



# Australian Industry Verification Report

## Verification & Case Details

<b>Initiation Date</b>	6 October 2021	<b>ADN:</b>	2021/127
<b>Case Number</b>	592		
<b>The goods under consideration</b>	Zinc coated (galvanised) steel		
<b>Case type</b>	Continuation Inquiry		
<b>Australian Industry</b>	BlueScope Steel Limited		
<b>Verification method</b>	Virtual verification		
<b>Inquiry Period</b>	1 October 2020 to 30 September 2021		

THIS REPORT AND THE VIEWS OR RECOMMENDATIONS CONTAINED THEREIN WILL BE REVIEWED BY THE CASE MANAGEMENT TEAM AND MAY NOT REFLECT THE FINAL POSITION OF THE ANTI-DUMPING COMMISSION

<b>CONTENTS</b>
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<b>CONTENTS .....</b>	<b>2</b>
<b>1 PREFACE .....</b>	<b>3</b>
<b>2 THE GOODS SUBJECT TO ANTI-DUMPING MEASURES .....</b>	<b>4</b>
<b>3 COMPANY BACKGROUND .....</b>	<b>5</b>
3.1 CORPORATE STRUCTURE AND OWNERSHIP .....	5
3.2 RELATED PARTIES .....	5
<b>4 THE AUSTRALIAN INDUSTRY MANUFACTURING LIKE GOODS .....</b>	<b>6</b>
4.1 MANUFACTURING IN AUSTRALIA .....	6
4.2 LIKE GOODS .....	6
4.3 DESCRIPTION AND VERIFICATION OF MODEL CONTROL CODES .....	7
4.4 PRELIMINARY LIKE GOODS ASSESSMENT .....	9
<b>5 AUSTRALIAN MARKET .....</b>	<b>10</b>
5.1 BACKGROUND .....	10
5.2 MARKET STRUCTURE AND END USE .....	10
5.3 PRICING .....	11
<b>6 VERIFICATION OF SALES COMPLETENESS AND RELEVANCE .....</b>	<b>12</b>
6.1 EXCEPTIONS DURING VERIFICATION OF SALES COMPLETENESS AND RELEVANCE .....	12
6.2 SALES COMPLETENESS AND RELEVANCE FINDING .....	12
<b>7 VERIFICATION OF SALES ACCURACY .....</b>	<b>13</b>
7.1 RELATED PARTY CUSTOMERS .....	13
7.2 SALES ACCURACY FINDING .....	13
<b>8 VERIFICATION OF CTMS COMPLETENESS AND RELEVANCE .....</b>	<b>14</b>
8.1 CTMS COMPLETENESS AND RELEVANCE FINDING .....	14
<b>9 VERIFICATION OF CTMS ACCURACY .....</b>	<b>15</b>
9.1 COST ALLOCATION METHOD .....	15
9.2 VERIFICATION OF ACCURACY OF CTMS DATA .....	15
9.3 RELATED PARTY SUPPLIERS .....	15
9.4 CTMS VERIFICATION FINDING .....	15
<b>10 ECONOMIC CONDITION OF THE AUSTRALIAN INDUSTRY .....</b>	<b>17</b>
10.1 BACKGROUND .....	17
10.2 APPROACH TO INJURY ANALYSIS .....	17
10.3 VOLUME EFFECTS .....	17
10.4 PRICE EFFECTS .....	19
10.5 PROFIT EFFECTS .....	20
10.6 OTHER ECONOMIC FACTORS .....	20
<b>11 IMPACT OF EXPIRY OF MEASURES .....</b>	<b>25</b>
<b>12 ATTACHMENTS .....</b>	<b>26</b>

## **1 PREFACE**

The Anti-Dumping Commission has verified data provided by BlueScope Steel Limited (BlueScope), relevant to the inquiry into the continuation of the anti-dumping measures applying to zinc coated (galvanised) steel exported to Australia from the Republic of India (India), Malaysia and the Socialist Republic of Vietnam (Vietnam) (Inquiry 592). This report details the evidence gathered and the key findings from the verification of the data.

This report has been prepared for publication on the electronic public record for Inquiry 592.

This report provides interested parties with information regarding all material aspects of the verification, including explanations of any material issues identified during the verification. It outlines the nature, extent and consequences of any changes made to the data submitted, including data corrections made by the company or by the verification team.

Verification teams are authorised to conduct verifications under section 269SMG and 269SMR of the *Customs Act 1901* (Cth) (the Act).<sup>1</sup>

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<sup>1</sup> References to any section in this report relate to provisions of the Act, unless specifically stated otherwise.

## **2 The goods subject to anti-dumping measures**

The goods subject to anti-dumping measures (the goods) 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.

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

Further information regarding the goods is available in Anti-Dumping Notice (ADN) No. 2017/99.

## **3 COMPANY BACKGROUND**

### **3.1 Corporate structure and ownership**

BlueScope is a flat steel product manufacturer and is publicly-listed (limited by shares) on the Australian Securities Exchange.

BlueScope produces and markets a range of value-added coated and painted flat steel products for the Australian market.

### **3.2 Related parties**

The verification team examined the relationships between any related parties involved in the manufacture and sale of the goods.

In its application, BlueScope stated that it did sell like goods to related party customers in the inquiry period. The verification team's assessment of whether those sales are arms length is found in section 7.1 of this report.

## 4 THE AUSTRALIAN INDUSTRY MANUFACTURING LIKE GOODS

### 4.1 Manufacturing in Australia

BlueScope is the sole manufacturer of galvanised steel in Australia.

Details of the production process are contained in the verification work program at **Confidential Attachment 1**.

Based on information gathered at the verification visit and information obtained from previous investigations and reviews in relation to the subject goods, the verification team is satisfied that BlueScope is the sole Australian producer of the like goods.

### 4.2 Like goods

Like goods are defined under section 269T(1) of the Act as:

*goods that are identical in all respects to the goods under consideration or that, although not alike in all respects to the goods under consideration, have characteristics closely resembling those of the goods under consideration.*

The verification team considers that the galvanised steel manufactured by BlueScope is identical to, or has characteristics closely resembling, the goods exported to Australia, as:

- the primary physical characteristics of the goods exported to Australia and locally produced goods are similar, notwithstanding variations in technical specifications (i.e. grade or thickness);
- the goods exported to Australia and locally produced goods are commercially alike as they are sold to common users and directly compete in the same market; and
- the goods exported to Australia and locally produced goods are functionally alike as they have a similar range of end-uses and the goods exported to Australia and locally produced goods are manufactured in a similar manner.

### 4.3 Description and verification of model control codes

#### 4.3.1 Model Control Code

Details of the model control code (MCC) structure for the goods are detailed in the table below. Exporters and the Australian industry must submit their data consistent with the MCC structure. At a minimum, the data must report sales and cost data separately for each of the mandatory MCC categories identified below.

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: MCC structure**

**PUBLIC RECORD**

Table 2 below provides detail on the MCC sub-categories that were determined and verified to source documents.

Category	Determination of the sub-category
Alloy content	Based on the product description stated on commercial invoices, financial data, test certificates, and despatch notices verified during the verification.
Prime	
Steel base	
Coating type	
Coating mass	
Steel grade	
Base metal thickness (BMT)	
Width	
Form	

**Table 2: MCC sub-category determination**

BlueScope sold like goods with the following MCCs during the inquiry period.

MCC			
NA-P-C-F-5-A-3-B-C	NA-P-C-Z-2-D-1-B-C	NA-P-C-Z-3-D-7-B-C	NA-P-C-Z-5-A-4-B-C
NA-P-C-F-5-A-3-C-C	NA-P-C-Z-2-D-4-B-C	NA-P-C-Z-3-D-8-B-C	NA-P-C-Z-5-A-5-B-C
NA-P-C-F-5-A-4-B-C	NA-P-C-Z-2-D-4-C-C	NA-P-C-Z-3-E-5-A-C	NA-P-C-Z-5-A-6-A-C
NA-P-C-F-5-A-4-C-C	NA-P-C-Z-2-D-5-B-C	NA-P-C-Z-3-E-5-B-C	NA-P-C-Z-5-A-6-B-C
NA-P-C-F-5-A-5-A-C	NA-P-C-Z-2-D-6-B-C	NA-P-C-Z-3-E-6-B-C	NA-P-C-Z-5-A-7-B-C
NA-P-C-F-5-A-5-B-C	NA-P-C-Z-2-D-7-B-C	NA-P-C-Z-3-E-6-C-C	NA-P-C-Z-5-A-8-A-C
NA-P-C-F-5-A-5-C-C	NA-P-C-Z-2-D-8-B-C	NA-P-C-Z-3-E-7-B-C	NA-P-C-Z-5-A-8-B-C
NA-P-C-F-5-A-6-B-C	NA-P-C-Z-2-E-5-A-C	NA-P-C-Z-3-E-8-B-C	NA-P-C-Z-5-C-4-B-C
NA-P-C-F-5-A-6-C-C	NA-P-C-Z-2-E-6-A-C	NA-P-C-Z-3-F-2-A-C	NA-P-C-Z-5-C-6-B-C
NA-P-C-F-5-A-7-B-C	NA-P-C-Z-2-E-7-A-C	NA-P-C-Z-3-F-2-B-C	NA-P-C-Z-5-C-6-C-C
NA-P-C-Z-1-A-1-B-C	NA-P-C-Z-2-E-7-B-C	NA-P-C-Z-3-F-3-A-C	NA-P-C-Z-5-C-8-B-C
NA-P-C-Z-1-A-2-A-C	NA-P-C-Z-2-E-8-A-C	NA-P-C-Z-3-F-3-B-C	NA-P-C-Z-5-D-3-B-C
NA-P-C-Z-1-A-2-B-C	NA-P-C-Z-2-F-3-B-C	NA-P-C-Z-3-F-4-A-C	NA-P-C-Z-5-D-4-B-C
NA-P-C-Z-1-A-3-A-C	NA-P-C-Z-2-F-4-B-C	NA-P-C-Z-3-F-4-B-C	NA-P-C-Z-5-D-5-B-C
NA-P-C-Z-1-A-3-B-C	NA-P-C-Z-3-A-1-B-C	NA-P-C-Z-3-F-5-A-C	NA-P-C-Z-5-D-7-B-C
NA-P-C-Z-1-A-4-A-C	NA-P-C-Z-3-A-2-B-C	NA-P-C-Z-3-F-5-B-C	NA-P-C-Z-5-E-5-A-C
NA-P-C-Z-1-A-4-B-C	NA-P-C-Z-3-A-3-A-C	NA-P-C-Z-4-A-5-C-C	NA-P-C-Z-5-E-5-B-C
NA-P-C-Z-1-A-4-C-C	NA-P-C-Z-3-A-3-B-C	NA-P-C-Z-4-A-6-C-C	NA-P-C-Z-5-E-5-C-C
NA-P-C-Z-1-A-5-A-C	NA-P-C-Z-3-A-3-C-C	NA-P-C-Z-4-D-5-B-C	NA-P-C-Z-5-E-6-A-C
NA-P-C-Z-1-A-5-B-C	NA-P-C-Z-3-A-4-A-C	NA-P-C-Z-4-D-5-C-C	NA-P-C-Z-5-E-6-B-C
NA-P-C-Z-1-A-6-B-C	NA-P-C-Z-3-A-4-B-C	NA-P-C-Z-4-D-6-B-C	NA-P-C-Z-5-E-7-A-C
NA-P-C-Z-1-B-3-A-C	NA-P-C-Z-3-A-4-C-C	NA-P-C-Z-4-D-7-B-C	NA-P-C-Z-5-E-7-B-C
NA-P-C-Z-1-B-3-B-C	NA-P-C-Z-3-A-5-B-C	NA-P-C-Z-4-D-8-B-C	NA-P-C-Z-5-E-8-A-C
NA-P-C-Z-1-B-4-A-C	NA-P-C-Z-3-A-5-C-C	NA-P-C-Z-4-E-5-A-C	NA-P-C-Z-5-E-8-B-C
NA-P-C-Z-1-C-5-A-C	NA-P-C-Z-3-A-6-A-C	NA-P-C-Z-4-E-5-B-C	NA-P-C-Z-5-F-2-A-C
NA-P-C-Z-1-C-5-B-C	NA-P-C-Z-3-A-6-B-C	NA-P-C-Z-4-E-5-C-C	NA-P-C-Z-5-F-2-B-C
NA-P-C-Z-1-C-6-A-C	NA-P-C-Z-3-A-6-C-C	NA-P-C-Z-4-E-6-A-C	NA-P-C-Z-5-F-3-B-C
NA-P-C-Z-1-C-6-B-C	NA-P-C-Z-3-A-7-B-C	NA-P-C-Z-4-E-6-B-C	NA-P-C-Z-5-F-4-A-C
NA-P-C-Z-1-D-5-B-C	NA-P-C-Z-3-A-7-C-C	NA-P-C-Z-4-E-6-C-C	NA-P-C-Z-5-F-4-B-C
NA-P-C-Z-1-D-6-B-C	NA-P-C-Z-3-A-8-B-C	NA-P-C-Z-4-E-7-A-C	NA-P-C-Z-5-F-4-C-C
NA-P-C-Z-1-D-7-B-C	NA-P-C-Z-3-B-3-B-C	NA-P-C-Z-4-E-7-B-C	NA-P-C-Z-5-F-5-A-C
NA-P-C-Z-1-D-8-B-C	NA-P-C-Z-3-C-2-B-C	NA-P-C-Z-4-E-8-A-C	NA-P-C-Z-5-F-5-B-C
NA-P-C-Z-1-E-6-B-C	NA-P-C-Z-3-C-6-B-C	NA-P-C-Z-4-E-8-B-C	NA-P-C-Z-5-F-5-C-C
NA-P-C-Z-1-E-7-B-C	NA-P-C-Z-3-C-7-B-C	NA-P-C-Z-4-F-3-B-C	NA-P-H-Z-2-D-8-B-C
NA-P-C-Z-1-F-1-B-C	NA-P-C-Z-3-D-3-B-C	NA-P-C-Z-4-F-4-A-C	NA-P-H-Z-2-G-6-B-C



## PUBLIC RECORD

NA-P-C-Z-2-A-1-B-C	NA-P-C-Z-3-D-3-C-C	NA-P-C-Z-4-F-4-B-C	NA-P-H-Z-2-G-7-B-C
NA-P-C-Z-2-A-2-B-C	NA-P-C-Z-3-D-4-B-C	NA-P-C-Z-4-F-5-A-C	NA-P-H-Z-3-D-6-B-C
NA-P-C-Z-2-A-3-B-C	NA-P-C-Z-3-D-4-C-C	NA-P-C-Z-4-F-5-B-C	NA-P-H-Z-3-D-7-B-C
NA-P-C-Z-2-A-4-B-C	NA-P-C-Z-3-D-5-B-C	NA-P-C-Z-5-A-2-B-C	NA-P-H-Z-3-D-8-B-C
NA-P-C-Z-2-A-5-B-C	NA-P-C-Z-3-D-5-C-C	NA-P-C-Z-5-A-3-A-C	NA-P-H-Z-3-G-6-A-C
NA-P-C-Z-2-A-6-B-C	NA-P-C-Z-3-D-6-A-C	NA-P-C-Z-5-A-3-B-C	NA-P-H-Z-3-G-6-B-C
NA-P-C-Z-2-A-8-B-C	NA-P-C-Z-3-D-6-B-C	NA-P-C-Z-5-A-3-C-C	NA-P-H-Z-4-G-7-B-C

**Table 3: MCCs of like goods sold during the inquiry period**

### 4.4 Preliminary like goods assessment

The verification team is satisfied that:

- galvanised steel manufactured by BlueScope is like to the goods;<sup>2</sup>
- at least one substantial process of manufacture in the manufacture of galvanised steel is carried out in Australia<sup>3</sup>, and therefore, like goods were wholly or partly manufactured in Australia by BlueScope;<sup>4</sup> and
- there is an Australian industry, consisting of BlueScope, which produces like goods in Australia.<sup>5</sup>

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<sup>2</sup> Section 269T(1).

<sup>3</sup> Section 269T(3).

<sup>4</sup> Section 269T(2).

<sup>5</sup> Section 269T(4).

## 5 AUSTRALIAN MARKET

### 5.1 Background

The Australian market for galvanised steel is supplied by a single domestic producer (BlueScope); and producers from other countries who supply Australian distributors or end-users via multiple channels (direct from overseas mills, via international traders, or via stockists and resellers who may or may not be affiliated with the relevant mill).

The verification team understands that as galvanised steel is considered a commodity product, customers in the Australia market are able to readily change supplier.

### 5.2 Market structure and end use

The two key industries that consume galvanised steel in Australia are:

- the building and construction industry, consisting of residential construction, and industrial/commercial construction; and
- the manufacturing industry.

The building and construction industry is BlueScope's largest consumer of its like goods by volume, with the remainder of BlueScope's volume sold to the general manufacturing industry.

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 general 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.

Locally produced and imported galvanised steel is used interchangeably across the two key market segments in Australia.

#### 5.2.1 Marketing and distribution

BlueScope sells galvanised steel under several brand names, including GALVABOND® (a commercial grade suitable for forming and pressing applications), ZINCANNEAL® and GALVSPAN® (marketed at the construction industry for the production of purlins and girts).

The different brands are sold into different market sectors which enables BlueScope to develop marketing strategies that target particular market sectors.

BlueScope has two major distribution channels selling directly to large customers and to distributors across Australia, that then on sell to customers.

BlueScope's like goods are sold mostly to distributor/resellers, which on-sell BlueScope's like goods into the building and construction market, or are sold to the general manufacturing industry. BlueScope also sells like goods directly to the

building product manufacturing industry in Australia. This industry roll-forms the goods into building products (such as roof cladding) and then distributes the manufactured products downstream (to builders, home owners etc.).

### **5.2.2 Demand**

The primary demand drivers for galvanised steel include residential and commercial construction.

Demand for BlueScope's like goods are therefore impacted by factors that impact residential and commercial construction. BlueScope identified seasonal fluctuations (wet/dry seasons, holiday season shutdown), economic factors (availability for capital, domestic conditions, consumer confidence), and government regulation (standards, policies) as relevant factors that influence demand.

### **5.3 Pricing**

BlueScope claims that prices for the like goods are set through an import parity price (IPP) setting process. The IPP process takes into consideration the market price of the subject goods using contemporary price information for equivalent imported products. This process occurs monthly. BlueScope manufactures the majority of its goods to order.

Following verification, BlueScope provided additional supporting materials including correspondence with customers to support its claim that it is forced to lower its prices in response to import offers (**Confidential Attachment 3**). The verification team observes that both examples relate to offers from the same exporter, which is exempt from the anti-dumping measures. However, the verification team observes that the distributors negotiating with BlueScope cite import offers in an effort to lower the price offer they receive.

<b>6</b>	<b>VERIFICATION OF SALES COMPLETENESS AND RELEVANCE</b>
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The verification team verified the completeness and relevance of BlueScope’s sales listing by reconciling these sales to audited financial statements in accordance with ADN No. 2016/030.

The verification team notes that BlueScope carries out management accounting through various operational systems such as:

- an invoicing and settlement discounts system;
- debtor management;
- rebate model;
- manufacturing costs; and
- freight model systems.

The dataset from these operational systems are aggregated into the COGNOS database, which lists the line-by-line sales revenue and all associated costs for all products.

The verification team noticed that variances exist between the COGNOS databases and the trial balance in SAP. BlueScope was able to clarify the differences between SAP and COGNOS as being related to accounting adjustments. The verification team considered the variances to be insignificant.

The verification team identified the issues outlined below during this process. Details of this verification process are contained in the verification work program and its relevant attachments, at **Confidential Attachment 1**.

### **6.1 Exceptions during verification of sales completeness and relevance**

<b>No.</b>	<b>Exception</b>	<b>Resolution</b>
1	In its sales listing, BlueScope included goods that were not like to the goods subject to the measures.	The verification team revised BlueScope’s sales listing to only include goods within the goods description.

**Table 4: Exceptions during verification of completeness and relevance of sales data**

### **6.2 Sales completeness and relevance finding**

The verification team is satisfied that the sales data provided in the application by BlueScope, including any required amendments as outlined in the exception table above, is complete and relevant. Details of this verification process are contained in the verification work program and its relevant attachment, at **Confidential Attachment 1**.

## 7 VERIFICATION OF SALES ACCURACY

The verification team verified the accuracy of BlueScope's sales listing submitted in the application by reconciling these to source documents in accordance with ADN No. 2016/030.

The verification team identified an issue outlined below during this process. Details of this verification process are contained in the verification work program and its relevant attachment at **Confidential Attachment 1**.

### 7.1 Related party customers

The verification team observed that BlueScope sold its like goods to related customers. Sales to related customers were treated by BlueScope the same as sales to unrelated customers.

The verification team analysed the prices for unrelated and related customers and did not find evidence of price discrimination between related and unrelated customers. The verification team considers the sales to related customers to be at arms length.

The verification team is satisfied that BlueScope's selling prices for its like goods to related customers can be relied upon in the assessment of the economic condition of the Australian industry.

### 7.2 Sales accuracy finding

The verification team is satisfied that the sales data provided in the application by BlueScope is accurate. Details of this verification process are contained in the verification work program and its relevant attachment, at **Confidential Attachment 1**.

## 8 VERIFICATION OF CTMS COMPLETENESS AND RELEVANCE

The verification team verified the completeness and relevance of the cost to make and sell (CTMS) information provided by BlueScope in its application by reconciling it to audited financial statements in accordance with ADN No. 2016/030.

As stated in chapter 6, the verification team notes that BlueScope carries out management accounting through various operational systems. The dataset from these operational systems are aggregated into the COGNOS database, which lists the line-by-line costs for each sale of BlueScope's like goods.

The verification team noticed that variances exist between the COGNOS databases and the trial balance in SAP. BlueScope were able to clarify the differences between SAP and COGNOS as being related to accounting adjustments. The verification team considered the variances to be insignificant.

The verification team did not identify any issues during this process. Details of this verification process are contained in the verification work program and its relevant attachments, at **Confidential Attachment 1**.

### 8.1 CTMS completeness and relevance finding

The verification team is satisfied that the CTMS data provided by BlueScope is complete and relevant.

## **9 VERIFICATION OF CTMS ACCURACY**

### **9.1 Cost allocation method**

The verification team verified the reasonableness of the method used by BlueScope to allocate the cost information, in accordance with ADN No. 2016/030.

The verification team did not identify any issues during this process. Details of this verification process are contained in the verification work program and its relevant attachments at **Confidential Attachment 1**.

Table 5 below outlines the allocation method applied to each cost item.

<b>Cost item</b>	<b>Method applied</b>
Raw Materials – hot rolled coil	Cost of hot rolled coil sourced from a related supplier within the BlueScope group are based on the actual production costs adjusted for transfer pricing.
Raw Materials – zinc	Cost of zinc purchased from an unrelated supplier based on actual purchase price of used zinc.
Scrap Allocation	Standard costs, using bill of materials and production cost worksheets.
Manufacturing Overheads	Standard costs, using bill of materials and production cost worksheets.
Labour	Standard costs, using bill of materials and production cost worksheets.

**Table 5: Cost allocation method**

### **9.2 Verification of accuracy of CTMS data**

The verification team verified the accuracy of BlueScope’s CTMS data by reconciling it to source documents in accordance with ADN No. 2016/030.

The verification team did not identify any issues during this process. Details of this verification process are contained in the verification work program and its relevant attachment, at **Confidential Attachment 1**.

### **9.3 Related party suppliers**

BlueScope sources raw materials from a related entity within the BlueScope group. Hot rolled coil is purchased from a related party at cost which is then adjusted using a transfer price from the related party. The transfer price is based on external market prices of hot rolled coil.

The verification team considers that the price paid to its related supplier is made at arm’s length, taking into account BlueScope’s regular payment of a transfer price based on an external benchmark price for hot rolled coil.

### **9.4 CTMS verification finding**

The verification team is satisfied that the CTMS data provided in the application by BlueScope is complete, relevant and accurate.

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Accordingly, the verification team considers BlueScope's CTMS data is suitable for analysing the economic performance of its like goods' operations.



## 10 ECONOMIC CONDITION OF THE AUSTRALIAN INDUSTRY

### 10.1 Background

On 17 August 2017, anti-dumping measures in the form of a dumping duty notice and a countervailing duty notice were imposed on goods exported from India. Measures in the form of a dumping duty notice were also imposed on goods exported from Malaysia and Vietnam (other than by Hoa Sen Group and Nam Kim Joint Company) (ADN No. 2017/99 refers). The measures were varied on 20 March 2021 (ADN No. 2021/012 refers) following a review of measures.

In its application, BlueScope claims that the expiration of the measures might lead, or might be likely to lead, to a recurrence of the material injury that the measures are intended to prevent.

This chapter considers the economic condition of the Australian industry since 1 October 2016.

### 10.2 Approach to injury analysis

The verification team has assessed the economic condition of the Australian industry from 1 October 2016 using the verified financial information provided by BlueScope. The data was aggregated on an annual basis for years ending 30 September. This preliminary assessment is at **Confidential Attachment 2**.

### 10.3 Volume effects

#### 10.3.1 Sales volume

Figure 1 below shows BlueScope's sales volume of galvanised steel from October 2016 to September 2021.

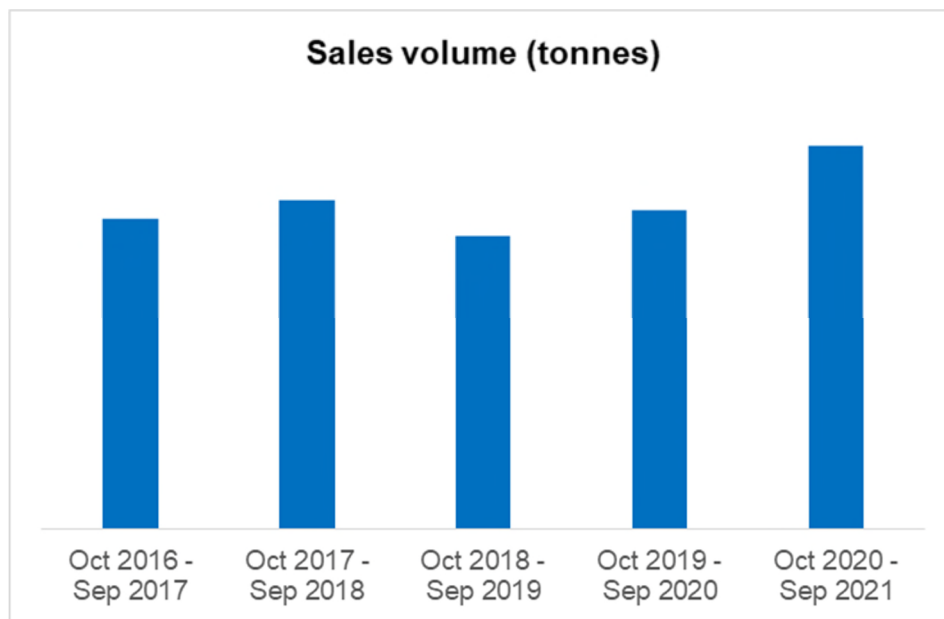


Figure 1: Sales volume

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Figure 1 indicates that BlueScope's sales volume fluctuated until year beginning (YB) October 2019 after which there was a growth in sales volume in YB October 2020.

### 10.3.2 Market share

Figure 2 below details the Australian market share for the goods and like goods.

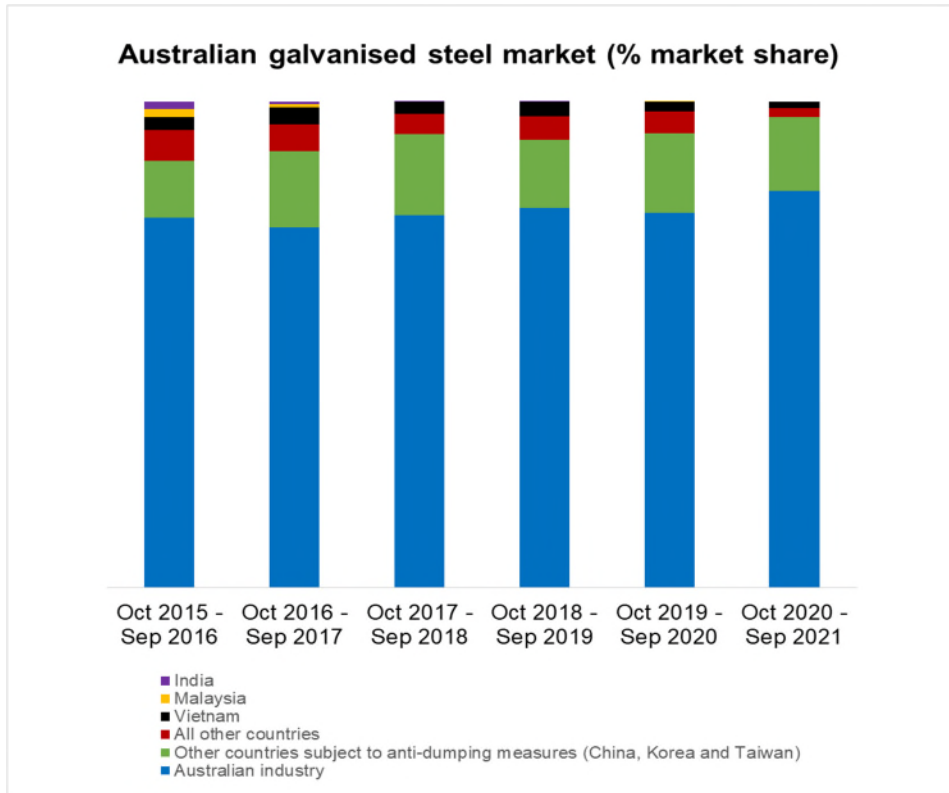


Figure 2: Market share

Figure 2 indicates that BlueScope maintained a steady market share between YB October 2015 and YB October 2019, however experienced an increase in market share during YB October 2020.

Since October 2016, exports from all other countries and Vietnam (in particular, from exporters that are exempt from the anti-dumping measures) were maintained. Imports from Malaysia and India also continued following the imposition of measures in August 2017, albeit the volumes were much lower than they were before the measures were imposed. The verification team notes that other countries (China, Korea and Taiwan) subject to anti-dumping measures have maintained the second largest market share across the period of analysis. Goods from Korea and Taiwan were mostly exported by exporters that are exempt from anti-dumping measures, and these exporters comprised approximately 48 per cent of the total volume of imports in the inquiry period.

### 10.3.3 Conclusion – volume effects

Based on the available information, the verification team does not consider that BlueScope has experienced a deterioration in its economic performance in the form of reduced sales volumes.

## 10.4 Price effects

### 10.4.1 Price depression and price suppression

Price depression occurs when a company, for some reason, lowers its prices. Price suppression occurs when price increases, which otherwise would have occurred, have been prevented. An indicator of price suppression may be the margin between price and costs.

Figure 3 charts BlueScope's unit selling price and unit CTMS from October 2016 to September 2021.

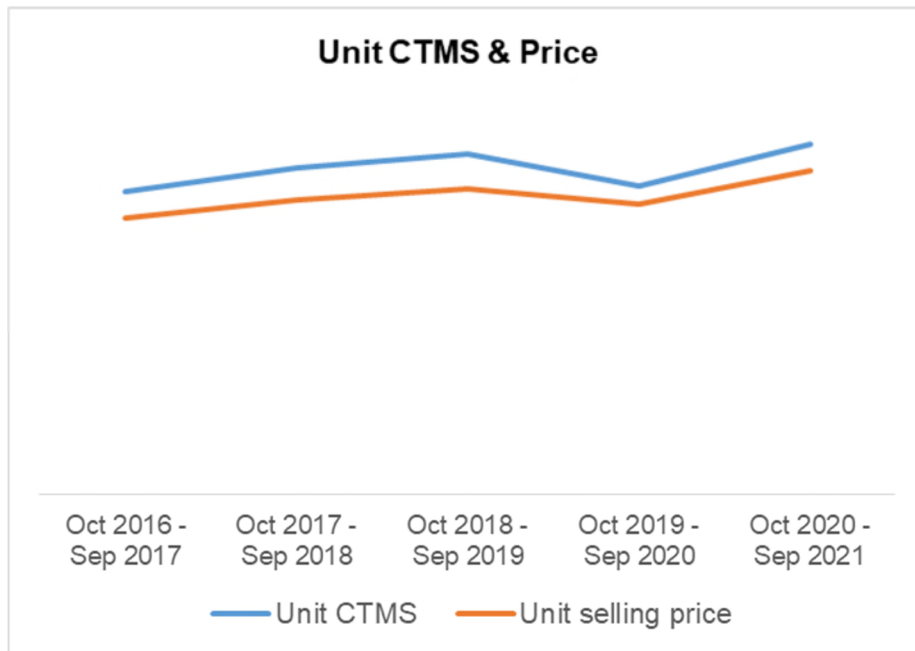


Figure 3: Unit CTMS and unit selling price (\$ per tonne)

Figure 3 indicates that:

- unit CTMS generally trended upward from YB October 2017, but declined in the YB October 2019. The unit CTMS increased in YB October 2020;
- unit selling prices have generally trended upward from YB October 2016, with a minor decline in the YB October 2018. Unit selling prices increased in YB October 2020;
- during the period examined, BlueScope's costs exceed its prices, and BlueScope experienced a negative margin between unit CTMS and unit selling prices, although in YB October 2019 costs decreased at a greater rate than selling prices; and
- the negative margin reduced to its lowest point in YB October 2019, before gradually increasing in YB October 2020.

### 10.4.2 Conclusion – price effects

Based on the available information, the verification team considers that BlueScope has experienced a deterioration in its economic performance in the form of price suppression during the inquiry period.

## 10.5 Profit effects

### 10.5.1 Profit and profitability

Figure 1 charts BlueScope's profit and profitability as a percentage of revenue from October 2016 to September 2021.

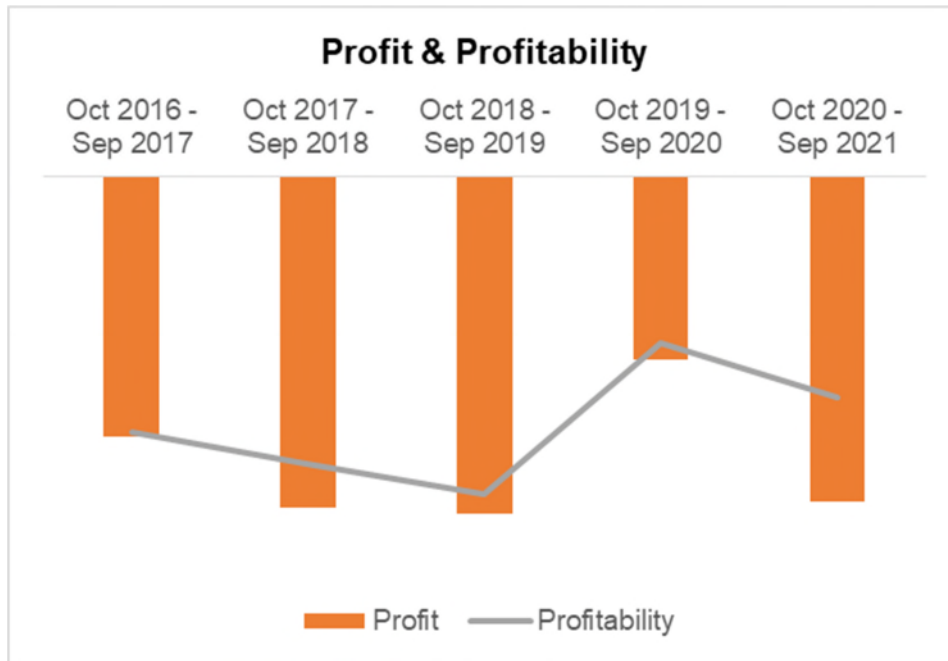


Figure 1: Profit (\$) and profitability (profit % of revenue)

Figure 4 indicates that BlueScope suffered a deterioration in profit and profitability during the period of analysis. This deterioration reduced in YB October 2019 despite still remaining negative before continuing to deteriorate in YB October 2020. This is in line with decreases in costs during that same period.

#### 10.5.1 Conclusion – profit effects

Based on the available information, the verification team considers that BlueScope has experienced a deterioration in its economic performance in the form of loss of profits and reduced profitability during the inquiry period.

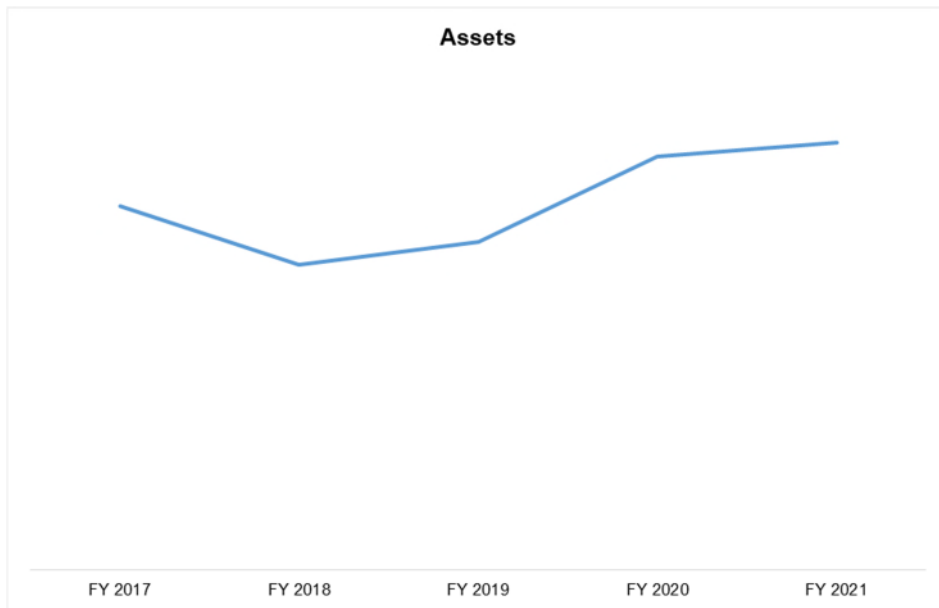
## 10.6 Other economic factors

As part of its application, BlueScope provided data in relation to a range of other economic factors.

### 10.6.1 Assets

Figure 5 depicts the value of BlueScope's assets used in the production of like goods from financial year (FY) 2017 to FY 2021.

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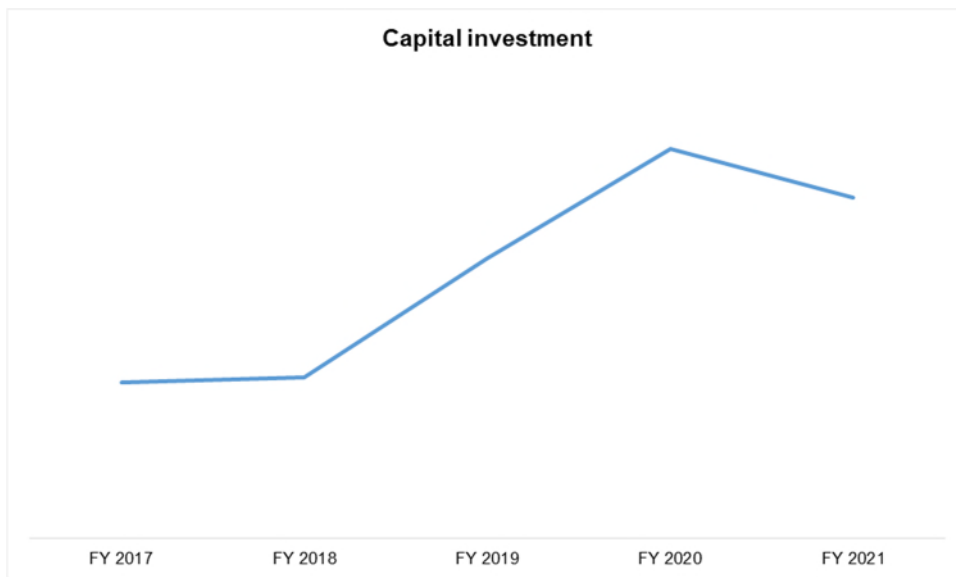


**Figure 5: Assets**

Figure 5 indicates that BlueScope experienced a reduction in the value of assets in FY 2018, after which the value of assets has increased reaching its highest value in FY 2021.

### 10.6.2 Capital Investment

Figure 6 depicts BlueScope's capital investment from FY 2017 to FY 2021.



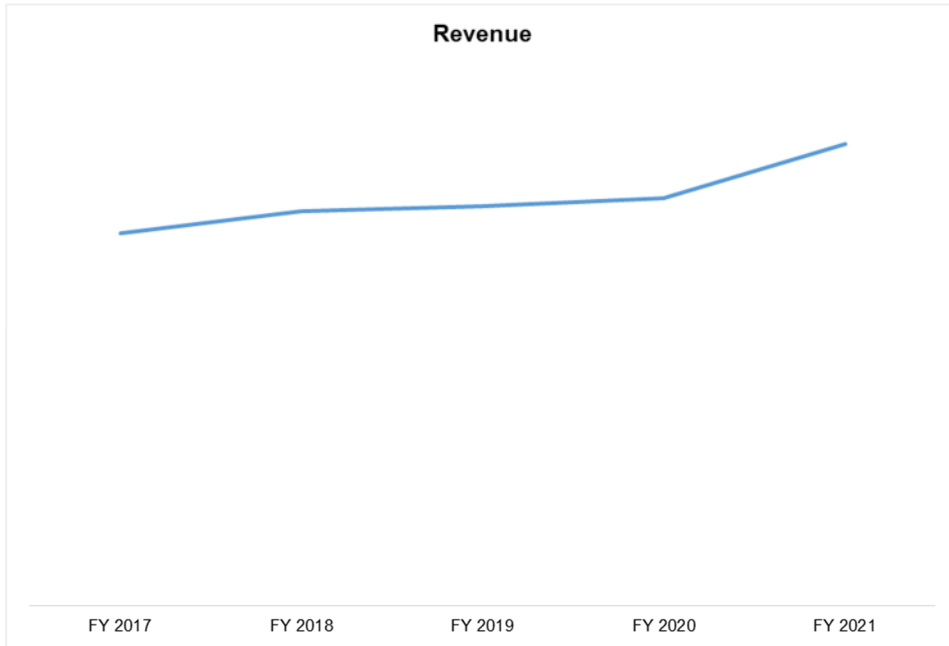
**Figure 6: Capital Investment**

Figure 6 indicates that BlueScope's capital investment experienced a sharp increase from FY 2018 to FY 2020 before decreasing in FY 2021.

### 10.6.3 Revenue

Figure 7 depicts BlueScope's revenue from the sale of like goods from FY 2017 to FY 2021.

## PUBLIC RECORD

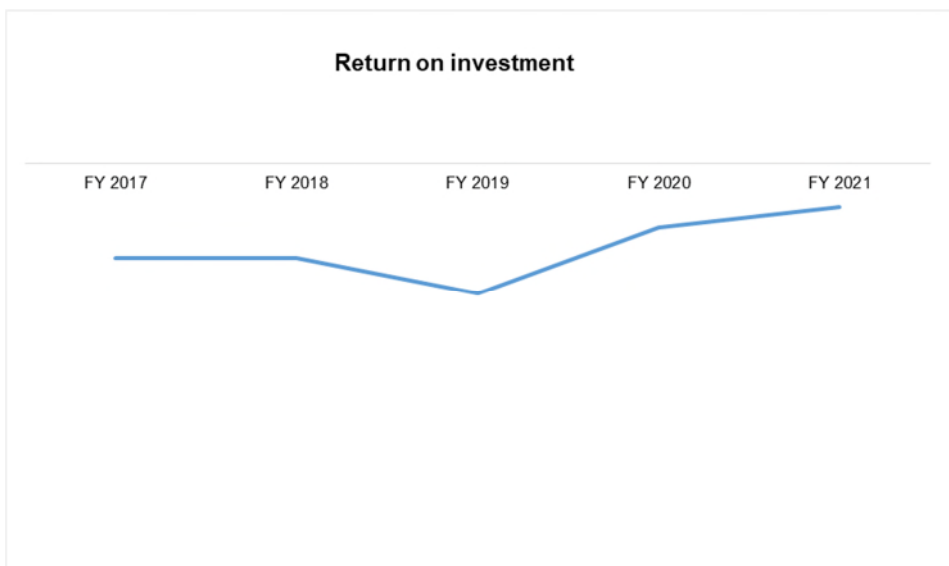


**Figure 7: Revenue**

Figure 7 indicates that BlueScope experienced a gradual increase in revenue on sales of like goods from FY 2017 to FY 2020, after which there was a period of strong growth in FY 2021.

### 10.6.4 Return on investment

Figure 8 depicts BlueScope's return on investment from FY 2017 to FY 2021.

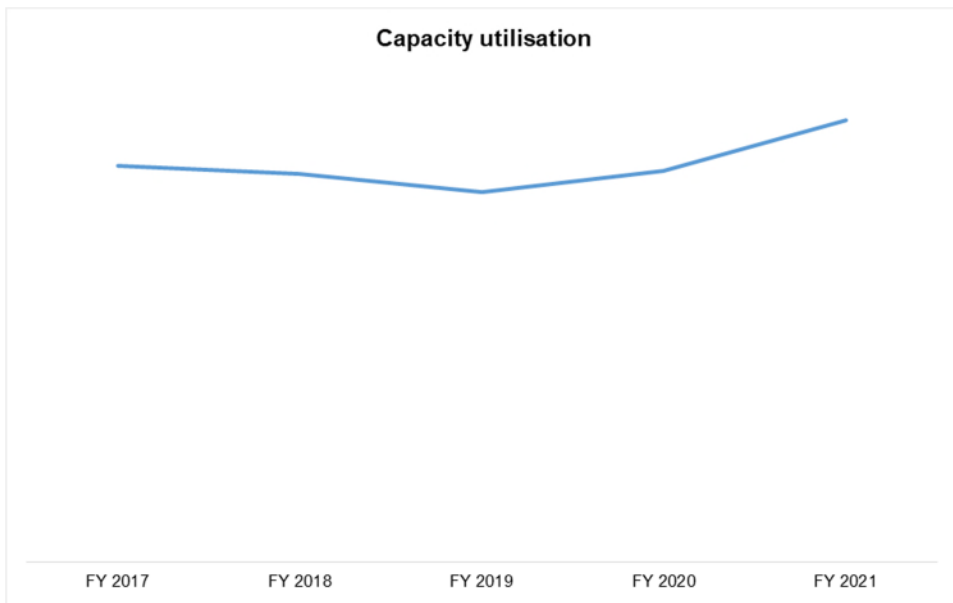


**Figure 8: Return on investment**

Figure 8 indicates that BlueScope experienced negative return on investment (ROI) in all financial years. BlueScope experienced its lowest ROI in FY 2019. Following this, there was an improvement with the highest ROI achieved in FY 2021 despite continuing to remain in the negative.

### 10.6.5 Capacity utilisation

Figure 9 depicts BlueScope's production capacity utilisation from FY 2017 to FY 2021.

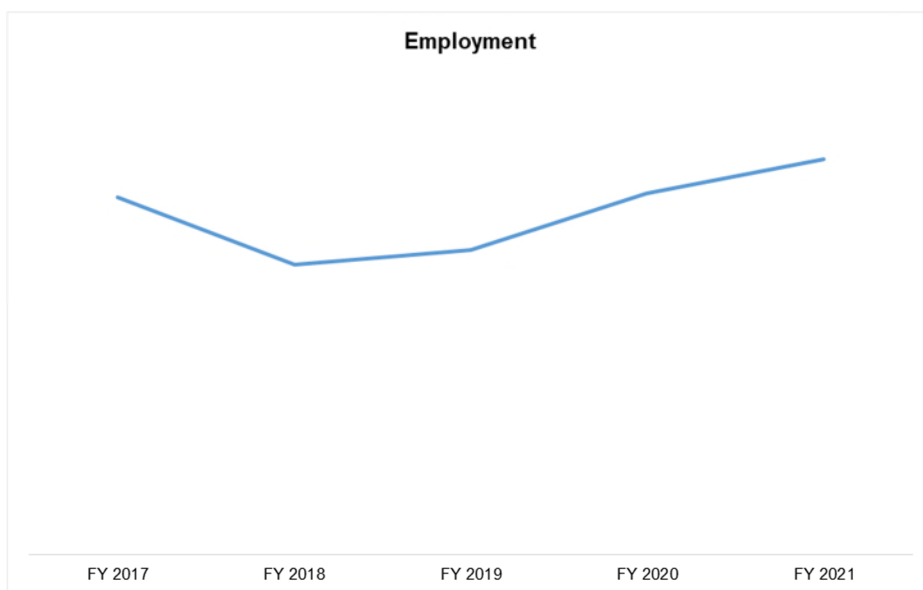


**Figure 9: Capacity utilisation**

Figure 9 indicates that BlueScope's capacity utilisation gradually reduced from FY 2017 to FY 2019, followed by a steady increase from FY 2019 with the highest capacity utilisation achieved in FY 2021.

### 10.6.6 Employment

Figure 10 depicts BlueScope's employment numbers from FY 2017 to FY 2021.



**Figure 10: Employment**

Figure 10 indicates that employment numbers decreased in FY 2018, before gradually increasing and peaking in FY 2021.

**10.6.7 Wages**

Figure 11 depicts BlueScope's wages bill from FY 2017 to FY 2021.



**Figure 11: Wages**

Figure 11 indicates that BlueScope's wage bill was steady from FY 2017 to FY 2019, before increasing in FY 2020 and again in FY 2021.



## 11 IMPACT OF EXPIRY OF MEASURES

Under the terms of section 269ZHF(2), in order to recommend that the Minister take steps to secure the continuation of the anti-dumping measures, the Commissioner must be satisfied that the expiration of measures would lead, or would be likely to lead, to a continuation or recurrence of:

- dumping and/or subsidisation; and
- the material injury that the anti-dumping measure is intended to prevent.

The verification team sought BlueScope's views on these matters, and collected evidence to support those claims in the form of an Industry Questionnaire.<sup>6</sup> This response to the questionnaire was submitted after verification and will be considered further during the course of the inquiry.

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<sup>6</sup> EPR 592, document no. 6.

**12 ATTACHMENTS**

<b>Confidential Attachment 1</b>	Verification work program
<b>Confidential Attachment 2</b>	Economic condition of the Australian industry
<b>Confidential Attachment 3</b>	Pricing offers