

27 May 2021

Ms Olivia Tsang
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Anti-Dumping Commission
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Public File

Dear Ms Tsang,

Anti-Dumping/Subsidisation Investigation No. 559 – Aluminium zinc coated steel exported from China and Vietnam – Whether Dumping and/or Subsidisation will continue

I. Introduction

BlueScope Limited (“BlueScope”) is the manufacturer of the subject goods Aluminium Zinc Coated steel in Australia. BlueScope was the applicant company that requested the Anti-Dumping and Subsidisation investigation applicable to Aluminium Zinc Coated steel exported from the People’s Republic of China (“China”), and the Socialist Republic of Vietnam (“Vietnam”) – refer ADN 2020/068.

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

II. Whether dumping/subsidisation will continue

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

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

1. Movements in dumping margins; and
2. Domestic prices in the subject markets.

1. *Movements in dumping margins*

In Consideration Report 559 (“CON 559”)³ the Commission concluded that BlueScope’s determination of constructed normal values for China and Vietnam was reasonable⁴ on the basis that a PMS existed in both markets, and hence domestic selling prices could not be relied upon in determining prima facie dumping margins.

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

² Minister for Industry, Science and Technology.

³ EPR 559/002.

⁴ CON 559, p. 15.

In CON 559, the Commission’s own normal value determinations were structured as follows:

Normal Value Component	Basis of Estimate	Comments
Raw material costs	For China, Hot Rolled Coil (“HRC”) selling prices from Korea and Taiwan from an independent steel industry subscription service. ⁵ For Vietnam, imported HRC prices sourced from an independent steel industry subscription service. ⁶	No further details were provided in CON 559 as to the source of the industry subscription service.
Conversion Costs /SG&A	Data provided by BlueScope in its application, with amendments to reasonably reflect the conversion costs for each subject country. ⁷	The Commission considered BlueScope’s method for estimating conversion and SG&A costs reasonable. ⁸ CON 559 did not further comment on the specifics of the amendments made.
Profit	For China, a rate of profit based on verified Chinese exporter data in subject goods Review of measures inquiry No. 456. ⁹ For Vietnam, in the absence of verified exporter data for the subject goods, a rate of profit based on galvanised steel investigation No. 370. ¹⁰	The investigation period for Review 456 covered the 12 months ending September 2017. The investigation period for inquiry No. 370 covered the 12 months ending June 2016. BlueScope asserts that the profit rate applied in its application is a more contemporary approximation, given the lapse in time between the current investigation period, and those noted above for Review 456, and Investigation 370.
Adjustments	Normal value adjustments made for packaging, inland transport, handing expenses, bank charges, and export VAT (China only). ¹¹	As a conservative approach, BlueScope did not make any normal value adjustments in its prima facie assessments.

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

Country	Applicant estimate	Commission estimate
China	75.7%	37.4%
Vietnam	36.3%	9.0%

Table 10: Estimated dumping margins

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

⁵ CON 559, p. 15.

⁶ Ibid.

⁷ Ibid.

⁸ Ibid.

⁹ Ibid.

¹⁰ Ibid.

¹¹ Ibid, p. 17.

¹² Accommodating for the variance between the Commission’s estimates and BlueScope’s in CON 559 and applying this variance to the forward period.

¹³ Refer Confidential Attachment 1 – 2020/21 AIZn AD Margin Summary – Narrow. [REDACTED]

BlueScope asserts that China and Vietnam have continued to dump the subject goods post the investigation period for inquiry No. 559. Further, these margins are on an upward trajectory. The period-of-time that will have elapsed between the investigation period and the publication of the SEF¹⁴ will have afforded the Commission an opportunity to fully assess the post-POI margins and affirm the above trend. BlueScope welcomes a finding in the SEF in this regard.

2. Domestic prices in the subject markets

BlueScope has alleged that a PMS exists in both China and Vietnam, such that sales of the goods in those markets are not suitable for determining a price under section 269TAC(1).

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

III. Particular Market Situation – Vietnam

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

In its industry questionnaire response,¹⁵ BlueScope noted that whilst it was unable to source domestic selling price information for the subject goods, BlueScope had canvassed industry publications in order to validate pricing differentials (either for aluminium zinc coated steel, or the HRC/cold-rolled substrate feed thereof) between Vietnam and other markets, to evidence the PMS.¹⁶ BlueScope had quantified quarterly in-country pricing for [REDACTED] grade HRC as offered into the Vietnamese market by [REDACTED].¹⁷

The table provided in the questionnaire response compared these prices to domestic HRC prices in China, Korea, Japan, and Taiwan over the POI. The trend depicted the Vietnamese [REDACTED] price as being [XX]% lower than the combined South Korean, Taiwanese and Japanese prices.¹⁸

A similar comparison to further validate this can be made between the Vietnamese HRC import price from [REDACTED]¹⁹ vis-à-vis the same Chinese, Korean, and Taiwanese prices noted above.²⁰

¹⁴ Currently scheduled for publication no later than 3 September 2021.

¹⁵ EPR 559/008.

¹⁶ Ibid.

¹⁷ Ibid.

¹⁸ Ibid.

¹⁹ Refer [REDACTED]. The use of a Vietnamese HRC import price is also consistent with the Commission's initial CON 559 normal value and dumping margin methodology for Vietnam (refer above footnote 6).

²⁰ Over the POI, and for the 12-month post-POI period ending March 2021.



Confidential Chart 1 – Asian HRC Price Comparisons²¹

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

IV. Conclusion

BlueScope has shown above that:

1. It was highly probable, at initiation of inquiry No. 559, that the dumping of Aluminium Zinc Coated steel onto the Australian market by exporters from the subject countries would continue; and that
2. Given the passage of time since initiation, this continued dumping can now be evidenced and quantified on an actual basis.

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

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

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

Kind regards,

[REDACTED] [REDACTED]

²¹ Refer Confidential Attachment 2: Asian HRC Price Comparisons.