



Australian Industry Questionnaire

Case number: 592

Product: Zinc Coated (Galvanised) Steel

From: Republic of India, Malaysia & the Socialist Republic of Vietnam

Inquiry period: 1 October 2020 to 30 September 2021

Response due by: 3 November 2021

Return completed questionnaire to:
investigations4@adcommission.gov.au

Why you have been asked to complete this questionnaire?

The Anti-Dumping Commission (the commission) is currently undertaking an inquiry into whether anti-dumping measures applying to exports of Zinc Coated (Galvanised) Steel (the goods) from the Republic of India, Malaysia & the Socialist Republic of Vietnam should be continued.

Australian Dumping Notice No. 2021/127 provides details of the goods under consideration, the application and the inquiry procedures.

The commission is seeking further information from Australian industry for the goods to inform its:

- understanding of the dynamics of the Australian market, including factors that may be impacting the economic condition of the Australian industry producing the goods; and
- assessment of whether the expiration of the anti-dumping measures applying to the goods would lead, or would be likely to lead, to a continuation of, or a recurrence of, the dumping (and/or subsidisation) and the material injury that the anti-dumping measures are intended to prevent.

The commission will collect and use information in accordance with the commission's Collection and Use of Information Policy.

The timeliness of your response is important. If you are unable to meet the due date specified above, please contact the commission.

Confidential and non-confidential versions

If you elect to respond to this questionnaire, you are required to lodge a confidential and a non-confidential version of your submission by the due date.

In submitting these versions, please ensure that each page of the information you provide

is clearly marked either “**IN-CONFIDENCE**” or “**NON-CONFIDENTIAL**” in the header and footer.

All information provided to the commission in confidence will be treated accordingly. The non-confidential version of your submission will be placed on the Public Record, which all interested parties can access.

Your non-confidential submission must contain sufficient detail to allow a reasonable understanding of the substance of the confidential version. If, for some reason, you cannot produce a non-confidential summary, contact the investigation case officer (see contact details on Page 1 of this questionnaire).

Declaration

You are required to make a declaration that the information contained in your response is complete and correct. You must return the signed declaration of an authorised person at end of this questionnaire with your response.

Australian Market

Please return your responses no later than 3 November 2021.

A The Australian Market

1. In respect of the Australian market for Zinc Coated (Galvanised) Steel (the goods) and the prevailing conditions of competition within the market:

(a) Provide an overall description of the market for the goods in Australia which explains its main characteristics and trends over the past five years;

BlueScope submits, in addition to the volume and price trends of both the locally produced and imported subject goods per Confidential Appendix A2, that the main characteristics and trends of the zinc coated/galvanised steel market over the past five years can be summarised as follows:

a) Product characteristics: continued consistent range of domestic and import supply of the subject goods. Notable product-specific application/usage etc. trends over the past five years have included:

– *[commercial-in-confidence, product trends]*

b) Market characteristics: a highly competitive environment, with pricing determined via import parity (see further below). Excess capacity (including that of the subject goods) has plagued the steel industry in recent years and prompted 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 being assessed as part of this review 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. These combined actions by the world's two largest steel consuming markets has constituted (and will likely continue to do constitute) significant trade restrictions for the subject goods.

The 12-month period nominated for this investigation covers a time impacted by the effects of COVID-19. *[commercial-in-confidence, market conditions]*

Provide the sources of demand for the goods in Australia, including the categories of customers, users or consumers of the product.

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

- Residential construction. Specifically, residential new dwelling construction, and investment in residential alterations and additions construction.
- Commercial and industrial construction;
- Substitution into markets / end uses previously dominated by other materials including replacing timber for residential framing; and
- Pipe and tube products within the manufacturing market segment.

(b) Provide your estimate of the proportion (%) of the market that each of those sources of demand listed in (b) represents.

Per the 'Segment' classification of Appendix A-4, these sources are represented as follows:

[commercial-in-confidence, see table]

- (c) Describe the factors that influence consumption/demand in Australia, such as seasonal fluctuations, factors contributing to overall market growth or decline, government regulation, and developments in technology affecting either demand or production.

A variety of factors influence demand variability for 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);
- Global and domestic business and consumer confidence;
- International supply chain uncertainty; and
- Availability of competing materials (e.g. timber).

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.;
- New home rebates which can pull forward demand; and
- COVID-19 stimulus packages for the construction sector (Federal and State), along with income and business support.

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.

- (d) Describe any market segmentations in Australia, such as geographic or product segmentations;

Both BlueScope and importers of 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.

- (e) Provide your estimate of the proportion (%) of the market that each of the market segments listed in (e) represents;

[commercial-in-confidence, market segment details]

- (f) Describe the way in which Australian manufactured and other imported goods compete in the Australian market;

As described above at A-1(e). Further, all customers can either purchase locally, or can import the subject goods per the following channels:

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

- (g) Describe the ways that the goods are marketed and distributed in the Australian market;

[commercial-in-confidence, market distribution details]

- (h) Describe any other factors that are relevant to characteristics or influences on the market for the goods in Australia.

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

- the building and construction industry segment and
- the smaller manufacturing industry segment.

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

[commercial-in-confidence, other factors]

- (i) Describe any changes in the structure and operation of the market since the measures were imposed.

There have been no significant changes in the structure or operation of the market since measures were imposed, *[commercial-in-confidence, Australian market structure]*

2. Provide a diagram that describes the Australian market structure for the goods, ensuring that all the categories of participants are included. In this diagram use linkages to illustrate the different levels of trade and distribution channels within the Australian market.

[commercial-in-confidence, Australian market structure]

3. Describe the commercially significant market participants in the market for the goods in Australia, at each level of trade, over the inquiry period. Include in your description:

- names of the participants;
- the level of trade for each market participant (e.g., manufacturer, reseller, original equipment manufacturer (EOM), retailer, fabricator, importer, etc.);
- a description of the degree of integration (either vertical or horizontal) for each market participant; and
- an estimation of the market share of each participant.

The significant market participants have been estimated as follows:

[commercial-in-confidence, market participants]

4. Identify the names of commercially significant importers in the market for the goods in Australia over the inquiry period and estimate their market share. Specify the country each importer imports from and their level of trade in the Australian market, if known.

Australian Bureau of Statistics import statistics for zinc coated steel from all countries is 97% confidentialised, and therefore BlueScope's knowledge of specific importer volumes, state of entry details and the like is extremely limited.

[commercial-in-confidence, importer details]

5. Describe any entry restrictions for new participants into the market for the goods in Australia. Your response could include information on:

- patents and copyrights;
- licenses;
- barriers to entry;
- import restrictions; and
- government regulations (including the effect of those government regulations).

In responding to this question ensure that relevant regulations are referenced.

As a commodity product that has little in the way of any intellectual property protection or oversight from regulatory authorities, there are no restrictions for new participants to enter the market for zinc coated steel goods in Australia.

BlueScope considers that there are no entry restrictions for new participants to export the goods into the Australian market.

B Products in the Australian market

1. Generally describe the range of the goods offered for sale in the Australian market. Your description could include information about:

- quality differences;

- price differences;
- supply/availability differences;
- technical support differences; and
- product segmentation

The zinc coated steel manufactured by BlueScope is coiled for supply to customers and may later be cut into sheets or slit into narrower widths for sale to manufacturers.

The most common coating mass for zinc coated steel is Z275 (275 grams of zinc coating metal per square meter). Other coatings may include the lower Z200/Z180 and Z100 range of coatings or the higher coating masses of Z350. The coating mass ultimately determines the service life of the product. The higher the coating mass the higher the corrosion resistance and therefore a longer service life can be expected.

The most common coating mass for zinc/iron alloy coated steel product is ZF100 (100 grams of zinc/iron alloy coating metal per square meter). Other coatings may include ZF80 and ZF30.

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

Typically, each Australian and International Standard has a range of steel grades nominated as Commercial, Formable or Structural grades. The commercial/formable grades are those with mechanical properties suitable for general pressing and forming whereas the structural grades are those with guaranteed minimum properties that structural engineers utilize in the design of their final product designs.

More information can be found at:

<http://steelproducts.bluescopesteel.com.au/home/steel-products/metallic-coated-steel>

2. Describe the end uses of the goods in the Australian market from all sources.

Report No. 190 ("Report 190") noted that zinc coated steel was sold into the building and construction, manufacturing, automotive and transport primary market sectors.

Report No. 190 identified the following applications for zinc coated steel:

In the building and construction industry examples of end-use applications for galvanised steel include: commercial and industrial buildings light structural sections (purlins and girts); structural sections for carports, sheds and garages, plastering and ceiling accessories; garage door tracks; structural nail-plates, post stirrups, frame connectors and bracing for timber frames.

In the manufacturing industry examples of end use applications for galvanised steel include: feedstock as input for pipe and tube manufacture; air-conditioning ducting; cable trays; components in domestic appliances; hot water system components; electrical meter cabinets; tool-boxes; meter boxes; grain silo components and general manufactured articles.

Report No. 370 concluded similar, albeit with a lesser focus in the automotive sector.

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.

3. Describe the key product attributes that influence purchasing decisions or purchaser preferences in the Australian market. Rank these preferences or purchasing influences in order of importance.

Rank	Attribute/Preference	Description
1	Price	Many customers view price as the single highest priority purchasing factor. As imports are fully interchangeable with domestic supply, price dominates the purchasing decision.
2	Quality	Meets the growing demands of a changing built environment for durability, resilience, and sustainability.
3	Supply Availability	Australian based mill offering 4-8 week rolling cycles providing customers with reduced working capital requirements, therefore increasing cash flow and aiding competitiveness against imported finished goods.
4	Service & Support	Australian based mills offer direct service and support with managed product traceability, flow delivery etc. This is more important to manufacturers than distributors.
5	Additional Processing	Service centre slitting and shearing. Narrow coils for further manufacturing and roll-forming.

4. If you purchase the goods, describe the process by which you selected your suppliers of the goods and the key factors that informed that decision.

BlueScope does not purchase these goods.

5. If you sell the goods, describe the key factors, that inform your customers decisions to purchase the goods.

For zinc coated steel products of the same type (grade, coating mass, thick and width) either on its own or within a package of zinc coated steel products, the key factor upon which customers decide to purchase is price.

6. What are the key differences between locally made goods and imported goods?

There are no key differences between imported zinc coated steel goods and the domestically produced goods as customers and end users see both domestic and imported products as fit-for-purpose. They are generally manufactured to Australian standards or to similar standards and for the same grade, coating and thickness are completely substitutable.

- a. If you purchase the goods, how do these factors impact your purchasing decision?

BlueScope does not purchase these goods.

- b. If you sell the goods, how do these factors impact your customer's purchasing decision?

When imported and domestic zinc coated steel is of the same or similar product type (i.e. grade, coating, thick and width) the key and most important differentiator then becomes price.

7. If you purchase the goods, how easily can you change suppliers? Provide a description of factors that may cause a re-evaluation of your supply arrangements and how you would implement such a change.

BlueScope does not purchase these goods.

8. If you sell the goods, how easily can your customers change suppliers? Provide a description of factors that may cause a re-evaluation of their supply arrangements and how they would implement such a change.

Imported zinc coated steel products are understood by all users within the Australian market to be completely substitutable with domestically produced zinc coated steel. Customers therefore regularly source both the imported and domestic product and use them interchangeably in their manufacturing process, or if a distribution business, uses either product to resell into the Australian marketplace.

9. Please identify if there are any commercially significant market substitutes in the market for the goods in Australia.

The common significant market substitutes for both the Australian produced and imported goods fall into one of two categories, being "other coated steel substitutes" and "inter-material substitutes".

Other coated steel substitutes include:

- 55% aluminium/zinc coated (also known as Aluzinc);
- zinc with 5% aluminium coating (also known as Galfan®);
- zinc/aluminium/Magnesium coated steel products (in some product applications); and
- painted metallic coated steel substitutes (this could include painted versions of the products listed above).

Inter-material substitutes depend on end use and include:

- in framing applications in construction, there are substitute products such as timber in various forms, hot rolled structural sections, load bearing concrete panels, masonry, and the like;
- in non-framing products for the building industry, plastic and composite materials could be used to replace some steel such as conduits, ceiling and plaster fittings/accessories; and
- in automotive applications where substitution can be achieved the alternatives could be aluminium, plastics or advanced composites.

Despite the identified substitutes, 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.

10. Have there been any changes in market or consumer preferences for the goods in Australia in the last five years? Do you anticipate any change in preference in the coming five years? If yes, provide details including any relevant research or commentary on the industry/sector that supports your response.

Not applicable.

11. Describe the ways that the goods are marketed and distributed in the Australian market (e.g. price lists, tenders).

BlueScope's approach to marketing the goods in the Australian market is best understood by critiquing the following: <http://www.steel.com.au/products/coated-steel/>

C Pricing decisions in Australia

1. Describe the importance of the Australian market to your company's operations. In your response describe:
- (a) The proportion of your company's sales revenue derived from sales of the goods in Australia; and
 - (b) The proportion of your company's profit derived from sales of the goods in Australia.

In responding to question 1 please provide evidence supporting calculations.

Please refer to BlueScope's company overview presentation provided during the industry verification.

2. Is your organisation/business entity the price leader of the goods in the Australian market? If no, please explain the reasons behind your response and specify the name(s) of the price leaders.

BlueScope does not consider itself a price leader for the subject goods. Net prices are set, [commercial-in-confidence, pricing details]

3. Describe the supply arrangements with your customers, including whether supply is made via long term contracts or spot sales. If any supply is made via long term contracts, describe:
- a. the length of the supply contracts;
 - b. The key terms of those contracts;
 - c. The price review mechanisms under those contracts (if any).

As Above.

4. Explain the process for how the selling prices of the goods for the Australian market are determined by your business. Provide copies of internal documents which support how pricing is determined.

As Above. Refer Confidential Attachment 1 – [commercial-in-confidence, pricing details]

5. Describe the nature of your pricing for the goods (e.g. market penetration, inventory clearance, product positioning, price taker, price maker, etc.) and your price strategies (e.g., competition-based pricing, cost-plus

pricing, dynamic pricing, price skimming, value pricing, penetration pricing, bundle pricing, etc.) in Australia. If there are multiple strategies applied, please rank these by importance. If there are different strategies for different products, please specify these. Provide copies of internal documents which support the nature of your product pricing.

As Above.

6. Explain the process for how the selling prices of the goods for the Australian market by your business are determined. Provide copies of internal documents which support how pricing is determined. This could include internal policy documents, minutes of meetings or evidence of actual price negotiations and pricing decisions with your customers.

As Above.

7. How frequently are your Australian selling prices reviewed? Describe the process of price review and the factors that initiate and contribute to a review.

As Above.

8. Rank the following factors in terms of their influence on your pricing decisions in the Australian market, with the most important factor ranked first and the least important factor ranked last:

- Competitors' prices;
- Maintaining production levels;
- Purchase price of raw materials;
- Cost to make and sell the goods;
- Level of inventory;
- Value of the order;
- Volume of the order;
- Value of forward orders;
- Volume of forward orders;
- Customer relationship management;
- Supplier relationship management;
- Desired profit;
- Brand attributes;
- Other [please define what this factor is in your response].

[commercial-in-confidence market factors]

D Direct evidence of current import competition in Australia and its impact on Australian industry

1. Describe current status of import competition in the Australian market, including:
 - a. The major Australian importers, traders or end users seeking to supply the goods into the Australian market
 - b. End users your company does not supply but who solely import the goods from overseas.
 - c. End users who both source the goods from your company and from overseas sources.

[commercial-in-confidence, market participant details]

2. Provide examples during the inquiry period which demonstrate how import competition has influenced your pricing in the Australian market. Please provide evidence to support these examples.

As noted above, BlueScope's prices are set [commercial-in-confidence, pricing details]

3. Provide examples during the inquiry period that demonstrate the loss of or threatened the loss of sales volume to an import source. Please provide evidence to support these examples.

All import offers represent the loss, or threatened loss, of sales volume to an import source. BlueScope has articulated below at F [commercial-in-confidence, importer details]

4. Describe any other circumstances in which imported goods have affected your company that you consider to be relevant to this inquiry

The competitive dynamic for zinc coated steel, as a commodity product, has not altered. BlueScope has detailed within this questionnaire how the imported goods affect the company as relevant to this continuation inquiry.

5. Detail how COVID and any resulting supply-chain issues have impacted the market for the goods in Australia over the last 18 months, particularly in relation to the construction industry.

As per A-1(a) above.

E Future demand, supply and other anticipated changes in the market

1. If relevant, describe how the examples and current status of import competition detailed in Section D of the questionnaire would be relevant to the expiration of the Indian, Malaysian and Vietnamese anti-dumping measures and the likelihood of the continuation of, or a recurrence of the dumping and material injury that the anti-dumping measures are intended to prevent.

Prior to measures being imposed on imports from India, Malaysia and Vietnam, these three countries exported around [XXXX] metric tonnes ("MT") of dumped zinc coated steel product onto the Australia market on an annual basis. Once measures were imposed, imports from India, Malaysia and Vietnam declined to [trend]. In FY2017/18, imports from India Malaysia and Vietnam [trend to XXXX] MT and then declined to [trend] FY2019/20 (a more detailed analysis is discussed at F below).

The import trade flows clearly show [trend]. In the following FY2018 period, [trend] signifying the high level of interchangeability of zinc coated steel products between manufacturers, and its status as a true commodity product where price is the key determinant for purchasers.

Should measures be allowed to expire, India, Malaysia and Vietnam will revert to compete on price (i.e. undercut existing market participants) to re-establish past market positions, ensuring that the Australian industry would again have to compete with unfairly traded and dumped zinc coated steel products.

2. Do you anticipate any changes in patterns of supply and demand in the Australian market over the next 1 to 5 years? What are your expectations for your own production of the goods over that period? Provide any relevant commentary to support your answers.

Refer response at D-5 above.

3. What do you consider to be primary economic indicators that correlate with the demand for the goods and may provide some indication of likely future demand?

The primary demand driver for galvanised steel is the demand for residential and commercial construction.

Several factors impact on the market for galvanised steel, and hence likely future demand. This includes factors that impact residential and commercial construction such as seasonal fluctuations (wet/dry seasons, holiday season shutdown), economic factors (availability for capital, domestic conditions, consumer confidence), and government regulation (standards, policies).

4. If any of your supply arrangements with your customers are subject to contracts, specify whether of those contracts are likely to be renegotiated or revised in the next 1 to 5 years.

Not applicable.

5. Do you have any direct evidence that demonstrates that your current customers would be willing to switch to or to increase supply from an import source?

All of BlueScope's customers for the goods already dual source from domestic production and imports, either purchasing imports directly, via a trader or from the BlueScope aligned distribution channel, or from the import distribution channel. This supply dynamic is a normal feature of the zinc coated steel market in Australia. See above commentary re changed trade flows of zinc coated steel product in E-1.

6. Are there any anticipated technological or product developments within the next five years that are likely to affect demand, your supply, your costs or pricing of the goods?

Not relevant in the commodity zinc coated steel product market.

7. Do you anticipate any change in consumer preferences in the coming five years? If yes, provide details including any relevant research or commentary on the industry/sector that supports your response?

BlueScope does not anticipate any change in consumer/customer preferences nor their purchasing decision criteria in the coming five years.

F Materiality of any potential injury

In event of the anti-dumping measures were to expire in August 2022, describe how any future injury or continued injury caused by dumping and/or subsidisation would be 'material'.

In its application for the continuation of measures, BlueScope stated that:¹

The Commission needs to appropriately consider the period beyond the life of the current measures to determine if it is likely that dumped and injurious galvanised steel exports from the subject countries will likely recommence. BlueScope contends that should the measures be allowed to expire in August 2022, it is likely that the Australian industry would experience a recurrence of dumping and material injury.

BlueScope submits that future injury from dumping and/or subsidisation would be material should the measures be allowed to expire in August 2022.

The Likely Volume Effects Would Be Significant

Investigation 370 – Material volumes in the absence of measures

The Commission's consideration of its own injury determinations in the original investigation, reflecting the industry's condition prior to the imposition of measures, is important, because that period was the most recent time during which imports of the subject merchandise competed in the Australian market free of the discipline of interim dumping and countervailing duties.

Hence, the outcomes of investigation 370 are a relevant consideration for the Commission in determining the materiality of injury to the Australian industry in the absence of continued effective trade measures against India, Malaysia, and Vietnam.

Should the measures be allowed to expire, India, Malaysia, and Vietnam will have a substantial export trade advantage to the Australian market. This will result in dumping and material injury to the Australian industry in the same manner as was evidenced in investigation 370. The trade measures in place against galvanised steel from China, Korea, and Taiwan expire in August 2023, and hence will remain in-force when those against India, Malaysia, and Vietnam are due to expire 12 months prior. BlueScope is therefore categorical in its view that the injurious volume trend identified by the Commission in investigation 370 will resume if the measures are permitted to lapse.

In investigation 370, the Commission concluded that:²

- Malaysia increased from very small volumes in 2013 (discussed above);
- India increased significantly in FY2014;
- Vietnam increased significantly in FY2013, and remained steady from FY2014 to FY2016;
- Countries subject to anti-dumping measures **declined significantly** in FY2014 from FY2013 (after the imposition of measures); and
- All other countries generally declined from FY2013 to FY2016.

BlueScope highlighted in its continuation application that this volume trend finding from the Commission highlighted two things:

1. That the anti-dumping measures on galvanised steel applied against Korea and Taiwan, and the anti-dumping and countervailing measures applied against China, from Investigations 190a and 193a, were effective in FY2014; and that
2. India, Malaysia, and Vietnam (previously non-existent in the Australian market) opportunistically sought to replace volumes from the above-noted countries and commence causing material injury to the Australian industry.

¹ EPR Folio No. 1.

² Investigation 370, Folio No. 106, p. 27.

Current Inquiry

Australian import statistics demonstrate the restraining effects the measures have had on unfairly traded imports over the period of this continuation inquiry. As BlueScope detailed in Confidential Appendix A-2, the volume of cumulated subject imports [*trend*] following the filing of the application and the imposition of the measures in August 2017.³

- in 2017, imports from India, Malaysia, and Vietnam totalled [XXXX] MT;
- in 2018, imports from these three countries declined by [XXXX] percent, to [XXXX] MT;
- in 2019, imports further declined by [XXXX] percent (from 2017, or [XXXX] percent from the 2018 period) to [XXXX] MT; and
- ultimately, by 2022, subject imports decreased to [XXXX] MT.

This illustrates the dramatic, restraining effects the 2017 measures have had on volumes of unfairly traded subject imports. Notably, current subject import levels are [*trend*] than before these cases were filed, as 2022 subject import volumes represent a [XXXX] percent decrease from 2017. Put another way, in the four-year period prior to the imposition of the measures, subject imports averaged [XXXX] metric tonnes per year. In stark contrast, in the five-year period following the measures, subject imports averaged [XXXX] MT per year. Taken together, it is clear that subject imports are [*trend*] as a direct result of the trade relief granted in the original investigation.

Galvanised steel producers in India, Malaysia, and Vietnam each have the capacity to export a substantial volume of subject merchandise to the Australian market in the event of revocation of the measures. Subject producers in these countries maintain extensive production capacity, and they have the means, existing supply channels, and motive to export substantial volumes of galvanised steel to Australia. Given the attractiveness of the Australian market, they would not hesitate to do so without the discipline of the measures.

The Likely Price Effects Would be Significant

Investigation 370 – Material price impact in the absence of measures

In terms of price, Investigation 370 concluded that:⁴

...the Commission has found that the Australian galvanised steel market is price sensitive, with BlueScope needing to take into account import prices in order to maintain sales. Given this price sensitivity, evidence of price undercutting, together with the IPP pricing strategy used by BlueScope and the evidence which shows that in some months in the investigation period dumped and/or subsidised import offers have influenced BlueScope's prices, the Commission is of the view that injury suffered by the Australian industry was caused by dumped and/or subsidised low priced imports from India, Malaysia and Vietnam. The injury suffered from these imports, targeting particularly the distribution and building sectors was material when assessed against the Australian industry's production as a whole. The materiality of the injury was based on the significance of the volumes supplied in these sectors.

Current Inquiry

Given the substitutability of the domestic like product and subject imports and price-based competition for galvanised steel in the Australian market, if the measures expire, a significant volume of dumped and/or subsidised zinc coated steel imports from the subject countries would again

³ Confidential Appendix A-2.

⁴ Investigation 370, Folio No. 106, p. 70.

substantially undersell the domestic like product to gain market share. In turn, this would depress and suppress domestic like product prices to a significant degree.

As the Commission found in Investigation 370, subject imports and the domestic like product are highly substitutable, and galvanised steel is purchased based on price. These findings remain true today. The Australian market for galvanised steel remains highly price sensitive as a result of the substitutable nature of the domestic like product and subject merchandise. Expiration of the measures would likely lead to a recurrence of injury to the domestic industry by negatively impacting both sales and prices.

Without the discipline of trade relief, unfairly traded subject imports would again be free to re-enter the Australian market unrestrained, and they would regain market share through underselling. This would suppress and depress prices, causing subject imports to adversely affect the profitability and stability of the domestic industry, just as they did prior to the imposition of the measures.

Concurrent Indicators – Aluminium Zinc Coated Steel

BlueScope asserts that the current Australian trade remedy inquiries into aluminium zinc coated steel exported from Korea, Taiwan, and Vietnam⁵ (“Investigation 558”) also highlights the highly probable outcome that recurrent injury to the Australian industry would be material should the measures be allowed to expire in August 2022.

Aluminium zinc coated steel falls within the same general category of metallic coated steel products as galvanised steel. They also share the same commercial and market attributes; namely that they both exist in a highly competitive Australian market with a high level of price transparency, and that Australian industry selling prices are closely related with the prices of imported goods.

In Statement of Essential Facts 558, the Commission concluded that imports from Vietnam were at dumped prices, and that in all quarters of the investigation period Vietnamese exporters were the lowest priced in the Australian market,⁶ and consequently that the Australian industry suffered material injury in the form of price depression, and reduced profits and profitability from the imported goods.⁷

Investigation 558 evidences a contemporary finding of dumping and material injury by Vietnamese exporters of a closely related metallic coated steel product. The consequent lead indicator from these findings to-date is that the existence of a dumped and materially injurious supply channel from Vietnam for aluminium zinc coated steel would likely then be utilised by the same/similar Vietnamese producers) for galvanised steel should the measures lapse.

Applied more broadly, BlueScope submits that Investigation 558 highlights a trend towards greater dumping margins on metallic coated steel exports to Australia, based on contemporary pricing differentials. It is highly probable that the Commission, in this current continuation inquiry, will find positive dumping margins and the consequent causal link.

Clear Evidence

The above, in conjunction with BlueScope’s continuation application, indicate that the likely impact of imports from the subject countries on the domestic industry would be significant if the measures were discontinued. As shown above, should the discipline of the measures be removed, subject producers will likely export a significant volume of galvanised steel to the Australian market. Those unfairly traded imports would likely take sales from BlueScope and depress or suppress Australian

⁵ Investigation 558 – Aluminium zinc coated steel (≥600mm) from Korea, Taiwan, and Vietnam.

⁶ Statement of Essential Facts 558, Folio No. 057. P. 88,90.

⁷ Ibid., p. 101.

prices. These developments would then likely cause BlueScope's output, sales, market share, profits, productivity, return on investments, and capacity utilization to decline. They would also likely have significant negative effects on other aspects of the industry's performance, such as employment, wages, growth, and investment.

Accordingly, the likely adverse impact of the subject imports would be significant if the measures expire in August 2022. The Australian industry therefore remains vulnerable to material injury in the event of expiration. Should trade relief be terminated, the Australian zinc coated steel industry will experience a continuation or recurrence of material injury, as it did prior to the imposition of the measures. Given the Commission's previous determinations with respect to the volumes and injurious price effects of subject imports, as well as the importance of price to BlueScope, a substantial volume of dumped and/or subsidised subject imports will inevitably result in the decline of Australian prices and the overall financial performance of the domestic industry. The history of the original investigation shows that dumped and subsidised subject imports can cause material injury to the Australian industry within a short period of time.

G Declaration

I hereby declare that BlueScope Steel have completed the attached questionnaire and, having made due inquiry, certify that the information contained in this submission is complete and correct to the best of my knowledge and belief.

Name: [REDACTED] [REDACTED]

Signature:

Position in

Company: Manager – Trade Measures

Date: 3 November 2021