy. A non-market economy exists where the government has a monopoly, or a substantial monopoly, of trade in the country of export and determines (or substantially influences) the domestic price of like goods in that country.
2. Nominate a comparable market economy to establish selling prices.
3. Explain the basis for selection of the comparable market economy country.
4. Indicate the selling price (or the cost to make and sell) for each model control code of the goods sold in the comparable market economy country. Provide supporting evidence.

C-5 Exports from an ‘economy in transition’

An ‘economy in transition’ exists where the government of the country of export had a monopoly, or substantial monopoly, on the trade of that country (such as per question C-4) and that situation no longer applies.

Complete this section only if exports from an 'economy in transition' are covered by the application. Applicants are advised to contact the Commission's client support section before completing this section

1. Provide information establishing that the country of export is an 'economy in transition'.
2. A price control situation exists where the price of the goods is controlled or substantially controlled by a government in the country of export. Provide evidence that a price control situation exists in the country of export in respect of like goods.
3. Provide information (reasonably available to you) that raw material inputs used in manufacturing/producing the exported goods are supplied by an enterprise wholly owned by a government, at any level, of the country of export.
4. Estimate a 'normal value' for the goods in the country of export for comparison with export price. Provide evidence to support your estimate.

C-6 Aggregation of Volumes of dumped goods

Only answer this question if required by question B-1.5 of the application and action is sought against countries that individually account for less than 3% of total imports from all countries (or 4% in the case of subsidised goods from developing countries). To be included in an investigation, they must collectively account for more than 7% of the total (or 9% in the case of subsidised goods from developing countries).

	Quantity	%	Value	%
All imports into Australia		100%		100%
Country A*				
Country B*				
etc*				
Total				

* Only include countries that account for less than 3% of all imports (or 4% in the case of subsidised goods from developing countries). Use the data at [Appendix A.2](#) (Australian Market) to complete the table.

APPENDICES

Appendix A1	Australian Production
Appendix A2	Australian Market
Appendix A3	Sales Turnover
Appendix A4	Domestic Sales
Appendix A5	Sales of Other Production
Appendix A6.1	Cost to Make and Sell (& profit) Domestic Sales
Appendix A6.2	Cost to Make and Sell (& profit) Export Sales
Appendix A7	Other Injury Factors