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# **ANTI-DUMPING NOTICE NO. 2021/127**

*Customs Act 1901 – Part XV B*

## **Zinc Coated (Galvanised) Steel**

### **Exported from the Republic of India, Malaysia and the Socialist Republic of Vietnam**

### **Initiation of Continuation Inquiry No 592 into Anti-Dumping Measures**

**Notice under section 269ZHD(4) of the *Customs Act 1901***

I, Dr Bradley Armstrong PSM, the Commissioner of the Anti-Dumping Commission (Commissioner), have initiated an inquiry into whether the continuation of anti-dumping measures in respect of zinc coated (galvanised) steel (or ‘the goods’) exported to Australia from the Republic of India (India), Malaysia and the Socialist Republic of Vietnam (Vietnam), is justified.

The anti-dumping measures are in the form of a dumping duty notice (India, Malaysia and Vietnam) and a countervailing duty notice (India only). The anti-dumping measures are due to expire on 16 August 2022 (the specified expiry day).<sup>1</sup>

The dumping duty notice applies to all exporters of the goods from India, Malaysia and Vietnam (the subject countries) except for the following exporters from Vietnam:

- Nam Kim Steel Joint Stock Company
- Hoa Sen Group.

The countervailing duty notice applies to all exporters of the goods from India.

The Anti-Dumping Commission (commission) has assisted me in initiating this continuation inquiry and will assist me in undertaking the continuation inquiry, pursuant to the commission’s function specified in section 269SMD of the *Customs Act 1901*.<sup>2</sup>

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<sup>1</sup> On and from 17 August 2022, if not continued, the anti-dumping measures would no longer apply.

<sup>2</sup> All legislative references in this notice are to the *Customs Act 1901*, unless otherwise stated.

## 1. The goods

The goods subject to the anti-dumping measures and this inquiry are:

*'flat rolled iron or steel products (whether or not containing alloys) that are plated or coated with zinc exported to Australia from India, Malaysia and Vietnam'. These goods are generically called 'galvanised steel'. Galvanised steel of any width is included in this application.*

### Exclusions

*These goods do not include painted galvanised steel, pre-painted galvanised steel, electro-galvanised steel, corrugated galvanised steel or aluminium zinc alloy coated or plated steel.*

### Additional information

BlueScope Steel Ltd (BlueScope) provided the following additional information to support its description of the goods in its original application for the anti-dumping measures:

*The goods include the same categories of goods as identified in Trade Measures Report No. 190 and 193, however, this application also includes goods that are alloyed (i.e. with minor additions, e.g. boron, chromium, etc). The goods the subject of this application include all zinc coated product options, including all grades/models of zinc coated steel, all coating mass classes and all surface treatments.*

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

- "GALVABOND®" steel
- "ZINCFORM®" steel
- "GALVASPAN®" steel
- "ZINCHITEN®" steel
- "ZINCANNEAL" steel
- "ZINCSEAL" steel
- Galv
- GI
- Hot Dip Zinc coated steel
- Hot Dip Zinc/Iron alloy coated steel
- Galvanneal

*The amount of zinc coating on the steel is described as its coating mass and is nominated in grams per meter squared (g/m<sup>2</sup>) with the prefix being Z (Zinc) or ZF (Zinc converted to a Zinc/Iron alloy coating). The common coating masses used for zinc coating are: Z350, Z275, Z200/Z180, Z100, and for zinc/iron alloy coatings are ZF100, ZF80 and ZF30 or equivalents based on international standards and naming conventions.*

*Surface treatments can include but not be limited to; passivated or not passivated (often referred to as chromated or unchromated), oiled or not oiled, skin passed or not skin passed, phosphated or not phosphated (for zinc iron alloy coated steel only).*

*There are a number of relevant International Standards for zinc coated products that cover their own range of products via specific grade designations, including the recommended or guaranteed properties of each of these product grades.*

*These relevant standards are noted below in Table 3 "Relevant International Standards for zinc coated steel.*

International Standards	Product Grade Names
<b>General and Commercial Grades</b>	
AS/NZS 1397	G1, G2
ASTM A 653/A 653M	CS type A, B and C
EN10346	DX51D, DX52D
JIS 3302	SGCC, SGHC
<b>Forming, Pressing &amp; Drawing Grades</b>	
AS/NZS 1397	G3
ASTM A 653/A 653M	FS, DS type A and B
EN10346	DX53D, DX54D
JIS 3302	SGCD, SGCDD,
<b>Structural Grades</b>	
AS/NZS 1397	G250, G300, G350, G450, G500, G550
ASTM A 653/A 653M	33 (230), 37 (255), 40 (275), 50 (340), 55 (380), 80 (550)
EN10346	S220GD, S250GD, S280GD, S320GD, S350GD, S550GD
JIS 3302	SGC340, SGC400, SGC440, SGC490, SGC570 SGH340, SGH400, SGH440, SGH490, SGH570

The goods are generally, but not exclusively, classified to the following tariff subheadings of Schedule 3 to the *Customs Tariff Act 1995*:<sup>3</sup>

- 7210.49.00 (statistical codes 55, 56, 57 and 58)
- 7212.30.00 (statistical code 61)
- 7225.92.00 (statistical code 38)
- 7226.99.00 (statistical code 71).

## 2. Background to the anti-dumping measures

The then Assistant Minister for Industry, Innovation and Science and Parliamentary Secretary to the Minister for Industry, Innovation and Science imposed the anti-dumping measures by public notice on 16 August 2017 following consideration of *Anti-Dumping Commission Report No 370* (Investigation 370).<sup>4</sup>

Investigation 370 and the imposition of the anti-dumping measures resulted from an application made under section 269TB by BlueScope, the sole manufacturer of galvanised steel in Australia.

The dumping duty notice applies to all exporters from Malaysia and India. The dumping duty notice applies to exporters from Vietnam, with the following exceptions:

- Nam Kim Steel Joint Stock Company
- Hoa Sen Group.<sup>5</sup>

The countervailing duty notice applies to all exporters from India. Countervailing duties do not apply to exports from Malaysia or Vietnam.<sup>6</sup>

On 23 August 2019, the then Commissioner initiated a review of the dumping duty notices applying to the goods exported to Australia from the People's Republic of China (China), India, the Republic of Korea (Korea), Malaysia, Taiwan and Vietnam and the countervailing duty notices applying to certain zinc coated (galvanised) steel exported from

<sup>3</sup> These tariff classifications and statistical codes may include goods that are both subject and not subject to the anti-dumping measures. The listing of these tariff classifications and statistical codes are for convenience or reference only and do not form part of the goods description. Please refer to the goods description for authoritative detail regarding goods subject to the anti-dumping measures.

<sup>4</sup> Refer to Anti-Dumping Notice (ADN) No 2017/99 and *Anti-Dumping Commission Report No 370*, available on the commission's website at [www.adcommission.gov.au](http://www.adcommission.gov.au)

<sup>5</sup> Refer to the Dumping Commodity Register, available on the commission's website.

<sup>6</sup> *ibid*

China and India (Review 521). The review examined whether the variable factors relevant to the determination of duty payable under the *Customs Tariff (Anti-Dumping) Act 1975* had changed. On 19 March 2021, the then Minister for Industry, Science and Technology (the Minister) published a notice of her findings in relation to Review 521.<sup>7</sup> As a result, the anti-dumping measures relevant to India, Malaysia and Vietnam were modified.

### **3. Application for continuation of the anti-dumping measures**

Division 6A of Part XVB sets out, among other things, the procedures to be followed in dealing with an application for the continuation of anti-dumping measures.

In accordance with section 269ZHB(1), I published a notice on the commission's website on 15 July 2021.<sup>8</sup> The notice invited the following persons to apply for the continuation of the anti-dumping measures:

- the person whose application under section 269TB resulted in the anti-dumping measures (section 269ZHB(1)(b)(i)), or
- persons representing the whole or a portion of the Australian industry producing like goods to the goods covered by the anti-dumping measures (section 269ZHB(1)(b)(ii)).

On 13 September 2021, the commission received an application for the continuation of the anti-dumping measures from BlueScope. A non-confidential version of the application is available on the commission's public record.

Having regard to the application, the original investigation and the public record for the original investigation, I am satisfied that:

- BlueScope is the person under section 269ZHB(1)(b)(i) because its application under section 269TB resulted in the existing anti-dumping measures
- BlueScope is a person under section 269ZHB(1)(b)(ii) because it represents the whole Australian industry producing zinc coated (galvanised) steel.

### **4. Consideration of application under section 269ZHD(1)**

Pursuant to section 269ZHD(1), I must reject an application for the continuation of anti-dumping measures if I am not satisfied of one or more of the matters referred to in section 269ZHD(2). These matters are whether:

- the application complies with section 269ZHC (see section 269ZHD(2)(a))
- there appear to be reasonable grounds for asserting that the expiration of the anti-dumping measures to which the application relates might lead, or might be likely to lead, to a continuation of, or a recurrence of, the material injury that the measures are intended to prevent (see section 269ZHD(2)(b)).

### **5. Assessment under section 269ZHD(2)(a) - compliance with section 269ZHC**

I consider that the application complies with the requirements of section 269ZHC as it:

- is in writing

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<sup>7</sup> Refer to ADN No 2021/012 and *Anti-Dumping Commission Report No 521*, available on the commission's website.

<sup>8</sup> ADN No 2021/088 refers.

- is in a form approved by me for the purposes of that section
- contains the information that the form requires
- is signed in the manner indicated by the form
- was lodged in a manner approved under section 269SMS, being by email to the commission's email address provided in the instrument under section 269SMS.<sup>9</sup>

## **6. Assessment under section 269ZHD(2)(b) - reasonable grounds**

### Applicant's claims

BlueScope in its application claimed, among other things, that:

- Imports from the subject countries have continued to be at dumped prices. BlueScope, in support of this claim, referenced the findings in Review 521 and provided estimates of dumping margins for the financial year ending 30 June 2021.
- Imports from India would continue to be subsidised. BlueScope, in support of this claim, referenced the commission's Review 521 findings that there had been no fundamental changes to the subsidy programs since the original investigation.
- Exporters have continued to maintain distribution links with the Australian market and this would enable them to recommence exporting larger quantities of the goods to Australia in the absence of measures.
- The imposition of a range of anti-dumping, countervailing, security, safeguard and anti-circumvention measures by other jurisdictions would influence the future export orientation of galvanised steel towards destinations where measures did not apply.
- Producers in the subject countries have significant production capacity, which coupled with the significant excess global steel production capacity, indicates that these exporters would be able to increase export volumes to Australia.
- The third country export price and volume data provided with the application demonstrates opportunistic export trade patterns in the absence of trade measures. These patterns illustrate higher volumes and lower prices are being directed to countries without measures.
- If measures were allowed to expire, Australian industry would suffer, or be threatened with a recurrence of, material injury. BlueScope claimed that the reoccurrence of material injury in the absence of measures was supported by the findings made in Investigation 370 and recent findings in other jurisdictions.

### My consideration of the application

In assessing BlueScope's application I have considered the information provided in the application and information obtained from the Australian Border Force (ABF) import database. I have further considered the findings in Review 521 and Investigation 370 where referenced by BlueScope in its application.

### *Continuation or recurrence of exports*

BlueScope, to support its claim that imports would continue or recur, relied on import data, the findings in Review 521 and a list of known Vietnamese exporter/Australian importer relationships for the 2020 and 2021 fiscal years. BlueScope also provided information on

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<sup>9</sup> A copy of the instrument is on the commission's website.

the production capacities of producers in the subject countries, global excess steel production capacity and the relative size of the Australian market for galvanised steel.

The commission examined importation trends detailed in the ABF import database. This analysis indicates that exporters from the subject countries have continued to export the goods to Australia since the imposition of the anti-dumping measures, albeit in smaller and more sporadic volumes. The commission's analysis of the ABF data is contained in **confidential appendix 1**.

I consider that this information demonstrates that there appear to be reasonable grounds for asserting that exporters from the subject countries have maintained distribution links into the Australian market and have the capacity to recommence exporting larger volumes to Australia.

#### *Continuation or recurrence of dumping*

BlueScope relied on its estimates of dumping margins for the 2021 financial year and the findings in Review 521 to support its claim that dumping is likely to continue or recur.

The commission has examined BlueScope's approach to estimating dumping margins for the 2021 financial year.<sup>10</sup> The commission considers that:

- the method BlueScope used to construct the normal values is reasonable given the limited information that is publicly available
- whilst the information used by BlueScope to establish export prices is reasonable, the import data from the ABF is a preferable source to establish export prices because it enables a more granular analysis of import data
- BlueScope's dumping margin calculations contained minor errors, which required correction.

The commission consequently recalculated the dumping margins for the 2021 financial year using BlueScope's estimated normal values and export prices established from the ABF import database where available.<sup>11</sup> These recalculations indicate estimated dumping margins of:

- 3.9% for India
- 19.9% for Malaysia
- 19.7% for Vietnam.

The commission's calculation of the dumping margins is contained in **confidential appendix 2**.

Based on these estimated dumping margins, I consider that there appear to be reasonable grounds for asserting that future exports from the subject countries are likely to be dumped.

#### *Continuation or recurrence of subsidisation*

In its application, BlueScope relied on the subsidy margins established in Review 521 to assert that subsidisation was likely to continue or recur in relation to imports from India.

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<sup>10</sup> BlueScope calculated dumping margins for India, Malaysia and Vietnam of 16.1%, 97.2% and 80.5% respectively.

<sup>11</sup> The commission considers that there is relevant importations in the ABF data relating to Malaysia and Vietnam to establish export prices. For India the commission used the third country export data provided by BlueScope to estimate export prices.

Given that Review 521 found that there had been no fundamental changes to the subsidy programs deemed countervailable in the original investigation, I am satisfied that there appear to be reasonable grounds for asserting that subsidisation of Indian exports continues and is likely to continue into the future.

#### *Continuation or recurrence of material injury*

BlueScope claimed that, if the measures were permitted to expire, the import trends identified in Investigation 370 would resume. BlueScope further contended that the findings in Investigation 370 supported its contention that material injury would recur if the measures were allowed to expire. BlueScope also claimed that the trade measures currently imposed by Canada, the EU, the United Kingdom and the USA, support its claims of the recurrence of material injury in the absence of measures.

BlueScope provided third country import data to demonstrate the export volume and price behaviour of producers in the subject countries in the absence of measures.<sup>12</sup> The commission notes that pricing to a range of third countries was materially below the pricing of the Australian Industry.<sup>13</sup> The commission's pricing analysis is contained in **confidential appendix 3**.

The commission found in Investigation 370 that the Australian industry had set prices of the goods with reference to the prices of imports. It appears reasonable to me that, as the Australian industry has previously set prices with reference to import prices, the Australian industry remains susceptible to price injury from dumped imports.

Should the measures expire, it appears reasonable to assert that exporters from the subject countries would obtain a price advantage over the Australian industry due to dumping, incentivising them to increase volume and market share. Such a price advantage may result in reduced sales volumes and market share to the Australian industry, and/or price injury as the Australian industry seeks to compete with dumped imports. Volume and price injury would in turn likely be detrimental to other economic factors such as profits, profitability and revenue. Given the material price difference between supply to third countries and Australian industry prices<sup>14</sup> there appear to be reasonable grounds for asserting that any injury to the Australian industry will be material.

## **7. Conclusion**

I have had regard to the application and other relevant information set out in this notice. I am satisfied that there appear to be reasonable grounds for asserting that the expiration of the anti-dumping measures might lead, or might be likely to lead, to a continuation of, or a recurrence of, the material injury that the measures are intended to prevent.<sup>15</sup>

Further, I am satisfied that, in accordance with section 269ZHD(2)(a), the application complies with section 269ZHC.

Accordingly, I have therefore decided to not reject the application.

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<sup>12</sup> The third country export data was provided to BlueScope by an independent third party data provider and the commission is satisfied it is reliable for this purpose of assessing the application.

<sup>13</sup> The third country export data provided by BlueScope was at free on board (FOB) prices. To ensure that the price comparison with BlueScope's prices was completed on comparable terms, relevant costs were added to the export FOB prices. These costs were estimated based on an importer's costs obtained during Review 521.

<sup>14</sup> Refer to confidential appendix 3.

<sup>15</sup> In accordance with section 269ZHD(2)(b).

## 8. This continuation inquiry

For the purposes of this inquiry, I will examine the period from 1 October 2020 to 30 September 2021 (the inquiry period) to determine whether dumping (India, Malaysia and Vietnam) and subsidisation (India only) have occurred and whether the variable factors relevant to the determination of duty have changed.

Following my inquiry, I will recommend to the Minister whether each of the notices should:

- (i) remain unaltered
- (ii) cease to apply to a particular exporter or to a particular kind of goods
- (iii) have effect in relation to a particular exporter or to exporters generally, as if different variable factors had been ascertained, or
- (iv) expire on the specified expiry day.

## 9. Proposed model control code structure

The commission undertakes model matching using a model control code (MCC) structure to identify characteristics that will be used to compare the goods exported to Australia and the like goods sold domestically in the country of export. In developing the MCC structure the commission will have regard to differences in physical characteristics that give rise to distinguishable and material differences in price. The table below outlines the commission's proposed MCC structure for this inquiry.

Item	Category	Sub-Category	Identifier	Sales Data	Cost Data
1	Alloy content	Alloy	A	Mandatory	Not applicable
		Non-alloy	NA		
2	Prime	Prime	P	Mandatory	Not applicable
		Non – Prime	N		
3	Steel Base	Hot Rolled	H	Mandatory	Mandatory
		Cold Rolled	C		
4	Coating Type	Zinc Coated (Z)	Z	Mandatory	Mandatory
		Zinc / Iron Alloy Coating (ZF / F)	F		
5	Coating Mass	<= 100 g/m2	1	Mandatory	Mandatory
		>100 g/m2 to <= 220 g/m2	2		
		> 220 g/m2 to <= 300g/m2	3		
		>Z300 g/m2 to <= 400 g/m2	4		
		>400 g/m2	5		
6	Steel Grade	G2 / SGCC / SGHC	A	Mandatory	Mandatory
		G3 / SGCD	B		
		G250 / SGC 340 / SGHC 340 / SGC 340 / SGHC 340	C		
		G300 / G350 / SGC 400 / SGHC 400 / SGC 440 / SGCH 440 / SGC 490 / SGHC 490	D		
		G450 / G500	E		
		G550 / SGC 570	F		
		Other	G		
7	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 < 1.50 mm	5		
		=> 1.50 mm to < 2.00 mm	6		
		=> 2.00 mm to <2.50 mm	7		
		=> 2.50 mm	8		
8	Width	< 600 mm	A	Mandatory	Optional
		=> 600 mm to <= 1220mm	B		
		> 1220mm	C		
9	Form	Coil	C	Mandatory	Optional
		Sheet	S		

Table 1: Proposed MCC structure



Proposals to modify the proposed MCC structure should be raised as soon as is practicable, but no later than **12 November 2021**.<sup>16</sup>

Interested parties are encouraged to make a submission on whether any proposed modifications to the MCC structure should be accepted by the commission. Any changes to the MCC structure will be considered by the commission and reported in verification reports or in the statement of essential facts (SEF).

## 10. Public record

I must maintain a public record for this inquiry. The electronic public record (EPR) hosted on the commission's website ([www.adcommission.gov.au](http://www.adcommission.gov.au)) contains, among other things, a copy of all non-confidential submissions from interested parties. Documents hosted on the EPR can be provided upon request to interested parties.

## 11. Submissions

I invite interested parties, as defined in section 269T(1), to lodge written submissions with me concerning the continuation of the measures, no later than close of business on **12 November 2021**, being 37 days after the date of publication of this notice. The commission's preference is to receive submissions by email to [investigations4@adcommission.gov.au](mailto:investigations4@adcommission.gov.au).

Submissions may also be addressed to:

The Director, Investigations Unit 4  
Anti-Dumping Commission  
GPO Box 2013  
Canberra ACT 2601

Interested parties wishing to participate in the inquiry must ensure that submissions are lodged promptly. Interested parties should note that I am not obliged to have regard to a submission received after the date indicated above if to do so would, in my opinion, prevent the timely placement of the SEF on the public record.

Interested parties claiming that information contained in their submission is confidential, or that the publication of the information would adversely affect their business or commercial interests, must:

- (i) provide a summary containing sufficient detail to allow a reasonable understanding of the substance of the information that does not breach that confidentiality or adversely affect those interests, or
- (ii) satisfy me that there is no way such a summary can be given to allow a reasonable understanding of the substance of the information.

Submissions containing confidential information must be clearly marked 'OFFICIAL: Sensitive'. Interested parties must lodge a non-confidential version or a summary of their submission in accordance with the requirement above (clearly marked 'PUBLIC RECORD').

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<sup>16</sup> Further information regarding the application of MCC structures is provided at Chapter 14 in the Anti-Dumping Commission *Dumping and Subsidy Manual*, available at [www.adcommission.gov.au](http://www.adcommission.gov.au)

## **12. Statement of essential facts**

The dates specified in this notice for lodging submissions must be observed to enable me to report to the Minister within the legislative timeframe. I will place the SEF on the public record on or before **24 January 2022**, that is, within 110 days after the publication of this notice, or by such later date as I may allow in accordance with section 269ZHI(3).<sup>17</sup>

The SEF will set out the essential facts on which I propose to base a recommendation to the Minister concerning the continuation of the anti-dumping measures.

I invite interested parties to lodge submissions in response to the SEF within 20 days of the SEF being placed on the public record. I will take into account submissions received in response to the SEF within 20 days of the SEF being placed on the public record when completing my report and recommendation to the Minister. The email and physical addresses at which submissions can be lodged in relation to the SEF are the same as those specified above under the section titled 'Submissions'.

## **13. Report to the Minister**

I will make a recommendation to the Minister in a report on or before **10 March 2022**, that is, within 155 days after the date of publication of this notice, or such later date as I may allow in accordance with section 269ZHI(3).<sup>18</sup>

The Minister must make a declaration within 30 days after receiving the report, or if the Minister considers there are special circumstances, such longer period, ending before the specified expiry day, as the Minister considers appropriate. If the Minister receives the report less than 30 days before the specified expiry day, the Minister must make the declaration before that day.

## **14. Contacting the commission**

Enquiries about this notice may be directed to the case manager on +61 3 8539 2511 or [investigations4@adcommission.gov.au](mailto:investigations4@adcommission.gov.au).

Dr Bradley Armstrong PSM  
Commissioner  
Anti-Dumping Commission  
6 October 2021

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<sup>17</sup> On 14 January 2017, the powers and functions of the Minister under section 269ZHI were delegated to the Commissioner. Refer to ADN No 2017/10 for further information.

<sup>18</sup> *ibid*