

10 July 2020

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

Public File

Dear Ms Tsang,

Anti-Dumping/Subsidisation Investigation No. 558 & 559 – Aluminium Zinc Coated Steel exported from China, Korea, Taiwan, and Vietnam

I. Introduction

BlueScope Limited (“BlueScope”) is the manufacturer of the subject goods Aluminium Zinc Coated steel in Australia. BlueScope was the applicant company that requested the Anti-Dumping and Subsidisation investigations applicable to Aluminium Zinc Coated steel exported from the People’s Republic of China (“China”), the Republic of Korea (“Korea”), Taiwan, and the Socialist Republic of Vietnam (“Vietnam”) – refer ADN No.’s 2020/067 and 2020/068.

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

BlueScope relies upon the PMS claims made in its application, and makes the following additional comments specific to the Vietnamese Steel Master Plans. BlueScope will also make further representations on review of the Government of Vietnam’s (“GOV”) and Vietnamese subject goods producer questionnaire responses.

II. Vietnamese Steel Master Plans

The GOV has previously indicated that the Steel Master Plan had been revoked at the end of 2018. It is submitted, however, that the revocation of the Steel Master Plan in no way hinders or minimizes the effects of the plan on Vietnamese subject goods production and prices over the investigation period. Rather, the effects of the plans, which impacted the structure and capacity of Vietnam’s Aluminium Zinc Coated steel industry, continue beyond March 2020.

The Original Steel Master Plan (2007-2015, with a vision to 2025) and the Updated Steel Master Plan (2015-2020 with a vision to 2025) are detailed per the following¹:

¹ Non-Confidential Attachment 1: Decision No. 145/2007/QD-TTg and Decision No.: 694/QD-BCT.

- 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; and
- Decision No. 694/QD-BCT of January 31, 2013, approval of steel manufacturing and distribution system development planning by 2020, with a vision to 2025.

The objective of the Original and Updated Steel Master Plans is the development of the Vietnam steel industry. Its essential elements call for:

- the development of the steel industry in compliance with the national master plan on socioeconomic and industrial development;²
- sustainable and stable growth of steel manufacturing and reducing the imbalance between long and flat steel products;³ and
- the removal of smaller, outdated manufacturing facilities.⁴

BlueScope details below the salient points of the Master Plans, and their impact on the Vietnamese steel industry as relevant to the subject goods producers:

- a) The plans set production capacity.⁵ For example, the updated plan stipulates manufacturing capacity of finished steel, split between long and flat products, of 13 million tonnes in 2015, 23 million tonnes in 2020 and 39 million tonnes by 2025 – this being a 77% increase over the 2015 to 2020 period, and a further 70% increase over the 2020-2025 period.
- b) The plans establish guidelines for the development of Vietnam’s steel distribution channels, including distribution centre market shares.⁶
- c) The updated plan governs the development of domestic steel manufacturing, “...focusing on investment in steel manufacturing projects in specific regions...” and specifically investing in steel rolling facilities in certain regions.⁷
- d) The updated plan establishes forecasts and targets “...for steel product consumption (including steel bar, roll, shape, hot rolled, cold rolled coil, steel pipe) by 2020, with a vision to 2025.”⁸
- e) The plans include development planning; setting target production capacities for specific periods, and allocating regional distribution targets.⁹
- f) In developing domestic steel markets, Article 1(5) of the updated plan requires:

*“Protecting domestic market by the technical barriers and legal quality standards...”,
“Speeding up investment in capital construction to expand the domestic steel market, increasing consumption of steel products”, and “Gradually establishing a modern steel distribution system, creating public and transparent market, reducing intermediate costs, contributing to stabilise the domestic steel market”.*

² Non-Confidential Attachment 1: Decision No.145/2007/QD-TTg, Article 1(1)(a); Decision No.: 694/QD-BCT, Article 1(1)(a)

³ Non-Confidential Attachment 1: Decision No.: 694/QD-BCT, Article 1(1)(b).

⁴ Non-Confidential Attachment 1: Decision No.: 694/QD-BCT, Article 1(1)(c).

⁵ Non-Confidential Attachment 1: Decision No.: 694/QD-BCT, Article 1(2)(b).

⁶ Ibid.

⁷ Non-Confidential Attachment 1: Decision No.: 694/QD-BCT, Article 1(3)(a).

⁸ Non-Confidential Attachment 1: Decision No.: 694/QD-BCT, Article 1(4)(a).

⁹ Non-Confidential Attachment 1: Decision No.: 694/QD-BCT, Article 1(4)(b).

And for foreign markets:

*“Improving competitiveness on price and quality of steel products...” and
“Developing a number of products with comparative advantage for exports such as
color and zinc metal steel sheet...”*

- g) The plans also mandate removal of outdated production, removing all pig iron, steel billet, and steel rolling manufacturing facilities with small capacity, by 2020.

In summary, the plans:

1. determine the development of the steel industry;
2. prescribe the elimination of outdated production technology;
3. set production capacity targets;
4. prescribe the regional distribution of steel; and
5. set investment guidelines; both foreign and domestic.

The impact of these plans will significantly affect the Vietnamese steel industry, including subject goods producers, for years to come. Further, the GOV's mandates and stipulations will affect prices, as increased production will result in increased supply and decreased priced.

The impact of the plans thus far is telling – Vietnam's steel demand expanded by more than 20% per year from 2014 to 2016.¹⁰ This can be contrasted to only gradual or moderate production and demand growth for the likes of other ASEAN markets such as Indonesia, Malaysia, and Thailand.¹¹

Recent and planned investment in the Vietnamese steel industry is significant. [REDACTED] [commercially sensitive Vietnamese steel industry investment plans].



Source: [REDACTED]

¹⁰ Confidential Attachment 2: [REDACTED]

¹¹ Ibid.

BlueScope submits that the rise in Vietnam production and demand, both absolute and relative to Asian production, is a direct result of the impact of the Steel Master Plans.

I. Conclusion

Given the nature of the Plan's objectives, targets and prescriptions, and the dynamics of supply and demand, it necessarily follows that the GOV's policies will have affected the domestic Vietnamese price of Aluminium Zinc Coated steel.

The fact that the Steel Master Plan was revoked at the end of 2018, prior to the 2019/20 investigation period, is of little consequence for the Commission's particular market situation determination. The plans had long-term objectives, with consequent long-term effects. The impacts of the plans on capacity growth, production, investment decisions, and regional distribution did not cease when the most recent plan was rescinded. Instead, the effects of the Master Steel Plans will continue long-term.

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

Yours faithfully,

[REDACTED]
Manager – Trade Measures