



CUSTOMS ACT 1901 - PART XVB

**STATEMENT OF ESSENTIAL FACTS
NO. 592**

**INQUIRY CONCERNING THE CONTINUATION OF THE
ANTI-DUMPING MEASURES APPLYING TO CERTAIN
ZINC COATED (GALVANISED) STEEL
EXPORTED TO AUSTRALIA FROM THE REPUBLIC OF INDIA,
MALAYSIA AND THE SOCIALIST REPUBLIC OF VIETNAM**

17 May 2022

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ABBREVIATIONS

ABF	Australian Border Force
ABS	Australian Bureau of Statistics
the Act	<i>Customs Act 1901</i>
ADN	Anti-Dumping Notice
AMNS	ArcelorMittal Nippon Steel India
ASEAN	Association of Southeast Asian Nations
AUD	Australian dollars
BlueScope	BlueScope Steel Limited
BOS	basic oxygen steelmaking
China	the People's Republic of China
the commission	the Anti-Dumping Commission
the Commissioner	the Commissioner of the Anti-Dumping Commission
CSC	CSC Steel Sdn Bhd
CSVC	China Steel And Nippon Steel Vietnam Joint Stock Company
CTMS	cost to make and sell
Dumping Duty Act	<i>Customs Tariff (Anti-Dumping) Act 1975</i>
EPR	electronic public record
EU	European Union
FOB	Free On Board
FY	financial year
galvanised steel	zinc coated (galvanised) steel, or the goods
GOI	Government of India
the goods	zinc coated (galvanised) steel, the goods the subject of the anti-dumping measures
Hoa Sen	Hoa Sen Group
HRC	hot rolled coil
ICD	interim countervailing duty
IDD	interim dumping duty
India	the Republic of India
inquiry period	1 October 2020 to 30 September 2021
INR	Indian rupees
Investigation 370	<i>Anti-Dumping Investigation No. 370</i> , or the original investigation
IPP	import parity price
JSW	JSW Steel Limited
Korea	the Republic of Korea
the Manual	<i>Dumping and Subsidy Manual (December 2021)</i>

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the Minister	the Minister for Industry, Energy and Emissions Reduction
mm	millimetres
Nam Kim Steel	Nam Kim Steel Joint Stock Company
NIP	non-injurious price
OCOT	ordinary course of trade
OECD	Organisation for Economic Co-operation and Development
original investigation	Anti-Dumping Investigation No. 370, or Investigation 370
PLI Scheme	Production Linked Incentive Scheme
REP 370	<i>Anti-Dumping Commission Report No. 370</i>
REP 521 and 522	<i>Anti-Dumping Commission Report No. 521</i>
Review 521	Review of Measures No. 521
ROI	return on investment
SEF	statement of essential facts
SGOM	State Government of Maharashtra
the subject countries	collectively, India, Malaysia, and Vietnam
UK	United Kingdom
US	United States of America
Vietnam	the Socialist Republic of Vietnam
YE	year ending

1 SUMMARY AND RECOMMENDATIONS

1.1 Introduction

This statement of essential facts (SEF) concerns an inquiry into whether to continue the anti-dumping measures applying to certain zinc coated steel (galvanised steel, or the goods) exported to Australia from the Republic of India (India), Malaysia and the Socialist Republic of Vietnam (Vietnam) (collectively, the subject countries).

The anti-dumping measures are in the form of a dumping duty notice applying to the goods exported to Australia from India, Malaysia and Vietnam,¹ and a countervailing duty notice applying to the goods exported to Australia from India only. The measures are due to expire on 16 August 2022.²

The Commissioner initiated this inquiry on 6 October 2021³ following consideration of an application⁴ lodged by BlueScope Steel Limited (BlueScope) seeking the continuation of the measures. BlueScope is a person specified under section 269ZHB(1)(b)(i) of the *Customs Act 1901*⁵ because an application under section 269TB from BlueScope resulted in the anti-dumping measures.

The Anti-Dumping Commission (the commission) is assisting the Commissioner conduct the inquiry, pursuant to the commission's function specified in section 269SMD.

This SEF sets out the facts and findings on which the Commissioner of the Anti-Dumping Commission (the Commissioner) proposes to base their recommendations to the Minister for Industry, Energy and Emissions Reduction (the Minister).

1.2 Preliminary findings

Based on the evidence currently available, the Commissioner has formed the preliminary view that the expiration of the anti-dumping measures in respect of the goods exported to Australia from India, Malaysia and Vietnam would be likely to lead to a continuation of, or a recurrence of, dumping and subsidisation and the material injury that the measures are intended to prevent.

Chapters 2 to 7 of this SEF provide the detail on the Commissioner's preliminary findings. The following sections provide a summary of these findings.

1.2.1 Australian industry producing like goods (Chapters 3 and 4)

The commission preliminarily finds that there is an Australian industry, consisting solely of BlueScope, producing like goods.

1.2.2 Australian market (Chapter 5)

The commission preliminarily finds that during the inquiry period, the Australian market for galvanised steel was supplied by BlueScope and imports from multiple countries.

¹ The dumping duty notice does not apply to goods exported to Australia from Vietnam by Hoa Sen Group and Nam Kim Steel Joint Stock Company.

² Under section 269TM of the *Customs Act 1901*, dumping and countervailing duty notices expire 5 years after the date of publication of those notices, unless revoked earlier. If not continued, the existing anti-dumping measures would no longer apply on and from 17 August 2022.

³ Anti-Dumping Notice (ADN) No. 2021/127 refers.

⁴ Electronic public record (EPR) 592, document no. 1.

⁵ All legislative references in this report are to the *Customs Act 1901* unless otherwise specified.

1.2.3 Economic condition of the Australian Industry (Chapter 6)

The commission preliminarily finds that the economic condition of the Australian industry exhibited mixed results in the period from 1 October 2016 to 30 September 2021.

The Australian industry experienced a deterioration in its economic performance during the inquiry period in the form of:

- price suppression
- reduced profit
- reduced profitability
- reduced capital investment.

However, since the imposition of measures, the Australian industry experienced an improvement in its economic performance in the form of:

- increased sales volume
- increased market share
- increased unit selling price
- increased value of assets
- increased revenue
- increased capacity utilisation
- increased employment
- increased wages.

Return on investment (ROI) remained negative throughout the period examined. Despite some fluctuation, ROI has improved since the imposition of measures.

1.2.4 Continuation or recurrence of exports from the subject countries (Section 7.4)

The commission preliminarily finds that should the anti-dumping measures expire, exports from the subject countries would likely continue or recur.

In determining whether exports of the goods from the subject countries are likely to continue or recur should the measures expire, the commission had regard to import volumes, production capacity, trade measures in other jurisdictions and the maintenance of supply links to the Australian market. Based on this information, the commission considers that, should the anti-dumping measures expire, exports from the subject countries would likely continue or recur because:

- exports of the goods to Australia from India, Malaysia and Vietnam have continued since the imposition of measures, albeit in much lower volumes than prior to the imposition of the measures
- importers can quickly switch between sources of supply in order to source goods at the most competitive price. Importers in the price-sensitive Australian market are highly responsive to dumping and/or countervailing duty payable on galvanised steel (a commodity product), and are increasingly importing galvanised steel from countries and suppliers that are not subject to such duty
- producers and exporters in the subject countries have excess production capacity, which can be utilised to export goods to the Australian market. Further, significant investments are being made to increase production capacity in the subject countries, which will exacerbate excess or idle capacity, adding further pressure on producers to find markets for their goods in order to ameliorate the excess capacity
- trade measures imposed in other jurisdictions, which have historically imported a significant volume of the goods from the subject countries, are likely to cause trade diversion to Australia in the absence of the anti-dumping measures, noting the proximity of the subject countries to Australia.

1.2.5 Continuation or recurrence of dumping and subsidisation (Section 7.5)

The commission preliminarily finds that the dumping of exports from Malaysia and Vietnam, and dumping and subsidisation of exports from India, would likely continue or recur should the anti-dumping measures expire.

In order to assess whether dumping and subsidisation of exports to Australia from the subject countries would likely continue or recur should the anti-dumping measures expire, the commission sought information from exporters, importers and the Government of India (GOI) relevant to the assessment of dumping and subsidisation for the inquiry period 1 October 2020 to 30 September 2021.

The commission contacted and forwarded questionnaires to multiple interested parties from the subject countries, including exporters listed on the dumping duty and countervailing duty notice. The commission also placed the exporter and importer questionnaires on the commission's website for exporters and importers to complete.

The commission received responses to the exporter questionnaire from CSC Steel Sdn Bhd (CSC) and China Steel and Nippon Steel Vietnam Joint Stock Company (CSVC). Both CSC and CSVC have previously exported the goods to Australia from Malaysia and Vietnam respectively, but have not exported the goods to Australia since 2017.

The commission did not receive a response to the exporter questionnaire from any other interested parties, including any exporters from India. The commission also did not receive a response to the government questionnaire from the GOI.

Given the limited information provided by exporters and importers in respect of goods exported from the subject countries during the inquiry period, in this inquiry, the Commissioner relied upon on all relevant information including information obtained through previous investigations and reviews of the measures conducted by the commission.

India (Sections 7.5.1.1 and 7.5.2)

There were no exports of the goods to Australia from India during the inquiry period.

Based on prior behaviour of Indian exporters in exporting the goods to Australia at dumped prices, and based on contemporary prices of galvanised steel sold in India and export prices to Australia during the inquiry period, the commission considers that exports from Indian exporters would likely recur at dumped prices if the anti-dumping measures expired.

Further, based on publicly available information relating to subsidies offered by the GOI, the commission found that the subsidy programs found to be countervailable in the original investigation and Review 521 still exist, and that some producers of the goods in India continue to receive a benefit under some of these subsidy programs from the GOI. Therefore, the commission considers that exports of the goods at subsidised prices to Australia from India are likely to recur if the measures expire.

Section 7.5.1.1 of this SEF provides further details relating to the commission's assessment of the likelihood of dumping continuing or recurring in respect to exports from India. Sections 7.5.2 to 7.5.3 details the commission's assessment of the likelihood of subsidisation continuing or recurring in respect to exports from India.

Malaysia (Section 7.5.1.2)

There were no exports of the goods to Australia from Malaysia during the inquiry period.

Based on the available information including CSC's response to the exporter questionnaire, the commission considers that CSC would have an incentive to reduce prices of goods exported to Australia below the prices of other exporters in order to

resume exporting the goods to Australia if the measures expired. The commission considers that should the measures expire, CSC would likely undercut other exporters of the goods in order to re-enter the Australian market, which is consistent with its behaviour observed in the original investigation. This is also likely given CSC's significant excess production capacity, which could be ameliorated by exporting greater volumes of the goods. Therefore, the commission considers that it is likely that CSC would dump the goods exported to Australia following the expiration of the measures.

Accordingly, as CSC was the sole Malaysian respondent to the exporter questionnaire, the commission considers that dumping by Malaysian exporters would likely recur if the measures expired.

Vietnam (Section 7.5.1.3)

The commission identified a number of consignments of the goods imported into Australia from Vietnam during the inquiry period. Most of these consignments were imported from exporters that are not subject to the anti-dumping measures however, there were some consignments from exporters that are not exempt from the measures.

The commission did not receive a response to the exporter questionnaire from any exporter that has exported the goods to Australia from Vietnam during the inquiry period. However, the commission received a response to the exporter questionnaire from CSVC. CSVC has previously exported the goods to Australia from Vietnam, but has not exported the goods to Australia since mid-2017.

Given that CSVC is the only interested party from Vietnam that provided information relevant to the inquiry, the commission predominantly relied upon CSVC's information in order to determine whether dumping would be likely to recur if the measures expired.

The commission undertook a comparison of CSVC's domestic selling prices and its export prices to third countries, including prices of galvanised steel exported to Australia by other Vietnamese exporters during the inquiry period. The commission also undertook a comparison of CSVC's domestic selling prices to the previously ascertained export price for CSVC, which was adjusted to reflect the change in export prices since it was last ascertained in Review 521. The commission found that CSVC's domestic selling prices were higher than the export prices, which is indicative of dumping.

Given that an increase in CSVC's export price and/or a decrease in CSVC's domestic selling price is unlikely, the commission considers that dumping by CSVC and other Vietnamese exporters would likely recur if the measures expired.

1.2.6 Continuation or recurrence of material injury (Section 7.5)

The commission preliminarily finds that in the event the measures expire, exports from Malaysia and Vietnam at dumped prices, and exports from India at dumped and subsidised prices, are likely to lead to a recurrence of the material injury that the anti-dumping measures are intended to prevent.

Likely effect on volume (Section 7.6.3)

The commission considers that the expiration of measures would likely lead to material injury to the Australian industry in the form of reduced sales volumes and market share. This consideration is based on:

- switching behaviour of importers showing a clear preference to source goods not subject to measures due to the high price sensitivity of the Australian market
- importers ability to and likelihood of re-establishing trade relationships with manufacturers in the subject countries and utilise existing distribution links to the Australian market

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- the likelihood that some exports, originally destined for the US and EU markets, would be diverted to the Australian market
- substantial existing capacity, and investments to increase production capacity, in each of the subject countries.

Likely effect on price (Section 7.6.4)

The commission is preliminarily satisfied that the expiration of measures would likely lead to a recurrence of injury to the Australian industry in the form of price depression, price suppression, reduced profit and profitability. This is based on the following considerations:

- galvanised steel is a commodity product where price is the main factor influencing customer-purchasing decisions
- the goods exported from the subject countries are interchangeable with the Australian industry's like goods
- evidence of import offers influencing Australian industry pricing
- evidence of import offers from exporters exempt from the measures being used in price negotiations with the Australian industry which have resulted in the Australia industry having to reduce its prices.

As detailed in section 7.5 of the SEF, the commission considers that it is likely that future imports from the subject countries, in the absence of measures, would be at or below the import prices from other countries.

Is injury likely to be material? (Section 7.6.5)

The commission is preliminarily satisfied that the expiration of measures would be likely to lead to a recurrence of the material injury that the measures are intended to prevent. This is based on the following considerations:

- the prior material injury finding in REP 370
- the Australian industry remaining susceptible to injury from dumping and subsidisation
- the likelihood that the Australian industry would lower prices to effectively compete with the goods exported from the subject countries, or risk losing sales volume and market share.

1.2.7 Review of variable factors (Section 2.5)

The commission has not reviewed the variable factors due to limited information being available. Accordingly, the Commissioner proposes to recommend that the dumping duty notice and countervailing duty notice remain unaltered.

1.3 Proposed recommendation

Based on the preliminary findings, the Commissioner proposes to recommend that the Minister:

- take steps to secure the continuation of the dumping duty notice applying to the goods exported to Australia from India, Malaysia and Vietnam
- take steps to secure the continuation of the countervailing duty notice applying to the goods exported to Australia from India.

The Commissioner further proposes to recommend that the dumping duty notice and the countervailing duty notice (including the variable factors, which were last ascertained in Review 521) remain unaltered.⁶

⁶ Section 269ZHF(1)(a)(i).

1.4 Responding to this SEF

Interested parties are invited to make written submissions to the Commissioner in response to this SEF within 20 days of the date of publication of this SEF. The Commissioner will consider these submissions in preparing their final report to the Minister.

Responses to this SEF should be received by the Commissioner no later than **6 June 2022**. The Commissioner is not obliged to have regard to any submission made in response to the SEF received after this date if to do so would, in the opinion of the Commissioner, prevent the timely preparation of the report to the Minister.⁷

Submissions should preferably be emailed to investigations2@adcommission.gov.au. Alternatively, submissions may be posted to:

The Director, Investigations 2
Anti-Dumping Commission
GPO Box 2013
Canberra ACT 2601
AUSTRALIA

Confidential submissions must be clearly marked accordingly and a non-confidential version of any submission is required for inclusion on the public record. A guide for making submissions is available on the commission's website at www.adcommission.gov.au.

The commission's policy on the collection and use of information is also available on the commission's website at www.industry.gov.au/data-and-publications/anti-dumping-commission-collection-and-use-of-information-policy.

1.5 Report to the Minister

The Commissioner must provide a report and recommendations to the Minister within 155 days after the publication of a notice under section 269ZHD(4) or such longer period as is allowed.⁸

The Commissioner must report to the Minister by no later than **1 July 2022**.

⁷ Section 269ZDA(4).

⁸ Section 269ZHF(1). On 14 January 2017, the Minister delegated the powers and functions of section 269ZHI to the Commissioner, see ADN No. 2017/010.

2 BACKGROUND AND CONDUCT OF INQUIRY

2.1 Legislative framework

Division 6A of Part XVB of the Act sets out, among other things, the procedures the Commissioner is required to follow when considering an application for the continuation of anti-dumping measures.

Section 269ZHE(1) requires the Commissioner to publish a statement of the facts on which he proposes to base their recommendations to the Minister concerning the continuation of the measures (SEF).

Section 269ZHE(2) requires the Commissioner, in formulating the SEF, to have regard to the application and any submissions received within 37 days of the initiation of the inquiry. The Commissioner may also have regard to any other matters he considers relevant.

Section 269ZHF(1) requires the Commissioner, after conducting an inquiry, to give the Minister a report recommending that the relevant notice:

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

Pursuant to section 269ZHF(2), the Commissioner must not recommend that the Minister take steps to secure the continuation of the anti-dumping measures unless satisfied that the expiration of the measures 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 measure is intended to prevent.

2.2 Application and initiation

On 15 July 2021, and in accordance with section 269ZHB(1), the Commissioner published a notice⁹ on the commission's website inviting 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))
- 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, BlueScope lodged an application under section 269ZHC seeking the continuation of the anti-dumping measures in respect of certain galvanised steel exported to Australia from the subject countries.¹⁰

As set out in ADN No. 2021/127,¹¹ the Commissioner was satisfied that the application complied with section 269ZHC and, in accordance with section 269ZHD(2)(b), there appeared 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

⁹ ADN No. 2021/088 refers.

¹⁰ EPR 592, document no. 1.

¹¹ EPR 592, document no. 2.

material injury that the measures are intended to prevent. The Commissioner therefore decided not to reject the application and initiated the present inquiry on 6 October 2021.

2.3 Current anti-dumping measures

Anti-Dumping Investigation No. 370 ('Investigation 370', or 'the original investigation') was initiated on 7 October 2016 following an application made under section 269TB by BlueScope, representing the whole of the Australian industry producing like goods to the goods subject to the anti-dumping measures.

The anti-dumping measures, in the form of a dumping duty notice and a countervailing duty notice, were initially imposed on 17 August 2017 by the then Assistant Minister for Industry, Innovation and Science and Parliamentary Secretary to the Minister for Industry, Innovation and Science following consideration of *Anti-Dumping Commission Report No. 370* (REP 370).¹²

The dumping duty notice applies to all exporters of galvanised steel from India and Malaysia. The dumping duty notice also applies to exporters from Vietnam except to Hoa Sen Group (Hoa Sen) and Nam Kim Steel Joint Stock Company (Nam Kim Steel). The countervailing duty notice applies to all exporters of galvanised steel from India only.

Following a review of the anti-dumping measures applying to galvanised steel exported to Australia from the People's Republic of China (China), India, the Republic of Korea (Korea), Malaysia, Taiwan and Vietnam ('Review 521'), the Minister altered the relevant dumping duty notices and the relevant countervailing duty notices to have effect as if different variable factors had been fixed in respect of exporters generally, relevant to the determination of duty.¹³ *Anti-Dumping Commission Report No. 521 and 522* (REP 521 and 522) is available on the public record.¹⁴

The following table summarises the rates of interim dumping duty (IDD) and interim countervailing duty (ICD), including the form of measures, applying to exports of galvanised steel from the subject countries.

Country	Exporter	IDD method ¹⁵	Fixed rate of IDD	Rate of ICD	ICD method ¹⁶
India	All exporters	Combination	12.0%	4.3%	Proportion of export price
Malaysia	All exporters	Combination	16.5%	n/a	n/a
Vietnam	China Steel Sumikin Vietnam Joint Stock Company	Floor Price	0.0%	n/a	n/a
	All other exporters	Floor price	0.0%	n/a	n/a

Table 1: Current measures applying to the goods

¹² ADN No. 2017/99 refers. REP 370 is available on the commission's website.

¹³ ADN No. 2021/012 refers.

¹⁴ EPR 521, document no. 52.

¹⁵ In accordance with section 5(2) of the *Customs Tariff (Anti-Dumping) Regulation 2013*.

¹⁶ In accordance with section 10(3B)(a) of the *Customs Tariff (Anti-Dumping) Act 1975* (Dumping Duty Act).

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Further details on the measures is available on the Dumping Commodity Register for galvanised steel at www.adcommission.gov.au.

2.3.1 Anti-dumping measures applying to galvanised steel exported from other countries

In addition to the subject countries, anti-dumping measures currently apply to galvanised steel exported from China, Korea and Taiwan. The anti-dumping measures are in the form of a dumping duty notice applying to galvanised steel exported from China, Korea and Taiwan, and a countervailing duty notice applying to galvanised steel exported from China only.¹⁷

A list of key cases relating to galvanised steel is summarised in the following table.

Case	ADN number	Date ADN published	Country of export	Findings
Investigation No. 190	2013/66	5 August 2013	China Korea Taiwan	Measures imposed on exporters from China, Korea and Taiwan (except Union Steel Korea, Sheng Yu and Ta Fong)
Anti-Circumvention Inquiries No. 290 and No. 298	2016/23	18 March 2016	China Korea Taiwan	Goods description varied to include alloyed galvanised steel exported by certain exporters
Investigation No. 370	2017/99	16 August 2017	India Malaysia Vietnam	Measures imposed on exporters from India, Malaysia and Vietnam (except Hoa Sen and Nam Kim Steel)
Continuation Inquiry No. 449	2018/96	17 July 2018	China Korea Taiwan	Anti-dumping measures were continued for another 5 years
Review of Measures No. 521	2021/012	19 March 2021	China India Korea Malaysia Taiwan Vietnam	Variable factors varied

Table 2: Previous cases relating to galvanised steel

2.4 Conduct of the inquiry

2.4.1 Inquiry period

In ADN No. 2021/127,¹⁸ the Commissioner notified interested parties that he would examine the period from 1 October 2020 to 30 September 2021 in order to determine whether dumping and subsidisation have occurred. Exporters and importers of galvanised steel from the subject countries were invited to provide information relevant to this period.

¹⁷ ADN No. 2013/66 refers.

¹⁸ EPR 592, document no. 2.

2.4.2 Questionnaires and verification

2.4.2.1 Australian industry

In its application seeking the continuation of the anti-dumping measures, BlueScope provided its sales and cost data. The commission verified BlueScope's sales and cost data, and prepared a verification report outlining the findings of this verification, which is available on the public record.¹⁹

Further, following the initiation of this inquiry, the commission requested that BlueScope complete a questionnaire ('Australian Industry Questionnaire') and provide information relevant to the Australian market and the likelihood of material injury continuing or recurring if the measures were to expire. BlueScope's response to this questionnaire is available on the public record,²⁰ and the Commissioner had regard to the information provided by BlueScope in preparing this SEF.

2.4.2.2 Exporters

Following the initiation of this inquiry, the commission contacted and forwarded questionnaires to multiple interested parties from the subject countries, including entities or persons that have exported the goods to Australia from the subject countries during the original investigation period.²¹ The commission also placed the exporter questionnaire, including associated spreadsheets, on the commission's website for exporters to complete.

The commission received responses to the exporter questionnaires from CSC²² and China Steel and CSV²³. CSC has previously exported the goods to Australia from Malaysia, but has not exported the goods to Australia since 2017.

Prior to August 2019, CSV was legally known as 'China Steel Sumikin Vietnam Joint Stock Company'.²⁴ China Steel Sumikin Vietnam Joint Stock Company has not exported the goods to Australia since mid-2017, and has not exported the goods to Australia since the measures were imposed including during the inquiry period.

The commission did not receive a response to the exporter questionnaire from any other interested parties or exporters.

2.4.2.3 Importers

The commission identified several entities in the Australian Border Force (ABF) import database that imported goods classified to the relevant tariff subheadings (as listed at section 3.3.1 of this SEF) from the subject countries in calendar years 2020 and 2021. The commission forwarded a copy of the importer questionnaire to these interested parties and placed a copy of the importer questionnaire on its website for voluntary completion. The commission did not receive any responses to the importer questionnaire.

¹⁹ EPR 592, document no. 10.

²⁰ EPR 592, document no. 6.

²¹ In Investigation 370, the investigation period was from 1 July 2015 to 30 June 2016.

²² EPR 592, document no. 4.

²³ EPR 592, document no. 5.

²⁴ EPR 521, document no. 10, page 10.

2.4.2.4 Government of India

On 7 October 2021, the commission wrote to the GOI advising of the initiation of this inquiry, and invited the GOI to complete a questionnaire seeking information relevant to any subsidies received by exports of the goods from India.

The commission did not receive a response to the questionnaire from the GOI.

2.4.3 Submissions received from interested parties

The commission received the following submissions prior to publishing this SEF. Non-confidential versions of these submissions are available on EPR 592.

Public record document no.	Interested party	Date published on EPR
3	JSW Steel Limited	15 December 2021
8	Australian Industry - BlueScope Steel Limited	1 March 2022

Table 3: Submissions received from interested parties

The Commissioner, in preparing their findings outlined in this SEF, has considered all submissions in table 3 above.

2.4.4 Public record

The public record contains non-confidential submissions received from interested parties, non-confidential versions of the commission's verification reports and other publicly available documents. It is available online via the EPR at www.adcommission.gov.au.

Interested parties should read this SEF in conjunction with documents on the public record.

2.5 Review of variable factors

The commission proposes to recommend not altering the variable factors ascertained in the previous review of measures (Review 521).

As detailed in sections 7.5.1.1 and 7.5.1.2 of the SEF respectively, there were no exports of the goods to Australia from India and Malaysia during the inquiry period. There were exports of the goods from Vietnam during the inquiry period however, most of these exports were from Vietnamese exporters that are exempt from the measures.

No suppliers or exporters that may have exported the goods to Australia from the subject countries during the inquiry period are cooperating with this inquiry. Further, no importers that have imported the goods from the subject countries are cooperating with this inquiry. No information was submitted in this inquiry that relates to the goods exported to Australia during the inquiry period.

As noted in section 2.3.2.2 of this SEF, the commission received a response to the exporter questionnaire from CSC and CSVC. Both CSC and CSVC have previously exported the goods to Australia, however, these two parties have not exported the goods to Australia since the quarters ending 31 March 2017 and 30 September 2017 respectively. Notably, these entities have not exported the goods to Australia since the imposition of the measures in August 2017.

The commission has not received any responses to the exporter questionnaire from any exporters or suppliers from India. Further, the commission did not receive a response to the government questionnaire (relevant to the assessment of subsidies) from the GOI, and did not receive information from exporters about the amount of any countervailable subsidies that they received.

PUBLIC RECORD

Variable factors have already been ascertained for all exporters subject to the anti-dumping measures. In order to recommend a change to those variable factors, the Commissioner needs to be able to quantify what that change should be. The commission has limited information and data to determine how the variable factors (i.e. the export price, normal value, non-injurious price and amount of countervailable subsidy received) relevant to the determination of duty payable under the Dumping Duty Act have changed.

The commission notes the limited exports of the goods from the subject countries since the imposition of measures, including in the inquiry period. Given this, the commission does not have contemporary information to precisely ascertain the export price of the goods exported to Australia from the subject countries during the inquiry period. Further, as there were no exports of the goods from India and Malaysia during the inquiry period, and only limited exports of the goods to Vietnam during the inquiry period, the commission cannot determine a normal value of goods exported to Australia from the subject countries. The commission also cannot reliably ascertain a non-injurious price for the inquiry period as no importer has provided contemporary ocean freight and importation costs to determine a non-injurious price at a comparable level of trade.

In respect of the information provided by CSC and CSVC,²⁵ the commission utilised this information in its assessment of the likelihood of dumping continuing or recurring, as outlined in chapter 7 of this SEF. However, this information was not sufficient to enable the commission to determine or ascertain new variable factors, nor to index the previously ascertained variable factors, noting that these two entities have not exported the goods since the imposition of the measures.

For the above reasons, the commission proposes to recommend not altering the variable factors (as ascertained in Review 521) relevant to the determination of duty payable in this inquiry. Should the Minister decide to secure the continuation of the anti-dumping measures, the Commissioner proposes to recommend that the dumping duty notice and the countervailing duty notice remain unaltered.

²⁵ CSC and CSVC provided information and data relevant to galvanised steel sold for home consumption in their respective domestic markets during the inquiry period, including the costs relevant to these goods. CSC and CSVC also provided information relevant to their export sales to third countries during the inquiry period.

3 THE GOODS AND LIKE GOODS

3.1 Preliminary finding

The Commissioner considers that the locally manufactured galvanised steel is a like good to the goods the subject of the anti-dumping measures. The Commissioner considers that there is an Australian industry, of which BlueScope is the sole member, producing like goods, and that the like goods are wholly produced in Australia.

3.2 Legislative framework

In order to be satisfied that the expiration of the measures would lead, or would be likely to lead, to a continuation or recurrence of dumping or subsidisation and the material injury that the measure is intended to prevent, the Commissioner firstly determines whether the goods produced by the Australian industry are “like” to the imported goods. Section 269T(1) defines like goods 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.

Where the locally produced goods and the imported goods are not alike in all respects, the Commissioner assesses whether they have characteristics closely resembling each other against the following considerations:

- physical likeness
- commercial likeness
- functional likeness
- production likeness.

3.3 The goods

The goods the subject of the anti-dumping measures 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 concerning the goods is available in ADN No. 2017/99, which is available on the public record.

3.3.1 Tariff classification

The goods are generally, but not exclusively, classified to the following tariff subheadings in Schedule 3 to the *Customs Tariff Act 1995*.

PUBLIC RECORD

Tariff subheading	Statistical code	Description
7210	FLAT-ROLLED PRODUCTS OF IRON OR NON-ALLOY STEEL, OF A WIDTH OF 600 mm OR MORE, CLAD, PLATED OR COATED:	
7210.4	- Otherwise plated or coated with zinc:	
7210.49.00	--Other	
	55	Of a thickness of less than 0.5 millimetres (mm)
	56	Of a thickness of 0.5 mm or more but less than 1.5 mm
	57	Of a thickness of 1.5 mm or more but less than 2.5 mm
	58	Of a thickness of 2.5 mm or more
7212	FLAT-ROLLED PRODUCTS OF IRON OR NON-ALLOY STEEL, OF A WIDTH OF LESS THAN 600 mm, CLAD, PLATED OR COATED:	
7212.30.00	61	Otherwise plated or coated with zinc
7225	FLAT-ROLLED PRODUCTS OF OTHER ALLOY STEEL, OF A WIDTH OF 600 mm OR MORE:	
7225.9	- Other:	
7225.92.00	38	Otherwise plated or coated with zinc
7226	FLAT-ROLLED PRODUCTS OF OTHER ALLOY STEEL, OF A WIDTH OF LESS THAN 600 mm:	
7226.9	- Other:	
7226.99.00	71	Other

Table 4: Tariff classifications of the goods

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 is for reference only and do not form part of the goods description. Please refer to the goods description for authoritative detail regarding the goods subject to the anti-dumping measures.

The commission notes there are numerous tariff concession orders applicable to the relevant tariff subheadings. Certain goods exported from the subject countries are also exempt from dumping and countervailing duty applicable to goods exported from the subject countries. Further information on these exempt goods is available in ADN No. 2021/107.

3.4 Like goods

This section sets out the commission's assessment of whether the locally produced goods are identical to, or closely resemble, the goods under consideration and are therefore 'like goods' to the goods the subject of the anti-dumping measures.

For the purposes of the findings outlined below, the commission has relied upon information obtained from the verification of BlueScope's sales and cost data, and prior findings of the commission.

3.4.1 Physical likeness

The primary physical characteristics of the galvanised steel produced by BlueScope are similar to the primary physical characteristics of the galvanised steel exported from the subject countries, notwithstanding variations in the technical specifications of those goods (i.e. grade or thickness).

3.4.2 Commercial likeness

In the Australian market, the galvanised steel produced by BlueScope competes directly and indirectly with the galvanised steel imported from the subject countries. Both goods are offered for sale in the Australian market to common customers, and on similar commercial terms or conditions.

Based on this, the commission considers the locally produced goods to be commercially like to the goods the subject of the measures.

3.4.3 Functional likeness

The galvanised steel produced by BlueScope is highly interchangeable or substitutable with the goods the subject of measures, given that both goods are sold to the same customers and for identical or comparable end uses.

Based on this, the commission considers that the locally produced goods and the goods under consideration perform the same function and are used in the same end-use applications.

3.4.4 Production likeness

The commission considers that the locally produced goods and the goods the subject of the measures are produced using similar production processes and similar raw material inputs to the goods the subject of the measures.

3.5 Preliminary assessment – like goods

Based on the above findings, the commission considers that galvanised steel produced by BlueScope closely resembles the goods the subject of the anti-dumping measures.

4 THE AUSTRALIAN INDUSTRY

4.1 Preliminary finding

The Commissioner is satisfied that there is an Australian industry producing like goods, consisting solely of BlueScope.

4.2 Legislative framework

The Commissioner must be satisfied that like goods are produced in Australia. Section 269T(2) specifies that for goods to be regarded as being produced in Australia, they must be either wholly or partly manufactured in Australia. In order for the goods to be considered as partly manufactured in Australia, at least one substantial process in the manufacture of the goods must be carried out in Australia.²⁶

4.3 Australian industry

The commission conducted a virtual verification of BlueScope's sales and production cost data, and has previously visited BlueScope's manufacturing facilities in Port Kembla, New South Wales and was able to observe the production process.

BlueScope is an integrated manufacturer of galvanised steel, and the entire manufacturing process takes place in Australia, from converting iron ore and coking coal into liquid steel, to transforming hot rolled coil (HRC) into various coated steel products including galvanised steel.

No additional Australian manufacturers of galvanised steel identified themselves to the commission following the initiation of the inquiry, nor were any additional Australian manufacturers identified by the commission.

The following production process occurs entirely at BlueScope's manufacturing facilities located in Australia.

4.3.1 Hot rolled coil production

HRC is the primary input for galvanised steel. For all producers of HRC and other steel in general, the main raw materials used in the production of such goods are iron ore, coking coal, coke and limestone. The raw materials are fed into the top of the blast furnace in predetermined proportions and sequences. Air that has been heated to around 1200 degrees Celsius is blown into the furnace through nozzles at the lower part of the furnace. This causes the coke to burn, producing carbon monoxide that creates the required chemical reaction. The iron ore is reduced to molten iron by removing the oxygen. Molten iron and slag is drained every two hours through the taphole of the furnace and the molten iron is transported in a torpedo ladle to the basic oxygen steelmaking (BOS) area.

The BOS process creates liquid steel from molten iron, scrap steel and alloying materials. Pure oxygen is blown onto the steel and iron, causing the temperature to rise and thereby melts the scrap, lowers the carbon content of the molten iron and removes unwanted impurities. The steel can be further refined by adding alloy materials that give the steel specific properties required by the customer. It is noted that structural steel properties can be achieved via alloy addition; however, BlueScope utilises its processing technology to achieve the required structural properties with low-carbon steel.

²⁶ Section 269T(3).

The molten steel is cast into slabs of various dimensions so that it can be rolled. The rate of casting and speed is dependent on the grade and width being cast. Spray cooling of the slab aids solidification.

After entering the hot strip mill, the slab is reheated to around 1250 degrees Celsius, descaled and rough rolled to a thickness of 25 mm. It is then coiled in a coil box to retain heat, before passing through a set of rolling mill stands to finish roll to customer order thickness. The product is control cooled before being finally wound up as a coil of steel (i.e. HRC). The HRC is then transferred to BlueScope's Springhill and Western Port coating mills, where galvanised steel is produced.

4.3.2 Coated steel production

Pickling

HRC is pickled to remove scale (iron oxide) that is formed during the hot rolling process. The HRC is unwound; sides trimmed to the customers required width and passed through a bath of hydrochloric acid before being washed, dried and recoiled. Oil is applied during rewinding to prevent rust forming.

Cold rolling

The pickled HRC is cold rolled to reduce the steel thickness. The cold rolling process involves passing the pickled HRC through a number of rolling mill stands, and is undertaken at ambient temperature to reduce the HRC to the required customer thickness (0.3 mm to 3.5 mm). As a result of this process, the steel strength increases and the surface finish becomes bright and smooth. This intermediate steel product is known as a 'cold- rolled full hard' product.

Metal coating

The cold rolled coil is uncoiled and annealed to restore the steel to a soft, usable, ductile form. The coil then passes from the furnace through a molten zinc bath where the molten zinc chemically bonds to the steel surface. As the coil is vertically withdrawn from the bath, air jets control the resulting coating mass.

Finishes

Those products to be skin-passed undergo light rolling through a skin-conditioning mill. This increases the length by 0.25 per cent to 1.25 per cent, and improves the surface of the strip by suppressing spangles and surface defects, to produce a smooth surface for painting. Galvanised steel is generally supplied with a surface passivation treatment (chromating) that provides a measure of protection for the steel against wet storage damage while in transit to the customer or whilst on-site.

Further processing

BlueScope's service centres are capable of undertaking further processing, such as sheeting, slitting and blanking. BlueScope advised that all orders for galvanised steel less than 600 mm in width would be slit, rather than sending narrow coils through the production line individually.

4.4 Preliminary assessment – Australian industry producing like goods

The commission is satisfied that galvanised steel is wholly manufactured in Australia by BlueScope.²⁷ Therefore, the commission is satisfied that there is an Australian industry, consisting of BlueScope, producing like goods to the goods the subject of the measures.²⁸

²⁷ Section 269(T)(2).

²⁸ Section 269(T)(4).

5 AUSTRALIAN MARKET

5.1 Preliminary finding

The commission found that during the inquiry period, the Australian market for galvanised steel was supplied by BlueScope and imports from multiple countries.

5.2 Market structure and end use

The two main industries that consume or utilise galvanised steel in Australia are the building and construction industry (consisting of residential construction and industrial/commercial construction) and the general manufacturing industry.

The building and construction industry is BlueScope's largest customer for 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 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 market segments for galvanised steel in Australia.

5.2.1 Supply and distribution

Galvanised steel is sold either directly or indirectly to the two main industries that utilise galvanised steel.

BlueScope's like goods are sold mostly to distributors/resellers, which on-sell BlueScope's goods to the building and construction industry, or 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.).

Galvanised steel produced by BlueScope mostly competes with imported goods at the wholesale level of trade. Importers of galvanised steel mostly supply distributors in Australia, who in turn supply the manufacturing and building / construction industries.

5.2.2 Demand

The demand for galvanised steel in Australia is driven primarily by residential, commercial and industrial construction. Residential construction encompasses new dwelling construction and residential alterations or additions.

Demand for galvanised steel is therefore driven by factors that affect residential and commercial construction, including economic factors (such as macro-economic factors that influence investment decisions such as prevailing interest rates, availability of capital and global and domestic business and consumer confidence), government regulation (such as policy and incentives encouraging investments in new dwellings) and seasonal fluctuations including holiday shutdown periods that directly impact building and construction activity.

PUBLIC RECORD

The commission observes that demand for galvanised steel increased in the inquiry period, and this demand was primarily met by BlueScope.

The commission considers that demand primarily increased because of an increase in activity (in terms of the number of dwellings built) in the building and construction industry in the financial year (FY) ending 30 June 2021. This increase in building activity appears to have been driven by the Australian government's HomeBuilder²⁹ program, which provided eligible owner-occupiers with a grant to build a new home or renovate an existing home.

As shown in figure 1, the number of private dwellings (in particular, new houses) commenced in the March and June quarters in 2021 increased significantly.

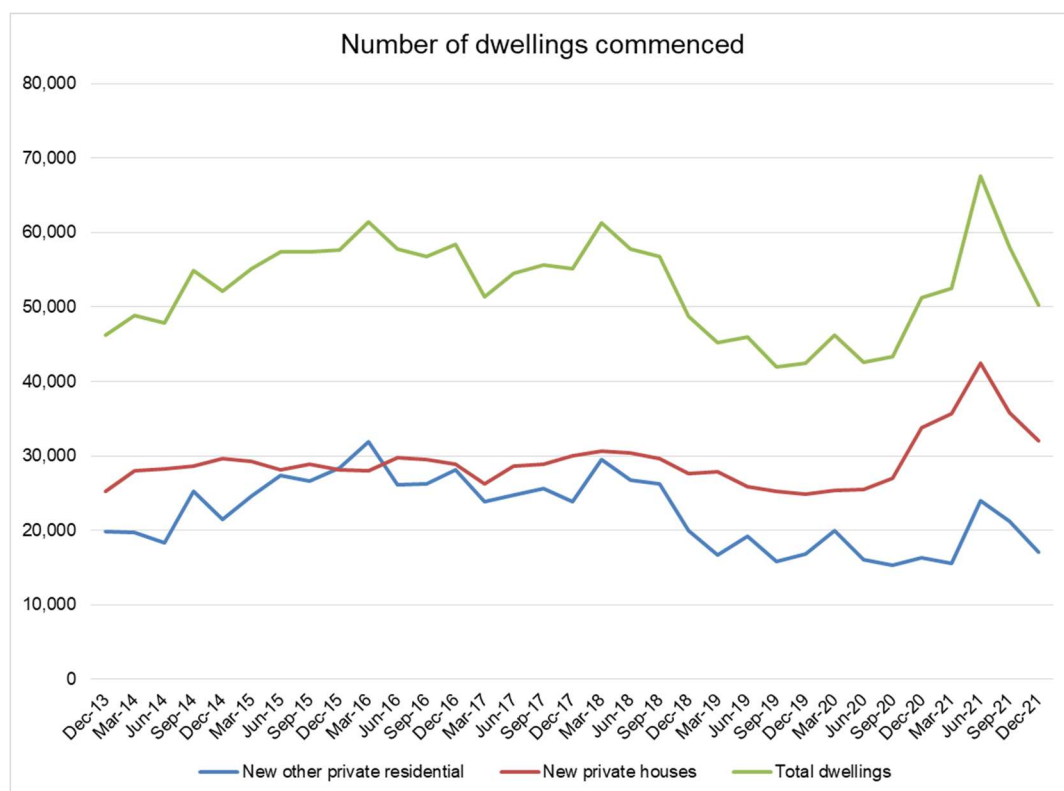


Figure 1: Number of dwellings commenced, seasonally adjusted³⁰

While activity in the building and construction industry increased in FY 2020-21, it is unlikely it will remain at this level given that the number of dwellings approved (which gives an indication of the number of dwellings to be built in the future) has decreased substantially since the March 2021 quarter,³¹ most likely because the HomeBuilder program ceased. Further, it is anticipated that interest rates will rise on the back of increasing inflation and employment in Australia, which would likely lead to a decrease in activity in the building and construction industry.

The decrease in dwelling approvals and anticipated increase in interest rates indicate that the demand for galvanised steel observed in the inquiry period is unlikely to be sustained in the following years and would likely return to the long-term average.

²⁹ [HomeBuilder fact sheet](#). Applications for HomeBuilder closed at midnight on 14 April 2021.

³⁰ Australian Bureau of Statistics (ABS) (December 2021), [Building Activity, Australia](#), accessed 26 April 2022.

³¹ ABS (February 2022), [Building Approvals, Australia](#), accessed 26 April 2022.

5.3 Pricing

Galvanised steel is a commodity product with little, if any, differences between products manufactured domestically and overseas. Given that imported galvanised steel is interchangeable with domestically produced galvanised steel, price is the primary factor that is taken into consideration by customers when purchasing galvanised steel.

BlueScope claims that prices for the like goods are based on import parity pricing (IPP). The IPP takes into consideration the market price of the subject goods using contemporary price information for equivalent imported products. BlueScope provided the commission with detailed IPP data (including its sources) from July 2019 to November 2021, and explained in detail the methodology it followed to determine prices. BlueScope also provided information relating to specific negotiations with customers where prices of imports were used by the customer to negotiate pricing for BlueScope's product. Based on this, the commission is satisfied that import prices influence BlueScope's prices and price is the primary factor taken into consideration in any supply or purchasing decision.

5.4 Market size

The commission estimated the size of the Australian market for galvanised steel using verified sales data from BlueScope and data relevant to importations of galvanised steel as recorded in the ABF import database.

The commission has cleansed the ABF import data, as far as practicable, by reference to the description of the goods and the reasonableness of unit prices provided in order to ensure that only the goods, and goods that are like to the goods, have been included.

Figure 2 below depicts the commission's estimate of the size of the Australian market for galvanised steel from 1 October 2016 to 30 September 2021.

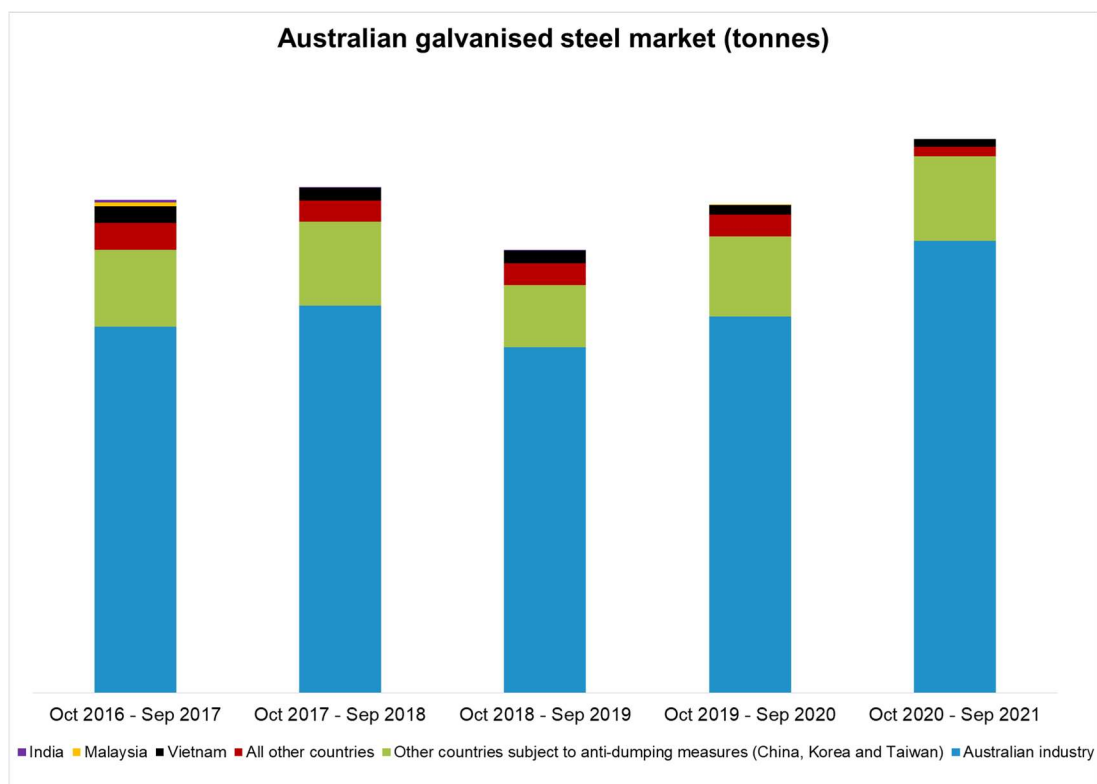


Figure 2: Australian market for galvanised steel³²

³² Galvanised steel classified to the tariff subheadings in section 3.3.1 of this SEF.

PUBLIC RECORD

The commission observes that the size of the Australian market for galvanised steel has increased in the inquiry period relative to the size of the market in previous years. The reasons for this increase are discussed in section 5.2.2 of this SEF.

The commission observes that once anti-dumping measures were imposed in August 2017 following investigation 370, imports from India and Malaysia decreased significantly. Imports from Vietnam did not decrease to the same extent as imports from India and Malaysia, because the goods were mostly imported from exporters exempt from the measures.

The commission's assessment of the size of the Australian market is contained in **Confidential Attachment 1**.

6 ECONOMIC CONDITION OF THE AUSTRALIAN INDUSTRY

6.1 Preliminary finding

The commission preliminarily finds that the economic condition of the Australian industry exhibited mixed results in the period from 1 October 2016 to 30 September 2021.

The Australian industry experienced a deterioration in its economic performance during the inquiry period in the form of:

- price suppression
- reduced profit
- reduced profitability
- reduced capital investment.

However, since the imposition of measures, the Australian industry experienced an improvement in its economic performance in the form of:

- increased sales volume
- increased market share
- increased unit selling price
- increased value of assets
- increased revenue
- increased capacity utilisation
- increased employment
- increased wages.

ROI remained negative throughout the period examined. Despite some fluctuation, ROI has improved since the imposition of measures.

6.2 Approach to economic condition analysis

Using the verified information provided by BlueScope and data in the ABF import database, the commission assessed the economic condition of the Australian industry from 1 October 2016.

Data and analysis on which the commission has relied on to assess the economic condition of the Australian industry is at **Confidential Attachment 2**.

6.3 Volume effects

6.3.1 Sales volume

The commission examined BlueScope's sales volumes of like goods sold in the period from 1 October 2016 to 30 September 2021. Figure 3 indicates that BlueScope's sales of like goods fluctuated until year ending (YE) September 2020, after which sales increased in the inquiry period.

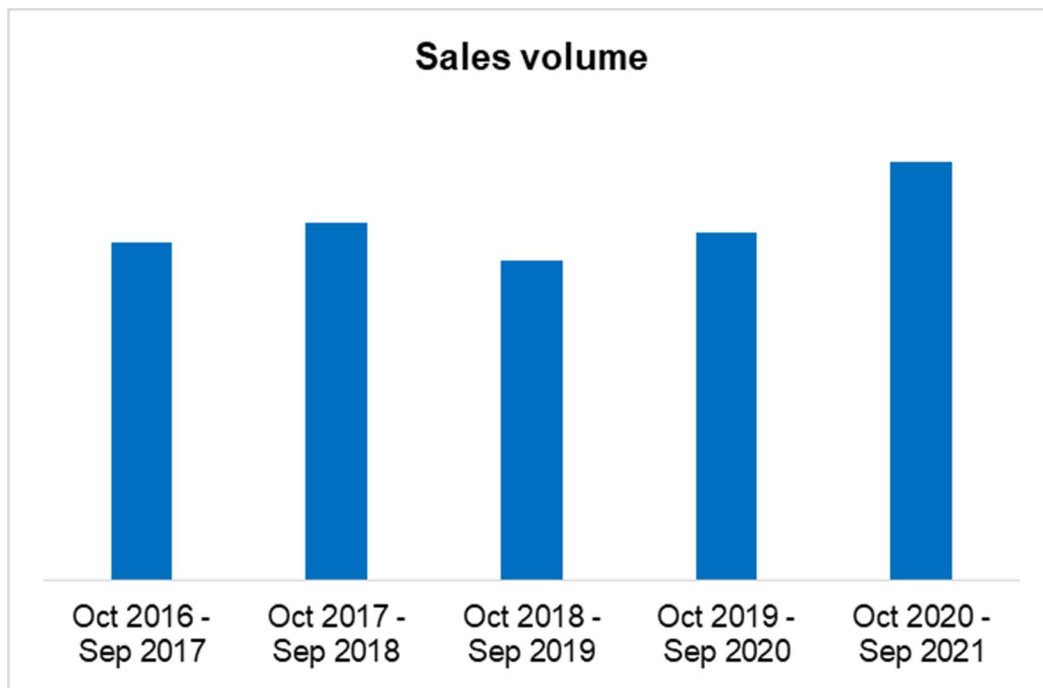


Figure 3: Sales volume of like goods (tonnes)

The Australian market for galvanised steel depicted in figure 2 in section 5.4 shows that the size of the galvanised steel market has increased in the inquiry period, which enabled BlueScope to secure increased sales volumes in this period. The factors that led to this observed increase are identified in section 5.2.2 of this SEF.

6.3.2 Market share

The commission's analysis of market share in figure 4 below indicates that BlueScope maintained a steady share of the Australian galvanised steel market between YE September 2017 and YE September 2020. In the inquiry period, BlueScope's share of the Australian galvanised steel market increased.

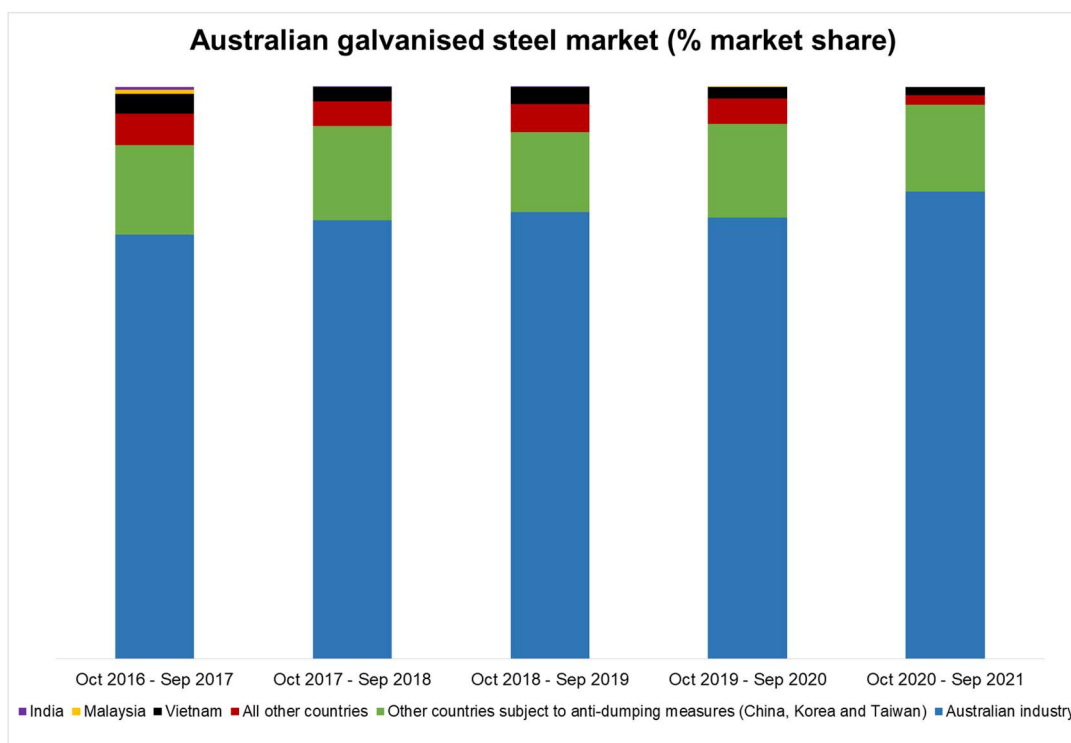


Figure 4: Market share

PUBLIC RECORD

Since October 2016, exporters from China, Korea and Taiwan (which are subject to anti-dumping measures) have maintained the second largest share of the Australian galvanised steel market. The commission notes that goods imported from Korea and Taiwan were mostly exported from exempt exporters.

Exports from all other countries and Vietnam (in particular, from Vietnamese exporters that are exempt from the anti-dumping measures) continued, demonstrating that these exporters have maintained a presence in the Australian market.

The commission observes that imports from Malaysia and India also continued following the imposition of measures in August 2017, albeit at much lower volumes (**Confidential Attachment 1**). The market share of imports from India, Malaysia and Vietnam has decreased from approximately 5 per cent in the YE September 2017 to over 2 per cent in the YE September 2018. This aligns with BlueScope's claim that since the imposition of measures, import volumes of the subject goods have fallen significantly.³³

6.3.3 Conclusion – volume effects

BlueScope experienced a stable economic condition in relation to sales volumes and market share in the period from October 2016 to September 2020. In the inquiry period, BlueScope improved its sales volumes and market share.

The commission therefore does not consider that BlueScope experienced a deterioration in its economic performance in the form of reduced sales volumes or market share since the imposition of measures.

6.4 Price effects

6.4.1 Price depression

Price depression occurs when a company, for some reason, lowers its prices.

Figure 5 shows BlueScope's weighted average unit selling prices in the period from October 2016 to September 2021.

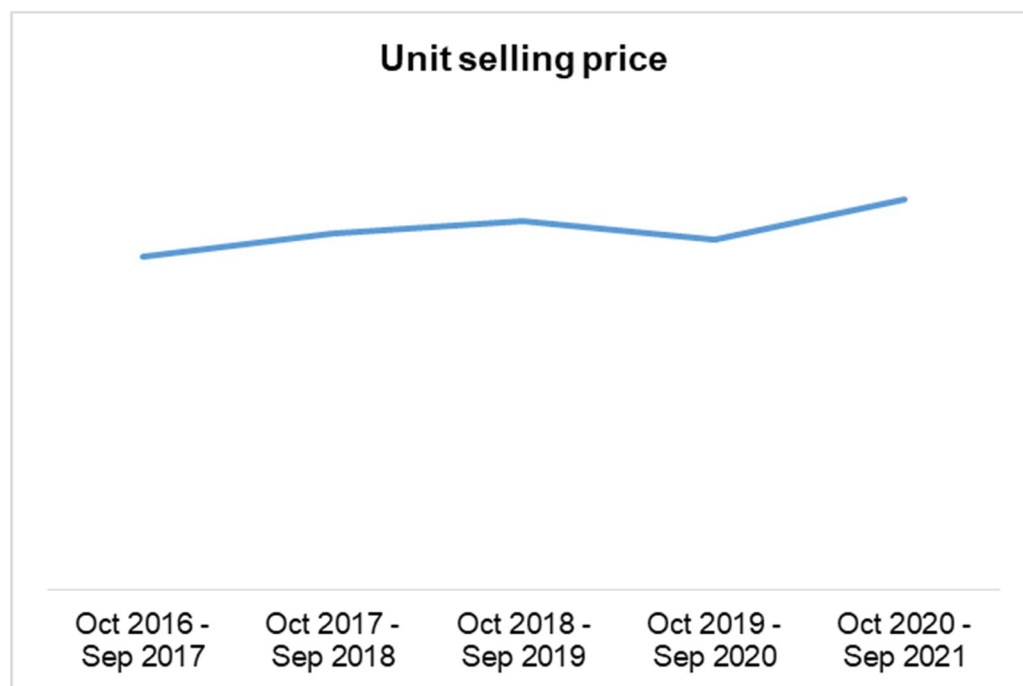


Figure 5: Weighted average unit selling price (AUD per tonne)

³³ EPR 592, document no. 8.

PUBLIC RECORD

The commission observes that BlueScope's unit selling prices have generally trended upward from October 2016, and declined in the YE September 2020. Unit selling prices increased in the inquiry period.

6.4.2 Price suppression

Price suppression occurs when price increases, which otherwise would have occurred, have been prevented. An indicator of price suppression may be the margin between prices and costs.

Figure 6 shows BlueScope's weighted average unit selling prices and unit cost to make and sell (CTMS) from 1 October 2016 to 30 September 2021.

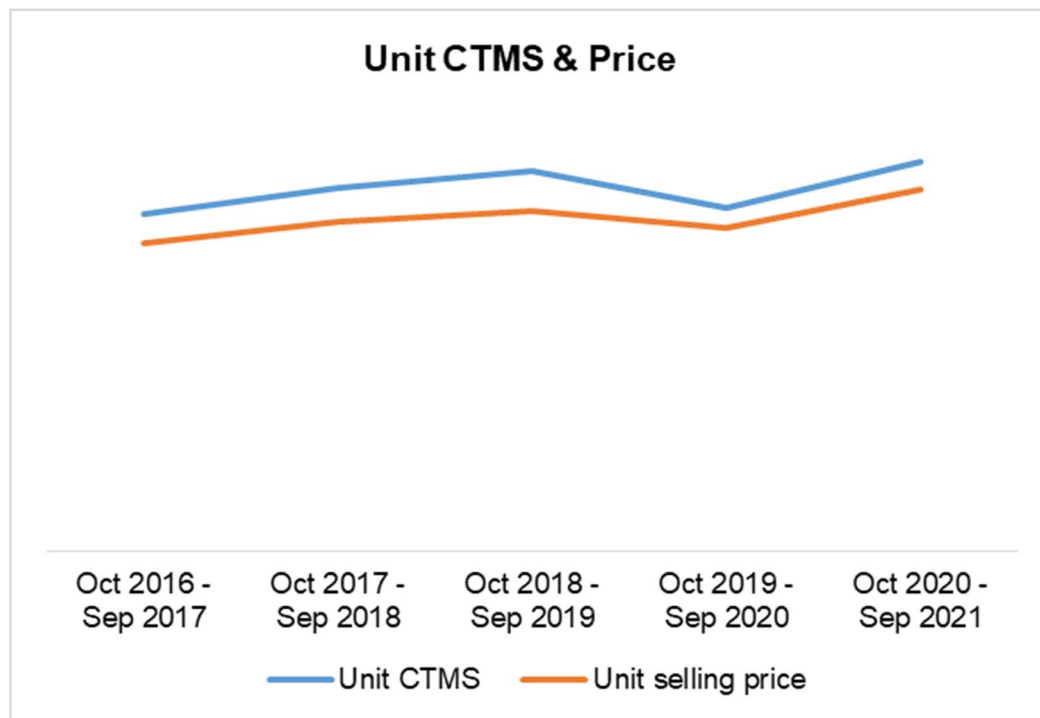


Figure 6: Weighted average unit selling price and unit CTMS (AUD per tonne)

Based on the trends illustrated in figure 6, the commission notes the following:

- unit CTMS generally trended upward from the YE September 2017, with the exception of a decrease in the unit CTMS in the YE September 2020
- during the period examined, BlueScope's costs exceed its prices, although in YE September 2020 costs decreased to a greater extent than prices
- BlueScope experienced a negative margin between unit CTMS and unit selling prices. This negative margin improved in YE September 2020, before deteriorating further in the inquiry period.

The commission observes that throughout the period examined, BlueScope has not increased its unit prices above that of its unit CTMS.

6.4.3 Conclusion – price effects

The commission considers that BlueScope's unit selling prices increased since the imposition of the measures. However, BlueScope's selling prices have not increased to the extent necessary to eliminate the negative margin between its costs and prices. Therefore, BlueScope is continuing to experience price suppression.

6.5 Profit and profitability

Figure 7 charts BlueScope's profit and profitability (expressed as a percentage of revenue) relating to its sales of like goods from October 2016 to September 2021.

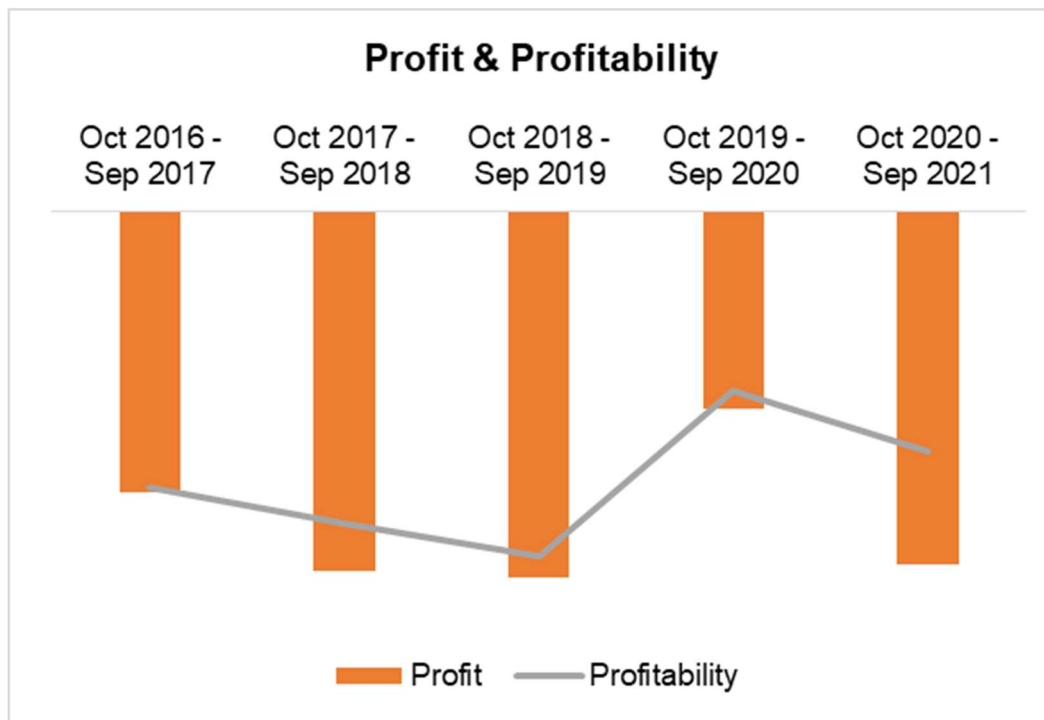


Figure 7: Total profit/loss (AUD) and profitability (profit/loss as percentage of revenue)

Figure 7 shows that BlueScope suffered a deterioration in profit and profitability throughout the period examined. This deterioration improved in the YE September 2020 despite profit remaining negative before further deteriorating in the inquiry period.

The commission notes that the reduction in costs experienced in YE September 2020 allowed BlueScope to improve its profit and profitability during this period. Further, despite the increase in BlueScope's sales volume and market share in the inquiry period, profit and profitability deteriorated in this period due to the negative margin between unit CTMS and price.

6.5.1 Conclusion – profit effects

The commission considers that BlueScope experienced a deterioration in its economic condition in the form of negative profit and profitability with respect to sales of like goods since October 2016.

6.6 Other economic factors

As part of its application, BlueScope provided data in relation to a range of other economic factors that may also be indicative of injury to the Australian industry. This includes data for the period covering financial years 2017 to 2021 relating to:

- the value of assets employed in the production of like goods
- capital investment relevant to the production of like goods
- revenue relating to the sales of like goods
- return on investment
- production capacity utilisation
- employment relevant to the production of like goods
- wages relevant to the production of like goods
- productivity.

The following sections outline the commission's observations of these factors.³⁴

6.6.1 Assets

Table 5 shows the change or variation in the value of BlueScope's assets used in the production of like goods from FY 2017 to FY 2021.

	FY2017	FY2018	FY2019	FY2020	FY2021
Assets	100	84	90	113	117

Table 5: Index - Value of assets (FY 2017 = 100)³⁵

The commission observes 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.

6.6.2 Capital investment

Table 6 shows the change or variation in BlueScope's capital investment from FY 2017 to FY 2021.

	FY2017	FY2018	FY2019	FY2020	FY2021
Capital investment	100	103	179	249	218

Table 6: Index - Capital investment (FY 2017 = 100)

The commission observes that capital investment increased from FY 2018 to FY 2020, before decreasing in FY 2021.

6.6.3 Revenue

Table 7 shows the change or variation in BlueScope's revenue from the sale of like goods from FY 2017 to FY 2021.

	FY2017	FY2018	FY2019	FY2020	FY2021
Revenue	100	106	107	109	124

Table 7: Index - Revenue (FY 2017 = 100)

The commission observes that BlueScope experienced a gradual increase in revenue from FY 2017 to FY 2020, after which revenue increased significantly in FY 2021.

6.6.4 Return on Investment

Figure 8 depicts BlueScope's ROI from FY 2017 to FY 2021.

³⁴ In the following sections, the commission observes the change or variation of these other economic factors relative to FY 2017 (baseline observation).

³⁵ A value index is a measure (ratio) that describes change in a value relative to its value in the base year. The base year is FY 2017.

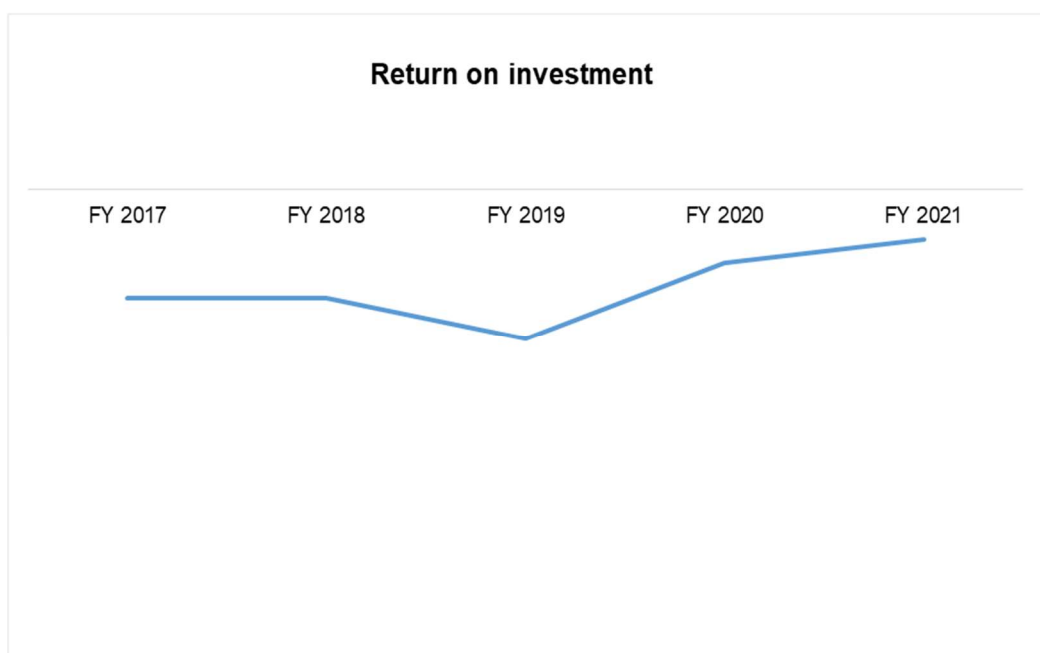


Figure 8: Return on investment (%)

The commission observes that BlueScope experienced a negative ROI in all financial years examined. BlueScope experienced its lowest ROI in FY 2019. Following this, there was an improvement in the ROI achieved in FY 2021 despite remaining negative.

6.6.5 Capacity utilisation

Table 8 shows the variation or changes in BlueScope's production capacity utilisation from FY 2017 to FY 2021.

	FY2017	FY2018	FY2019	FY2020	FY2021
Capacity utilisation	100	98	94	99	112

Table 8: Index - Capacity utilisation (FY 2017 = 100)

The commission observes 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.

6.6.6 Employment

Table 9 depicts the variation or changes in the number of employees employed in the production of like goods from FY 2017 to FY 2021.

	FY2017	FY2018	FY2019	FY2020	FY2021
Employment	100	81	85	101	111

Table 9: Index - Employment numbers (FY 2017 = 100)

The commission observes that the number of employees decreased in FY 2018, before gradually increasing and peaking in FY 2021.

6.6.7 Wages

Table 10 depicts the variation or changes in BlueScope's wages bill relating to the production of like goods from FY 2017 to FY 2021.

	FY2017	FY2018	FY2019	FY2020	FY2021
Wages	100	99	100	108	129

Table 10: Index - Wages (FY 2017 = 100)

PUBLIC RECORD

The commission observes that BlueScope's wage bill was steady from FY 2017 to FY 2019, before increasing in FY 2020 and again in FY 2021.

6.6.8 Productivity

Table 11 depicts the variation or changes in BlueScope's productivity (measured in terms of output per employee) from FY 2017 to FY 2021.

	FY2017	FY2018	FY2019	FY2020	FY2021
Productivity	100	121	110	98	101

Table 11: Index - Productivity (FY 2017 = 100)

The commission observes that productivity increased in FY 2018 before decreasing in the subsequent two financial years. Productivity minimally increased in FY 2021.

7 LIKELIHOOD THAT DUMPING, SUBSIDISATION AND MATERIAL INJURY WILL CONTINUE OR RECUR

7.1 Preliminary finding

On the basis of the available evidence, the Commissioner is satisfied that the expiration of the measures applying to galvanised steel exported to Australia from India, Malaysia and Vietnam would be likely to lead to a continuation of, or a recurrence of, dumping, subsidisation and the material injury that the measures are intended to prevent.

7.2 Legislative framework

Section 269ZHF(2) provides that the Commissioner must not recommend that the Minister take steps to secure the continuation of measures unless the Commissioner is satisfied that the expiration of the measures would lead, or would be likely to lead, to a continuation of, or a recurrence of, the dumping or subsidisation and the material injury that the anti-dumping measure is intended to prevent. As noted in the Dumping and Subsidy Manual (the Manual), the commission considers 'likely' to mean more probable than not.³⁶

The commission notes that the assessment of the likelihood of certain events occurring and their anticipated effect, as is required in a continuation inquiry, necessarily requires a forward-looking assessment, including an assessment of a hypothetical situation. The Anti-Dumping Review Panel, which supports this view, noted that the commission must consider what would happen (or would be likely to happen) in the future should a certain event, being the expiration of the measures, occur. However, the Commissioner must nevertheless base their conclusions and recommendations on facts.³⁷

7.3 Australian industry's claims for the continuation of the measures

In its application for the continuation of the measures,³⁸ BlueScope made the following claims:

- exporters from the subject countries have continued to export dumped goods following the imposition of measures, albeit in lower volumes
- exports of the goods from India would continue to be at subsidised prices, noting that there had been no fundamental changes to the subsidy programs since the original investigation
- exporters from the subject countries have maintained distribution channels or links to the Australian market, and this would enable them to recommence exporting greater volumes of the goods to Australia should measures expire
- the imposition of anti-dumping, safeguard and anti-circumvention measures by other jurisdictions would influence the future export orientation of galvanised steel towards countries where such trade measures do not apply
- exporters from the subject countries have excess production capacity, which coupled with significant excess global steel production capacity and trade measures in other countries, indicates that these exporters would be able to increase export volumes to Australia
- exporters from the subject countries exhibit opportunistic trade patterns or behaviour in the absence any trade measures, and higher volumes and lower prices

³⁶ [Dumping and Subsidy Manual](#) (December 2021 version), page 136 refers.

³⁷ Anti-Dumping Review Panel (2016), [Anti-Dumping Review Panel Report No. 44](#).

³⁸ EPR 592, document no. 1.

of galvanised steel from the subject countries are being directed to countries without such measures

- if the anti-dumping measures subject to this inquiry were to expire, the Australian industry would suffer, or be threatened, with a recurrence of material injury.

In assessing whether the expiration of the measures would likely lead to a continuation or recurrence of dumping, subsidisation and the material injury that the measures are intended to prevent, the commission had regard to these claims including the evidence provided by BlueScope in support of these claims, as outlined in the following sections.

7.4 Are exports likely to continue or recur?

The commission considers that if the measures were to expire, exports from the subject countries would likely continue or recur.

For the Commissioner to be satisfied that the expiration of the measures would lead, or would likely lead, to a continuation of, or recurrence of dumping and subsidisation, it would need to be demonstrated that exports are likely to continue or recur. This is particularly pertinent to this inquiry given that volumes of the goods exported to Australia from the subject countries (except exports by Hoa Sen and Nam Kim Steel from Vietnam) decreased significantly following the imposition of the measures.

In determining whether exports of the goods from the subject countries would likely continue or recur should the measures expire, the commission had regard to the following:

- import volumes of the goods from the subject countries, including the pattern of trade before and after measures were imposed on the goods
- maintenance of distribution channels or links to the Australian market
- steel production capacities and capacity utilisation in the subject countries, including investments to increase production capacity
- exporters' dependence on export markets, including trade measures in other countries or markets and the effect on exports of the goods, including the likelihood of trade diversion to Australia.

The following sections of the SEF outline the commission's assessment in respect of each of the above considerations.

7.4.1 Previous import volumes and pattern of trade

In assessing the likelihood of exports of the goods continuing or recurring from the subject countries following the expiration of the measures, the commission assessed the import volumes of galvanised steel from all countries, including the subject countries. The commission also assessed the pattern of trade prior to and since the imposition of the measures in order to assess the relative effects of the measures on the volumes of the goods imported from the subject countries. Based on this assessment, the commission considers that exports from the subject countries would likely continue or recur should the measures expire.

Figure 9 shows the quarterly volumes of galvanised steel³⁹ imported from the subject countries, including galvanised steel imported from China, Korea and Taiwan (also subject to anti-dumping measures following Investigation 190) and all other countries.

³⁹ Classified to the relevant tariff subheadings, as outlined in section 3.3.1 of this SEF.

PUBLIC RECORD

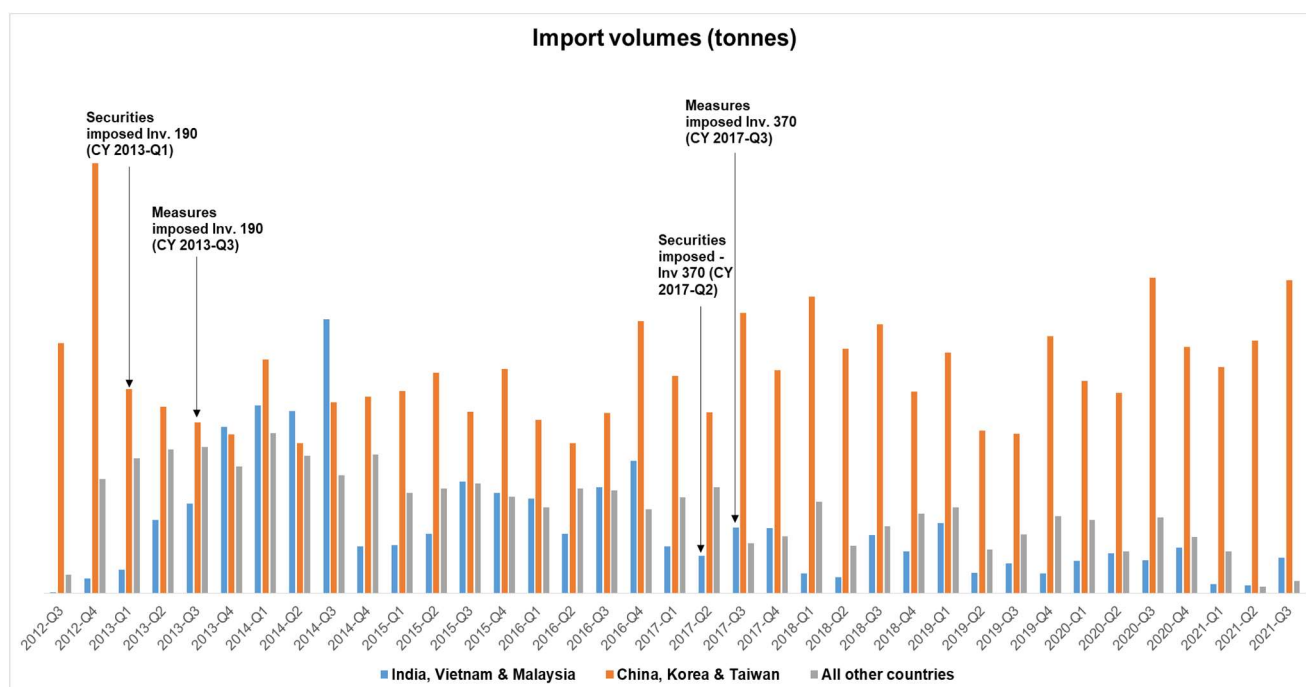


Figure 9: Imports of galvanised steel (tonnes)

Table 12 shows the percentage share of the total import volume of the goods and like goods imported into Australia from the subject countries; China, Korea and Taiwan (collectively) and all other countries.

Country	Oct 12 - Sep 13	Oct 13 - Sep 14	Oct 14 - Sep 15	Oct 15 - Sep 16	Oct 16 - Sep 17	Oct 17 - Sep 18	Oct 18 - Sep 19	Oct 19 - Sep 20	Oct 20 - Sep 21
India	8.5%	25.7%	5.7%	6.8%	2.1%	0.0%	0.4%	0.0%	0.0%
Vietnam	3.0%	12.9%	3.7%	11.2%	13.0%	11.0%	13.2%	9.0%	7.9%
Malaysia	0.1%	0.2%	8.1%	6.4%	2.9%	0.0%	0.0%	0.1%	0.0%
China, Korea & Taiwan	57.4%	35.1%	52.6%	49.2%	60.5%	70.9%	64.0%	71.4%	82.7%
All other countries	31.0%	26.1%	29.8%	26.4%	21.4%	18.1%	22.4%	19.5%	9.4%

Table 12: Share of total Australian import volume⁴⁰

The commission observes that prior to the imposition of securities on galvanised steel exported from China, Korea and Taiwan in February 2013⁴¹ (figure 9, '2013-Q1'), the

⁴⁰ Confidential Attachment 3 – Import volume analysis.

⁴¹ On 6 February 2013, the Chief Executive Officer of the then Australian Customs and Border Protection Service made a preliminary affirmative determination and decided to take securities in respect of any interim dumping duty on galvanised steel exported from China, Korea and Taiwan that was entered for home consumption on or after 6 February 2013.

import volumes of the goods exported to Australia from India, Malaysia and Vietnam were minimal. However, following the imposition of securities on galvanised steel exported from China, Korea and Taiwan, import volumes of the goods from India, Malaysia and Vietnam (particularly, from India and Vietnam) increased significantly. Import volumes from the subject countries further increased following the imposition of anti-dumping measures on galvanised steel exported from China, Korea and Taiwan in August 2013.⁴²

The share of the total import volume comprised by galvanised steel exported from China, Korea and Taiwan decreased in the year ending 30 September 2014, while the share of goods imported from India, Malaysia and Vietnam (in particular, from India and Vietnam) increased significantly, from 11.6 per cent in the year ending 30 September 2013, to 38.8 per cent in the year ending 30 September 2014 (refer table 12).

The observed shift in imports from China, Korea and Taiwan to imports from India, Malaysia and Vietnam is consistent with the commission's findings in Investigation 370.⁴³ This shift is also consistent with BlueScope's claim that imports from India, Malaysia and Vietnam (which it claims were non-existent in the Australian market prior to the imposition of anti-dumping measures on goods from China, Korea and Taiwan) opportunistically sought to replace import volumes from China, Korea and Taiwan.⁴⁴

The commission also observes that following the imposition of anti-dumping measures on goods exported from China, Korea and Taiwan in August 2013, importers also switched to sourcing *alloyed* galvanised steel from these three countries, albeit to a lesser extent than the switch that occurred to goods from India and Vietnam in particular (**Confidential Attachment 3**). Alloyed galvanised steel exported from China, Korea and Taiwan was not subject to anti-dumping measures when imposed in 2013, but was used for the same purposes and was substitutable with non-alloyed galvanised steel.⁴⁵ Due to this, the total volume of the galvanised steel (which includes both alloyed and non-alloyed galvanised steel) imported from China, Korea and Taiwan remained somewhat steady across the quarters following the imposition of the anti-dumping measures. The switch to alloyed galvanised steel also suggests that importers were actively seeking to import goods not subject to the measures.

Following the September quarter in 2014 (figure 9, '2014-Q-3'), import volumes from India and Vietnam decreased. The commission considers that this is likely due to the initiation of an investigation into the alleged dumping of goods exported from India and Vietnam in July 2014 (Investigation 249).⁴⁶ The commission observes that while import volumes from India and Vietnam decreased, volumes from Malaysia increased, noting that imports from Malaysia were not subject to Investigation 249.

⁴² ADN No. 2013/66 refers.

⁴³ *Anti-Dumping Commission Report No. 370* (REP 370), p. 55.

⁴⁴ EPR 592, documents no. 1 and 6.

⁴⁵ In July 2015, the commission initiated concurrent anti-circumvention inquiries (Inquiries 290 and 298) concerning imports of alloyed galvanised steel exported from China, Korea and Taiwan, which were alleged to be slightly modified goods. The findings from the circumvention inquiries led to the dumping duty notice applying to goods exported from China and Taiwan being altered to include alloyed galvanised steel exported by certain exporters in the goods description. The countervailing duty notice applying to goods exported from China was also similarly altered.

⁴⁶ ADN No. 2014/55 refers.

Investigation 249 was terminated⁴⁷ in July 2015 (figure 9, '2015-Q3'), after which volumes from India and Vietnam increased once again. This suggests that even the initiation and termination of an investigation into alleged dumping and/or subsidisation affects the volume of galvanised steel imported into Australia, noting that the Australian market is highly price sensitive.

The commission further observes that following the imposition of the measures on the goods exported from India, Malaysia and Vietnam in August 2017 (figure 9, '2017-Q3'), volumes from the subject countries decreased significantly, and remained at negligible levels (refer table 12). The exception to this is that import volumes of the goods exported from Vietnam by Hoa Sen and Nam Kim Steel remained above negligible levels. Both Hoa Sen and Nam Kim Steel are exempt from the anti-dumping measures currently applying to goods exported from the subject countries.

The commission notes that from 1 October 2017 to 30 September 2021 (or following the imposition of measures on goods exported from India, Malaysia and Vietnam), the majority of the goods imported into Australia were from Korea, Taiwan and Vietnam (**Confidential Attachment 3** refers). The majority of the goods imported from Korea and Vietnam (over 90 per cent) were from exempt exporters. The majority of the goods imported from Taiwan were either goods that are exempt from the anti-dumping measures, or were imported from an exporter that is subject to a relatively low fixed rate of interim dumping duty.

The pattern of trade described above suggests that importers in the price-sensitive Australian market are highly responsive to dumping and/or countervailing duty payable on galvanised steel (a commodity product), and are actively seeking to import galvanised steel (alloyed or non-alloyed) from countries and suppliers that are not subject to such duty. This is particularly so for steel traders, which are the largest importers (by volume) of galvanised steel. For steel traders that typically operate under tight trading margins, the price of the product, including the post-FOB costs including the importation costs, is the main factor taken into consideration in sourcing galvanised steel from a particular exporter. The commission understands that generally, steel traders do not have long-term or fixed supply contracts with their suppliers, instead preferring to negotiate sales on a spot basis, and are known to source galvanised steel from multiple suppliers or countries and to regularly switch import sources based on price.

The commission considers that the imposition of the anti-dumping measures on the goods exported from India, Malaysia and Vietnam had a dampening or restraining effect on the importation of these goods, as these goods are less attractive to steel traders in terms of their relative price or cost (i.e. undumped prices). Specifically, the imposition of the anti-dumping measures on the subject exporters has lessened their competitive advantage achieved through dumped and subsidised prices, and therefore, the goods exported from these exporters at remedied prices are relatively less competitive in the Australian market.

The commission considers that if the measures were to expire, then imports from the subject countries would likely continue or recur, as these goods would become more attractive to Australian importers including steel traders seeking to source galvanised steel at dumped and subsidised prices.

7.4.2 Maintenance of distribution links

The commission considers that if the measures were to expire, importers (particularly steel traders) supplying the Australian market would be able to quickly re-establish trade

⁴⁷ ADN No. 2015/93 refers.

relationships with the manufacturers that have previously exported the goods to Australia from the subject countries at dumped and subsidised prices.

In its application for the continuation of the measures, BlueScope claims that exporters from the subject countries have maintained distribution links to the Australian market, which would allow exporters from these countries to quickly increase export volumes of the goods to Australia if the measures expire.⁴⁸

To assess this claim, the commission reviewed data relating to import consignments of galvanised steel recorded in the ABF import database, including the relevant importers of those goods.

In Investigation 370, the following four importers (steel traders) cooperated with the investigation:

- Cedex Steel and Metals Pty Ltd
- Commercial Metals Pty Ltd
- Mitsubishi Australia Ltd (Mitsubishi)
- Stemcor Australia Pty Ltd.

The commission estimated that the above steel traders collectively accounted for approximately 70 per cent of total imports from Vietnam, 98 per cent from Malaysia and 15 per cent from India in the original investigation period. The commission notes that importers that imported the majority of goods from India did not cooperate with the original investigation.

Most of the importers that have cooperated in Investigation 370 have changed their legal names since the imposition of measures in 2017, or have been acquired by entities that have, subsequent to the acquisition, imported galvanised steel into Australia. With the exception of Mitsubishi, all of these importers have continued to import galvanised steel into Australia from various countries. Based on import declarations in the ABF import database and information available on its website,⁴⁹ as of mid-2019, it appears that Mitsubishi no longer trades and imports steel into Australia. There is no evidence to suggest that Mitsubishi would resume importing galvanised steel into Australia.

The commission notes that the above importers (except Mitsubishi), or the entities that have acquired these importers, remain some of the largest importers of galvanised steel imported into Australia from all countries (**Confidential Attachment 3** refers).

As outlined in section 7.4.1 of this SEF, following the imposition of measures in August 2017, the volumes of goods imported into Australia from the subject countries (except from Vietnam) decreased significantly. In relation to the goods imported from Vietnam, imports from Hoa Sen and Nam Kim Steel continued, noting that both exporters are exempt from the anti-dumping measures.

Although imports of the goods from the subject countries have decreased significantly following the imposition of the measures, the commission observes that some importers (including some of the importers identified above) have continued to import some volumes from exporters subject to the measures. However, these importations were either sporadic or one-off importations, or were importations of galvanised steel that were exempt from the measures.

⁴⁸ EPR 592, document no. 1.

⁴⁹ [Mitsubishi Australia Ltd](#) [website], accessed 6 May 2022.

As noted in section 7.4.1 of this SEF, importers (including steel traders) and their customers in the price-sensitive Australian market are highly responsive to dumping and/or countervailing duty payable on galvanised steel, and it is evident that importers are importing significant volumes of galvanised steel from exporters and countries that are not subject to such duty. The imposition of anti-dumping measures lessens an exporter's competitive advantage gained through dumped and subsidised prices.

The commission found that most importers that imported galvanised steel from China, Korea and Taiwan switched the source of their imports (country and supplier) shortly prior to the imposition of securities, or immediately following the imposition of anti-dumping measures on galvanised steel exported from these countries in August 2013. In particular, the commission found that subsequent to the imposition of securities or anti-dumping measures on imports from China, Korea and Taiwan, most importers switched to sourcing goods from India, Malaysia and Vietnam. This observed behaviour of the importers suggests that importers can quickly switch between sources of supply, and can source galvanised steel from different suppliers and countries, including suppliers and countries where they might not have previously sourced goods. This is particularly so for steel traders that operate under tight trading margins. For steel traders, the price of the product is the primary factor taken into account in the purchasing decision, noting that these steel traders are not bound by exclusive or long-term contracts and typically source galvanised steel from multiple suppliers or countries.

Likewise, the commission considers that the imposition of the anti-dumping measures on the dumped and subsidised goods exported from India, Malaysia and Vietnam had a dampening or restraining effect on the importation of these goods. This is because the imposition of the anti-dumping measures on the subject exporters has lessened their competitive advantage achieved through dumped and subsidised prices, and therefore the goods exported by the subject exporters are less attractive to importers and their customers in terms of their relative price or cost.

The commission considers that if the measures were to expire on the goods exported from India, Malaysia and Vietnam, importers (particularly steel traders) supplying the Australian market would be able to quickly re-establish trade relationships with the manufacturers that have previously exported the goods to Australia from the subject countries at dumped and subsidised prices. This, coupled with the existing distribution links to the Australian market maintained by some exporters from the subject countries, would allow exporters from the subject countries to quickly increase export volumes if the measures were to expire. Therefore, should the measures expire, the commission considers that the exports from the subject countries would likely continue or recur.

7.4.3 Production capacity utilisation and investments in production capacity

BlueScope has made a number of claims in relation to capacity utilisation and investments in production capacity of exporters from the subject countries that are outlined below. The commission has, for the reasons outlined below, concluded that the excess capacity in the subject countries would lead producers in those countries to seek to offload the excess capacity by exporting goods to Australia should the measures expire.

In its submission of 28 February 2022, BlueScope states that the production process for galvanised steel is a sophisticated, capital-intensive process that entails significant fixed costs. BlueScope states that due to this level of capital intensity, producers need to

achieve high production capacity utilisation in order to maintain efficiencies and reduce fixed costs.⁵⁰

BlueScope claims that steel producers in the subject countries have excess production capacity, which these producers will seek to offload by exporting galvanised steel to Australia at dumped and injurious prices if the measures were to expire.⁵¹ BlueScope reiterates this claim in its response to the Australian industry questionnaire, and further states that galvanised steel producers in the subject countries have the capacity to export a substantial volume of the goods to Australia should the measures expire.⁵²

BlueScope contends that an assessment of excess capacity in the galvanised steel manufacturing industry requires a consideration of both overcapacity in the industry specifically, and the steel industry more generally, given that galvanised steel is produced from HRC substrate, a product of primary steel production.⁵³ BlueScope states that overcapacity in primary or crude steel production affects the volume of goods produced, the price and profitability of those goods, and the export orientation of those goods.

In support of its claims, BlueScope highlighted the following in respect of global and regional developments in the steel industry:⁵⁴

- global steel production capacity has increased for the first time since 2014⁵⁵
- recent investments suggest that global gross steel capacity is expanding by 17.3 million tonnes, which should be in operation between 2021 and 2023, with a further 26.6 million tonnes of production capacity in the planning stages⁵⁶
- excess steel production capacity is the biggest challenge facing the global steel industry, particularly the steel industry in Asia
- countries comprising the Association of Southeast Asian Nations (ASEAN) are slated to significantly increase overall steel production capacity, driven by investments from China
- the excess galvanised steel production capacity in the subject countries has not lessened to any extent since Investigation 370
- the Australian galvanised steel market represents only 5.9 per cent of the total galvanised steel production capacity in the subject countries, indicating that the countries subject to measures have significant production capacities relative to the size of the Australian galvanised steel market, and therefore need only draw upon a relatively small portion of their capacity to export significant volumes of goods to Australia.

⁵⁰ EPR 592, document no. 8.

⁵¹ EPR 592, document no. 1.

⁵² EPR 592, document no. 6.

⁵³ EPR 592, document no. 1.

⁵⁴ EPR 592, document no. 8.

⁵⁵ Organisation for Economic Co-operation and Development (OECD) (2020), [Latest Developments in Steel Making Capacity](#), p.9.

⁵⁶ EPR 592, document no. 1, Non-confidential Attachment 8 – *Extending the EU Steel Safeguard – Key Elements*, EUROFER, 2021.

The commission assessed relative production capacities and capacity utilisation of known producers or exporters of the goods from the subject countries. In undertaking this assessment, the commission had regard to responses to exporter questionnaires in Investigation 370, Review 521 and this inquiry, noting that only CSC and CSVC provided a response to the exporter questionnaire in this inquiry.⁵⁷

Based on the available information, the commission observes that each of the subject countries has significant production capacity, ranging from 1.4 to 10.4 times the size of the Australian market in the inquiry period.

In relation to excess or idle production capacity, the commission observes that both CSC and CSVC did not increase their production capacities since the original investigation period (FY 2015-16); however, both CSC and CSVC achieved much lower production capacity utilisation in the inquiry period relative to the capacity utilisation achieved in the original investigation period. The total excess or spare capacity for both CSC and CSVC in the inquiry period was sufficient to supply approximately 18 per cent of the total Australian galvanised steel market in the same period.⁵⁸

In relation to capacity utilisation rates for Indian producers of galvanised steel, the commission estimates that the total excess or spare capacity of Indian galvanised steel producers that have previously exported the goods to Australia is sufficient to supply approximately 113 per cent of the Australian galvanised steel market in the inquiry period.⁵⁹ Based on the available capacity, the commission considers that producers in the subject countries have sufficient capacity to supply a significant share of the Australian galvanised steel market.

The commission also assessed whether any recent investments were made or planned to increase steel production capacity in the subject countries, given BlueScope's claim in its submission dated 28 February 2022 that steel producers in the subject countries have recently invested to increase their production capacities.⁶⁰ The commission considers that an increase in production capacity would further exacerbate the excess capacity of steel producers in the subject countries.

The commission notes that in the OECD's *Latest Developments in Steelmaking Capacity* (2021),⁶¹ the OECD states that in 2019 and 2020, most of the global production capacity additions took place in Asia, where an additional 61.1 million tonnes of capacity was added in 2019-2020. The OECD also states that Asia may experience a considerable increase in steelmaking capacity over the next few years if all projects currently underway or planned are realised, noting that there are several investment projects underway or planned. The

⁵⁷ Confidential Attachment 4 – Production capacity and capacity utilisation.

⁵⁸ Ibid.

⁵⁹ Ibid. Given that no Indian producers or suppliers of the goods from India cooperated in this inquiry or in Review 521, in estimating the excess or spare capacity of Indian producers, the commission relied upon JSW's capacity utilisation rate as verified by the commission in Investigation 370. The commission also utilised the production capacity data for Indian galvanised steel producers provided by BlueScope in support of its application for the continuation of the measures.

⁶⁰ EPR 592, document no. 8.

⁶¹ OECD (2021), [Latest Developments in Steel Making Capacity](#), accessed 26 April 2022.

projects that are now underway could add an additional 18.6 million tonnes of steelmaking capacity by 2023, with an additional 46.9 million tonnes in the planning stages.

The OECD report also highlights that steelmaking capacity in India has been expanding rapidly in recent years, and that India has become the second-largest producer in the world in terms of the size of its crude steel production capacity.

In the OECD's *Latest Developments in Steelmaking Capacity* (2020),⁶² the OECD observes that crude steelmaking capacity has also expanded rapidly in the ASEAN, which Malaysia and Vietnam are members of, over the past decade, and it is expected to increase further. In particular, steelmaking capacity in the ASEAN region could increase from 61.5 million tonnes in 2019 to 68.3 million tonnes by 2022, based only on projects currently underway (excluding planned projects) and in the absence of closures.

Based on publicly available information, the commission has found that there were a number of current or planned investments in steel production in each subject country. These investments are listed at **Non-Confidential Attachment 1**.

In particular, the commission notes the following investments:

- JSW Steel (a producer that has previously exported the goods to Australia from India) plans to increase production capacity at its Vijayanagar plant. JSW Steel produces galvanised steel at this plant. Production capacity will increase from 12 million tonnes per annum to 18 million tonnes per annum by the FY ending 31 March 2024.⁶³ Further, it is anticipated that JSW Steel will increase its current capacity of 12 million tonnes to 13 million tonnes per annum in the 12-month period from January 2022.
- Tata Steel (a galvanised steel producer in India) plans to double its capacity to 40 million tonnes per year by 2030 by expanding production capacity at its plants in Kalinganagar and Jamshedpur.⁶⁴ The expansion of production capacity at its Kalinganagar plant (which produces galvanised steel) is currently underway, and once it is complete, capacity will increase from 3 million tonnes to 8 million tonnes per annum.
- ArcelorMittal Nippon Steel India Limited (AMNS), a galvanised steel producer in India, which acquired Essar Steel Limited, a previous exporter of the goods to Australia, will invest to increase production capacity at its Hazira steel coating plant. Production capacity will increase from 8.6 million tonnes per annum to 18 million tonnes per annum.⁶⁵ AMNS has signed a memorandum of understanding with the Gujarat state government in India in relation to this investment.
- The Malaysian government has approved an investment from China's Wen'an Steel for a new integrated steel mill in East Malaysia, which will produce 10 million tonnes

⁶² OECD (2020), [Latest Developments in Steelmaking Capacity](#), accessed 28 February 2022.

⁶³ JSW (n.d.), [Foundation stone for new 5 MTPA project at JSW Steel Vijayanagar Works](#), accessed 23 March 2022.

⁶⁴ Fortune India (5 March 2022), [Tata Steel to invest ₹1 lakh crore to double its steelmaking capacity](#), accessed 23 March 2022.

⁶⁵ SteelOrbis (28 January 2022), [India's AMNS Limited to invest US\\$22.43 billion in steel and allied projects in Gujarat](#), accessed 23 March 2022.

per annum once complete.⁶⁶ Land preparation is currently underway to allow for the construction of the manufacturing plant. It is anticipated that the steel plant will be operational by the end of 2024, and will be the largest steel plant in Malaysia. This investment was publicly opposed by both the Malaysian Iron and Steel Industry Federation and the Malaysia Steel Association due to concerns about steel production overcapacity in Malaysia.⁶⁷

- The Hoa Phat Group (which produces crude steel and galvanised steel in Vietnam) announced investments over US\$3.7 billion in the construction of its Hoa Phat Dung Quat 2 steel production complex. It is anticipated that this complex will become operational in 2024 and will add capacity of 5.6 million tonnes per annum.⁶⁸ Further, Hoa Phat has already increased production capacity at its existing Hoa Phat Dung Quat production complex by putting furnaces 3 and 4 into operation in 2020-21.⁶⁹
- Ton Dong A, a producer and exporter of coated steel products including galvanised steel, is planning to construct its third manufacturing plant following its initial public offering and listing on the Ho Chi Minh Stock Exchange in Vietnam.⁷⁰ This third production plant will add between 300,000 to 500,000 tonnes per annum to Ton Dong A's current production capacity of 850,000 tonnes per annum, and it is anticipated that this third plant will come into operation in 2023.⁷¹

Each of the above investments (except the investment by Ton Dong A) could add annual capacity that would exceed the size of the Australian market for galvanised steel.

In addition to the investments outlined above, the GOI's Ministry of Steel is actively encouraging greater investments in production capacity in India. In 2021, the GOI introduced its Production Linked Incentive (PLI) Scheme to promote the manufacture of specialty steel, which encompasses coated steel products and includes galvanised steel.⁷² According to publicly available information on the Ministry of Steel website, financial incentives will be payable to producers under the scheme to invest and increase production of specialty steel in India. The first incentive under the scheme will be payable from FY 2023-24, and the scheme will continue to FY 2029-30.⁷³ The GOI anticipates that coated steel production capacity will increase from 8.3 million tonnes in FY 2019-20 to

⁶⁶ Dayak Daily (23 June 2021), ['Wenan Steel set to be a major steel producer with RM13.8 bln plant in Samalaju Industrial Park'](#), accessed 24 March 2022.

⁶⁷ Malaysian Iron & Steel Industry Federation (4 February 2020), [Steel associations call for immediate freeze of manufacturing licence for new investments in long and flat steel products in Malaysia to address the industry overcapacity](#) [press release], accessed 24 March 2022.

⁶⁸ Vietnam+ (23 April 2021), ['Hoa Phat earmarks 3.67 bln USD for Hoa Phat Dung Quat 2 iron steel project'](#), accessed 24 March 2022.

⁶⁹ Hoa Phat (31 August 2020), [Fourth blast furnace expected to become operational in early 2021](#) [media release], accessed 24 March 2022.

⁷⁰ Ton Dong A (24 January 2022), [Ton Dong A Joint Stock Company announce initial public offering](#) [media release], accessed 24 March 2022.

⁷¹ Vietnam Investment Review (14 December 2020) ['Ton Dong A Corporation takes Vietnam value award'](#), Vietnam Investment Review, accessed 24 March 2022; and Ton Dong A (11 November 2021) [Ton Dong A ready for IPO, October production hits record high](#) [media release], accessed 12 April 2022.

⁷² Ministry of Steel, Government of India (n.d.) [Production Linked Incentive \(PLI\) Scheme for specialty steel in India](#), Ministry of Steel website, accessed 22 March 2022.

⁷³ FY ending 31 March.

20.3 million tonnes in FY 2026-27. The GOI also anticipates that exports would increase in line with this added capacity.

The commission considers that the above investments, including the GOI's incentive to increase production in India, would exacerbate the excess or idle production capacity in the subject countries. The excess capacity would lead producers in those countries to seek to offload the excess capacity by exporting goods to third countries. The commission considers that if the anti-dumping measures were to expire, producers in the subject countries would likely resume exporting the goods in significant volumes to Australia, unencumbered, in order to increase capacity utilisation.

7.4.4 Trade measures in other jurisdictions and the effect on exports from the subject countries

The commission preliminarily finds that there are various trade measures in countries that import a significant volume of galvanised steel from the subject countries. The commission considers that trade measures in other jurisdictions (in particular, the EU and the US) would likely lead to trade diversion, for the reasons outlined below.

In its application for the continuation of the measures, BlueScope claims that anti-dumping, safeguard and other similar trade measures applying to imports of steel products (which includes galvanised steel) in other countries or jurisdictions will influence the future export orientation towards countries where such measures do not apply. Therefore, in the absence of the anti-dumping measures applying to the goods exported to Australia from the subject countries, BlueScope claims that volumes of the goods exported to Australia from the subject countries would increase.

BlueScope identified anti-dumping measures (dumping and countervailing), safeguard measures and tariffs applying to galvanised steel imported into several countries that consume a significant volume of galvanised steel products.

Based on publicly available data from the United Nations Comtrade Database,⁷⁴ the commission observes that the United States of America (US) was the largest market for galvanised steel⁷⁵ exported from Malaysia and Vietnam in the two years prior to 2018. In relation to exports from India, the European Union (EU) was the largest market for these exports.

Apart from the anti-dumping measures currently applying to galvanised steel exported to various countries from India, Malaysia and Vietnam (as identified in BlueScope's application), the commission notes that the following trade measures exist in the largest export markets for galvanised steel exported from the subject countries:

- The US imposed an *ad valorem* tariff of 25 per cent on 'steel articles' or products ('section 232 tariffs') imported on and from 23 March 2018.⁷⁶ The steel articles include galvanised steel.⁷⁷ This tariff is in addition to any other duties including anti-

⁷⁴ United Nations (n.d.), [UN Comtrade Database](#) [website], accessed 1 March 2022.

⁷⁵ Classified to the relevant tariff subheadings listed in section 3.3.1 of this SEF.

⁷⁶ Further information on this tariff can be found on the [US Federal Register](#). Following implementation, imports from several countries were subsequently exempted from this tariff, however, imports from India, Malaysia and Vietnam were not exempt from this tariff.

⁷⁷ Steel articles classified to the following tariff subheadings: 7206.10 to 7216.50; 7216.99 to 7301.10; 7302.10; 7302.40 to 7302.90; and 7304.10 to 7306.90.

dumping duties. There is no information to suggest that this tariff will cease to apply to galvanised steel or other steel products imported into the US in the near future.

- To mitigate trade diversion to the EU because of this US measure, the EU imposed provisional safeguard measures on 18 July 2018,⁷⁸ which were made final on 31 January 2019.⁷⁹ In imposing these provisional safeguard measures, the EU concluded that the US tariff on steel was likely to cause considerable trade diversion of steel originally destined for the US market to the EU market. The EU's safeguard measures are in the form of 'tariff-rate quotas', whereby a 25 per cent tariff duty applies only if the import volume exceeds the quota specified in the relevant EU regulations. Exports of galvanised steel (categorised as 'metallic coated sheets', product number 4 (A and B)) from India are subject to the safeguard measures, whereas exports of galvanised steel from Vietnam and Malaysia are currently not subject to the safeguard measures.⁸⁰ These safeguard measures were initially set to remain in effect until 30 June 2021; however, the EU has prolonged these measures for an additional three years until 30 June 2024.⁸¹
- On 30 June 2021, the UK (which had the same steel safeguard as the EU since 2018) decided to continue the safeguard measures applying to certain steel products, which included galvanised steel.⁸² These continued safeguard measures were effective on and from 1 July 2021; however, on 31 December 2021, the UK revised these measures to apply only to certain steel products, which do not include galvanised steel.⁸³

In order to determine whether the above trade measures had an effect on the exports or pattern of trade from the subject countries, the commission analysed the volumes of galvanised steel⁸⁴ exported from the subject countries from 2016 to 2020.⁸⁵

⁷⁸ European Commission Implementing Regulation (EU) [2018/1013](#) of 17 July 2018 imposing provisional safeguard measures with regard to imports of certain steel products.

⁷⁹ European Commission Implementing Regulation (EU) [2019/159](#) of 31 January 2019 imposing definitive safeguard measures against imports of certain steel products. The safeguard measures were amended in September 2019 ([2019/1590](#)), June 2020 ([2020/894](#)), December 2020 ([2020/2037](#)) and March 2022 ([2022/434](#)).

⁸⁰ The EU considers Vietnam and Malaysia to be developing countries and some steel products, including galvanised steel classified to product category no. 4 (4A and 4B), imported from these two countries are currently exempt from the safeguard measures. India is also considered to be a developing country however imports of galvanised steel from India are subject to the safeguard measures. Refer Annex II to the European Commission Implementing Regulation (EU) [2020/2037](#).

⁸¹ European Commission Implementing Regulation (EU) [2021/1029](#) of 24 June 2021, amending Commission Implementing Regulation (EU) 2019/159, to prolong the safeguard measure on imports of certain steel products.

⁸² UK Trade Remedies Notice [2021/01](#) refers.

⁸³ UK Trade Remedies Notice [2021/03](#) refers.

⁸⁴ Classified to the tariff subheadings listed in section 3.1.1 of this SEF. The data in the UN Comtrade Database does not include a description of the goods exported from the subject countries, therefore, the commission cannot identify which goods might or might not be like to the goods the subject of this inquiry. Due to this, the commission has included all exports of the goods under these tariff subheadings in its analysis.

⁸⁵ Confidential Attachment 5 – Exports from India, Malaysia and Vietnam.

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The commission found that following the imposition of an *ad valorem* tariff of 25 per cent on steel products imported into the US, exports of galvanised steel to the US from India,⁸⁶ Malaysia and Vietnam decreased significantly in the years following 2018. The commission also notes that CSVC's and CSC's exports to the US were significantly lower in the inquiry period (post-2018, or after the imposition of the 25 per cent tariff) relative to the volumes in the original investigation period (i.e. prior to the imposition of the tariff) (**Confidential Attachment 6** refers). The commission observes that CSVC appears to be particularly export dependent, given that a significant proportion of its total sales of galvanised steel are exported (**Confidential Attachment 7**).

Further, following the imposition of safeguard measures in the EU, exports of galvanised steel from India to countries in the EU (collectively, the EU) decreased significantly in the years following 2018. While imports of galvanised steel from Vietnam into the EU are not currently subject to the safeguard measures, they were subject to the measures in 2018, 2019 and in the first half of 2020. Exports of galvanised steel to the EU from Vietnam decreased in 2018 and 2019. The commission observes that once the safeguard measures were revised in mid-2020, exports of galvanised steel to the EU from Vietnam increased, noting that the revision specified, among other revisions, that the safeguard measures no longer applied to metallic coated products imported from Vietnam.⁸⁷ There were no exports of galvanised steel from Malaysia to the EU prior to the imposition of the safeguard measures, and the EU was not Malaysia's largest export market even before the imposition of the safeguard measures.

Based on the above analysis, the commission considers that the 25 per cent tariff imposed on steel imports into the US has directly led to a decrease in exports from India, Malaysia and Vietnam to the US market. While Vietnam diverted exports to other countries following the imposition of trade measures in the US (i.e. exports from Vietnam to other countries increased following 2018), there is no evidence that India and Malaysia did the same (i.e. exports did not increase to other countries to the extent necessary to eliminate the decrease in exports to the US market). Further, the commission considers that the safeguard measures imposed by the EU in 2018 have directly led to a decrease in exports from India and Vietnam to that market.

This suggests that trade measures in other countries affect the pattern of trade and the volume of exports from the subject countries, which is expected given that these measures either make the goods uncompetitive relative to other goods, or directly restrict the volume of the goods that can be imported into a particular country or market.

Given that the trade measures in the US and EU will remain in effect following the expiration of the anti-dumping measures currently applying to the goods exported to Australia, the commission considers that it is likely that at least some exports, which would originally be destined for the US and EU markets, would be diverted to the Australian market if the measures expire.

As noted previously in this chapter of the SEF, the commission found that there exists excess production capacity in the subject countries, which would be exacerbated by significant investments being made to increase existing capacity. This excess capacity would also be exacerbated by the continuation of the trade measures in the US and EU, being the largest markets for galvanised steel exported from the subject countries. The commission also notes that some of the producers of galvanised steel from the subject

⁸⁶ Exports to the US from India prior to 2018 were relatively low, noting that in 2016, the US imposed anti-dumping measures on galvanised steel exported from India.

⁸⁷ Refer Annex I to Regulation (EU) [2020/894](#).

countries (in particular, India and Vietnam) appear to be dependent on exports and that a significant proportion of their sales of galvanised steel are exported.

The commission considers that if the measures expire, then producers and exporters in the subject countries are likely to supply the Australian market, unencumbered, with some of the volumes that would have been exported to the US and EU markets in order to offload some of the excess capacity. This anticipated trade diversion to Australia in particular is also likely given the proximity of the subject countries to Australia. Shipping costs would not be prohibitive for exporters and importers. Therefore, based on this, the commission considers that it is likely that trade diversion to Australia would occur, and it is therefore likely that exports of the goods to Australia from the subject countries would continue or recur if the measures expired.

7.4.5 JSW's submission – Exports to Australia from India

JSW Steel Limited (JSW), an Indian producer that has previously exported the goods to Australia, made a submission in response to the initiation of the continuation inquiry.⁸⁸

JSW claims that it has not exported the goods to Australia during the inquiry period. JSW also claims that its related producer, JSW Steel Coated Products Limited, has not exported the goods to Australia during the inquiry period. JSW contends that given it has not exported the goods to Australia during the inquiry period the measures should be allowed to expire.

JSW further highlights the potential for Indian domestic steel demand to increase from 2021 to 2025, and that there is potential for India's steel consumption on a per capita basis to increase.

Commission's consideration of JSW's submission

Section 269ZHF(2) specifies that the commissioner must not recommend the continuation of the anti-dumping measures unless the commissioner is satisfied that the expiration of the measures would lead, or would be likely to lead, to a continuation of, or a recurrence of, the dumping or subsidisation and the material injury that the measure is intended to prevent. As noted in section 7.2 of this SEF, the assessment of the likelihood of dumping, subsidisation and material injury continuing or recurring requires an assessment of what would (or would be likely to) happen in the future should a certain event, being the expiration of the measures, occur. While there were no exports of the goods to Australia from JSW or its related party during the inquiry period, the commission does not consider that this is determinative of what would likely happen in the future if the measures were to expire.

As outlined in sections 7.4.1, 7.4.2, 7.4.3 and 7.4.4 of this SEF, the commission considers that it is likely that exports of the goods to Australia from the subject countries, including from India, would likely continue or recur if the measures were to expire. In particular, the commission notes the excess production capacity in the Indian steel industry, which is further exacerbated by trade measures imposed in other countries that historically imported significant volumes of goods from India but no longer do so.

The commission notes the significant investments to increase galvanised steel production capacity (including by JSW), which is actively encouraged by the GOI through its PLI Scheme. All these factors indicate that Indian producers, including JSW, have excess

⁸⁸ EPR 592, document no. 3.

capacity. The commission does not consider that this excess capacity would be fully absorbed by domestic demand in India, noting that Indian producers of galvanised steel export a significant proportion of their production, and noting that Indian domestic steel consumption on a per capita basis remains one of the lowest in the world.⁸⁹ Indeed, the Department of Industry, Science, Energy and Resources forecasts that despite a predicted increase in steel consumption in India from 2022 to 2027, Indian steel production would still exceed steel consumption during this period.⁹⁰ Therefore, the commission considers that if the measures expire, Indian producers of galvanised steel would likely resume exporting the goods to Australia in order to offload excess production capacity.

7.4.6 Preliminary finding – are exports from the subject exporters likely to continue or recur?

The commission considers that should the measures expire, exports from the exporters subject to the measures are likely to continue or recur on the basis of the following.

- Exports of the goods to Australia from India, Malaysia and Vietnam have continued since the imposition of measures, albeit in much lower volumes than prior to the imposition of the measures.
- Importers can quickly switch between sources of supply in order to source goods at a more competitive price. Importers in the price-sensitive Australian market are highly responsive to dumping and/or countervailing duty payable on galvanised steel (a commodity product), and are increasingly importing galvanised steel from countries and suppliers that are not subject to such duty.
- Producers and exporters in the subject countries have excess production capacity, which can be utilised to export goods to the Australian market. Further, significant investments are being made to increase production capacity in the subject countries, which will exacerbate excess or idle capacity and add further pressure on producers to find markets for their goods in order to ameliorate the excess capacity.
- Noting that most galvanised steel producers in the subject countries export a significant proportion of the goods they produce, trade measures in other jurisdictions, which have historically imported a significant proportion of the goods from the subject countries, further add pressure on exporters in the subject countries to find alternative export markets for their goods in order to ameliorate excess capacity. The proximity of the subject countries to Australia would allow exporters to divert exports to Australia, noting that these exports would not be constrained by prohibitive shipping costs.

7.5 Will dumping and subsidisation continue or recur?

Based on the analysis outlined in the following sections of the SEF, the commission considers there is sufficient evidence to preliminarily conclude that the expiration of the measures would likely lead to a continuation or recurrence of dumping of the goods exported to Australia from India, Malaysia and Vietnam; and a continuation of subsidisation of the goods exported from India.

In assessing the likelihood of dumping continuing or recurring, the Manual outlines a number of relevant factors and considerations. Such factors may include exporters'

⁸⁹ World Steel Association (2021), [2021 World Steel in Figures](#), p. 17 refers.

⁹⁰ Department of Industry, Science, Energy and Resources (2022), [Resources and Energy Quarterly March 2022 – Steel](#), Table 3.1, p. 39.

dumping margins, the volume of exports before and after the measures were imposed, the effect of the measures, the level of dumping compared with the level of measures, and any change in those measures (e.g., as a result of a review).⁹¹ In assessing the likelihood of subsidisation continuing or recurring, the commission may take into consideration whether the countervailed subsidy programs remain in force and whether the exporters may continue to benefit from these programs.

The commission considers its examination of the relevant factors will vary depending on the available information, the nature of the goods and the market in which those goods are sold.⁹² No one factor can necessarily provide decisive guidance. Therefore, the analysis in this section of the SEF examines a range of factors that the commission considers are relevant to this inquiry.

7.5.1 Analysis of likelihood of dumping continuing or recurring

An assessment of dumping, in its most basic form, involves a comparison between the export prices of goods, usually at Free on Board (FOB) terms, and domestic prices of goods that are like to those which are exported. Therefore, the relationship between the export price and domestic price informs if dumping is likely to continue or recur.

The following sections of the SEF outline the commission's assessment of the likelihood of dumping continuing or recurring in relation to the goods exported from each subject country. The commission's assessment relies on the following information relating to export prices and domestic selling prices relevant to each subject country:

- previously ascertained export prices and normal values
- prices for galvanised steel (like goods) sold for home consumption by CSC and CSVC in their respective domestic markets
- prices of hot-dipped galvanised steel coil sold in the Indian domestic market, as obtained from an independent data provider
- FOB export prices for the goods and like goods, as recorded in the ABF import database
- CSVC's prices of galvanised steel exported to countries other than Australia.

The following analysis examines a range of factors that the commission considers relevant to this inquiry in order to assess the likelihood of dumping continuing or recurring should the measures expire.

7.5.1.1 India

In the original investigation, the commission found that the goods exported to Australia from India were dumped at margins ranging from 7.6 per cent to 12 per cent.⁹³

In Review 521, the commission did not receive a response to the exporter questionnaire from any exporters of the goods from India. Therefore, all exporters from India were deemed uncooperative exporters. The commission determined a dumping margin of 12 per cent for all exporters from India.

⁹¹ [The Manual](#), p.137 refers.

⁹² Ibid.

⁹³ In the original investigation (Investigation 370), the commission determined individual dumping margins for Essar Steel India Limited (7.6 per cent) and JSW Group (9 per cent). For uncooperative and all other exporters from India, the commission determined a dumping margin of 12.0 per cent.

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As noted in section 2.3.2.2 of this SEF, in this inquiry, the commission did not receive a response to the exporter questionnaire from any exporters or suppliers of the goods from India. The commission found that there were only two consignments of galvanised steel imported into Australia from India during the inquiry period.⁹⁴ The goods in these consignments were declared under tariff subheadings 7212.30.00 and 7226.99.00. However, based on the description of the goods and the anomalous price of these goods relative to the prices of other goods, the commission considers that these goods are not the goods the subject of the measures.

In assessing the likelihood of dumping continuing or recurring in relation to goods exported from India, the commission analysed the relative trends or variations in export prices and domestic selling prices since the original investigation period (1 July 2015 to 30 June 2016, or FY 2015-16). The commission also undertook a comparison of these prices in the inquiry period.

In undertaking this analysis, the commission had regard to the following information:

- export prices and normal values of goods exported to Australia from India, as ascertained in Investigation 370 and Review 521
- prevailing FOB prices of the goods and like goods exported to Australia from all other countries, including the FOB prices of the goods and like goods exported to Australia by the largest exporters (by volume) during the inquiry period⁹⁵
- prices of hot dipped galvanised steel sold in the Indian domestic market.⁹⁶

Assessment of likelihood of dumping

Table 13 below presents the trends or variations in the domestic (Indian) and export prices of the goods and like goods since the original investigation period (FY 2015-16).

	FY 2015-16 (Inv 370) ⁹⁷	FY 2016-17	FY 2017-18	FY 2018-19 (Review 521) ⁹⁸	Oct 2020 to Sep 2021 (inquiry period)
Indian domestic galvanised steel price, ex-works (INR/t)	100	108	136	138	187
Indian domestic galvanised steel price, adjusted to FOB (AUD/t)	100	104	128	129	161
FOB export price, goods exported from India (AUD/t)	100	102	-	119	-

⁹⁴ The goods in the two consignments comprised less than 0.1 per cent of the total volume of imported goods declared under the relevant tariff subheadings outlined in section 3.3.1 of this SEF.

⁹⁵ Prices obtained from the ABF import database.

⁹⁶ Prices of Indian domestic galvanised steel obtained from MEPS International Ltd. The prices are for commercial grade steel with a coating mass of 275 gsm. These prices were adjusted to FOB using previously verified information (Confidential Attachment 8 refers).

⁹⁷ The investigation period in Investigation 370.

⁹⁸ The review period in Review 521.

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FOB export price, goods exported from all countries (AUD/t)	100	103	106	118	140
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Table 13: Changes in prices since the original investigation period (FY 2015-16)⁹⁹

For completeness, table 13 includes the variation in both the Indian domestic galvanised steel prices at ex-works (where prices are denominated in Indian rupees) and FOB terms (where prices are denominated in Australian dollars), noting that the domestic price at FOB terms also reflects the fluctuation in the value of the Australian dollar over the period examined.

Noting the lack of exports of the goods to Australia from India since May 2019, the commission had regard to the export prices of galvanised steel exported to Australia from all other countries in order to compare the trend in Indian domestic selling prices to the trend in the prices of galvanised steel exported to Australia. The commission considers this reasonable on the basis that FOB prices of goods exported to Australia from India from FY 2015-16 to FY 2018-19 followed a similar trend to the weighted average FOB prices of all like goods exported to Australia from other countries (table 13 refers), albeit the prices of goods exported from India were generally lower. Further, the commission considers that it is reasonable to assume that if exporters from India were to resume exporting the goods to Australia (which the commission considers likely in the absence of measures), these exporters would have to at least match the prices of other exporters of galvanised steel in order to compete with other exporters supplying the Australian market. Therefore, in the absence of exports of the goods to Australia from India since 2019, the commission relied upon the prices of like goods exported to Australia from all other countries and exporters in the inquiry period.

As noted at the beginning of this section, in Investigation 370, the commission found that goods were exported to Australia from India at dumped prices, with dumping margins ranging from 7.6 per cent to 12 per cent in the original investigation period. In Review 521, the commission found that goods were exported to Australia from India at dumped prices in the review period.

Noting this, the commission observes that from FY 2015-16 (the original investigation period), Indian domestic galvanised steel prices increased at a greater rate than export prices (FOB prices of goods exported from all countries, and FOB prices of goods exported from India where available). Although prices of galvanised steel exported to Australia have increased in the inquiry period and are higher than they were in the original investigation period and in FY 2018-19 (the period of review in Review 521, in which goods exported from India were found to be dumped), Indian domestic galvanised steel prices have increased by a greater amount. This suggests that a greater dumping margin than that established in Investigation 370 and Review 521 is likely. The commission therefore considers that had the goods been exported from India during the inquiry period, it is likely these exports would have been at dumped prices. In the absence of information or evidence to suggest otherwise, the dumping margins established in Investigation 370 and Review 521, and the long-term trend in export prices and Indian domestic prices as shown in table 13, indicate that dumping of the goods exported to Australia from India would likely recur should the measures expire.

⁹⁹ Confidential Attachment 9 – Dumping analysis (India).

The commission also compared the Indian domestic prices of galvanised steel (adjusted to reflect FOB terms) to FOB prices of goods exported to Australia by the largest exporters (by volume) from all other countries in the inquiry period (**Confidential Attachment 9** refers).¹⁰⁰ This comparison was undertaken in order to determine whether exporters from India would have had to export the goods in the inquiry period at dumped prices in order to compete with other exporters supplying the Australian market.

In undertaking this analysis, the commission compared the quarterly weighted average Indian domestic prices for galvanised steel (adjusted to reflect FOB terms) to the quarterly FOB export prices of like goods exported to Australia by the largest exporters, which comprised of approximately 83 per cent of the total volume imported in the inquiry period. The majority of the largest exporters of galvanised steel in the inquiry period were from either Korea, Taiwan or Vietnam, and most of these exporters are exempt from anti-dumping measures.

The commission found that Indian domestic prices (adjusted to reflect FOB terms) were generally higher than the prices of the majority of exporters examined, which further supports the commission's finding above that exporters from India would have had to export the goods at dumped prices in order to supply the Australian market at a competitive price.

In order to eliminate this margin or difference, exporters from India would be required to either price their exports to Australia above other exporters' prices, or decrease their domestic selling prices.

The commission considers that if exporters from India increased their prices for goods exported to Australia, then they would not be competitive relative to other exporters and would effectively be priced out of the price-sensitive Australian market for galvanised steel. The commission therefore considers an increase in the export price necessary to eliminate dumping is unlikely.

Further, the commission considers that it is unlikely that Indian exporters would reduce their domestic selling prices to the extent necessary to eliminate dumping. In relation to the exporters that cooperated in Investigation 370, while export sales contributed to a significant proportion of their revenue, domestic sales contributed over half of the revenue achieved in respect of their sales of galvanised steel. The commission therefore considers that it is unlikely that exporters from India would reduce their domestic selling prices in order to eliminate dumping, as it would significantly reduce their profit margin.

The analysis outlined in this section suggests that exporters from India would be required to set their export prices below that of their domestic prices if they resumed exporting the goods to Australia. Since the necessary changes in either the export price or domestic price are unlikely to occur, and based on the historical dumping margins, the commission considers that dumping by Indian exporters would likely recur if the anti-dumping measures expired.

¹⁰⁰ The commission does not have contemporary information relating to ocean freight and landing costs in order to undertake a comparison of prices adjusted for importation costs. Nevertheless, based on previously verified information in Investigation 370 and Review 521, the importation costs (including ocean freight) determined for the goods exported from India were comparable to the importation costs for goods exported from China, Korea and Taiwan.

7.5.1.2 Malaysia

In the original investigation, the commission found that the goods exported to Australia from Malaysia were dumped with dumping margins ranging from 14.5 per cent to 16.5 per cent.¹⁰¹

In Review 521, the commission did not receive a response to the exporter questionnaire from any exporters of the goods from Malaysia. Therefore, all exporters from Malaysia were deemed uncooperative exporters, and the commission determined a dumping margin of 16.5 per cent for all exporters from Malaysia.

As noted in section 2.3.2.2 of this SEF, in this inquiry the commission received a response to the exporter questionnaire from CSC, a galvanised steel producer that has previously exported the goods to Australia from Malaysia. However, CSC has not exported the goods to Australia since the March quarter in 2017. The commission did not receive any response to the exporter questionnaire from any other exporters or suppliers of the goods from Malaysia.¹⁰²

Given that CSC is the only producer and supplier of galvanised steel from Malaysia that provided information relevant to inquiry 592, the analysis in this section mostly utilises CSC's information.

In its response to the exporter questionnaire, CSC attempted to show that it was not dumping galvanised steel to a third country it exported to during the inquiry period. Based on this demonstration, CSC claimed that despite not having exported the goods to Australia during the inquiry period, it is 'exercising fair price trade practice in the export market and did not have any intention to have any unfair trade with... importing countries'.¹⁰³ The commission notes that the volume of these exports by CSC to the third country comprised less than 0.5 per cent of the total volume of galvanised steel sold by CSC during the inquiry period, and less than 2 per cent of CSC's total export volume in the original investigation period.

The commission considers that an exporter's trade behaviour in relation to exports to a third country is not the main determinant of whether an exporter is likely to export the goods to Australia at dumped prices. Nevertheless, given the insignificant volume of CSC's exports to the third country, the commission considers that these exports (and the price of these exports) by CSC during the inquiry period are not a reliable indicator of CSC's likely future export-pricing behaviour in the Australian market were the measures to expire. Therefore, the commission undertook further analysis in assessing the likelihood of dumping continuing or recurring in relation to CSC's exports.

In undertaking the assessment of the likelihood of dumping continuing or recurring, the commission had regard to the following information:

¹⁰¹ In the original investigation (Investigation 370), the commission determined individual dumping margins for CSC (14.5 per cent) and FIW Steel Sdn Bhd (16.5 per cent). For uncooperative and all other exporters from Malaysia, the commission determined a dumping margin of 16.5 per cent.

¹⁰² The commission found that there was only one consignment imported into Australia from Malaysia during the inquiry period. The goods in this consignment comprised less than 0.1 per cent of the total volume of imported goods declared under the tariff subheadings relevant to the goods the subject of the measures. However, based on the description of the goods in this consignment and the anomalous price of these goods relative to other goods, the commission considers that these goods are not the goods the subject of the measures.

¹⁰³ CSC's response to the exporter questionnaire (confidential version), p. 26 refers.

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- export price and normal value of goods exported to Australia from Malaysia by CSC, as ascertained in Investigation 370
- CSC's selling prices of like goods sold in the ordinary course of trade (OCOT) for home consumption in Malaysia during the inquiry period (**Confidential Attachment 10** refers), including its profitability in the inquiry period
- CSC's past pricing behaviour in respect of exports of the goods to Australia, including production capacity utilisation and export volumes to third countries.

Assessment of likelihood of dumping

As outlined below, the commission considers that recurrence of dumping is likely in respect of goods exported to Australia from Malaysia. This is primarily based on CSC's past pricing behaviour and its current incentives, including its excess capacity, its ability to significantly undercut other exporters' prices whilst maintaining sufficient profitability, and the attractiveness of Australia due to its proximity to Malaysia, particularly given it has lost export sales volumes to other markets in the inquiry period.

Table 14 below shows the trends or variations in CSC's domestic and export prices of the goods and like goods since the original investigation period, noting that CSC's variable factors were not ascertained in Review 521.

	FY 2015-16 (Inv 370)	Oct 2020 to Sep 2021 (inquiry period)
CSC's normal value or weighted average domestic selling price	100	139
Export price	100	144

Table 14: Changes in prices since the original investigation period (FY 2015-16)¹⁰⁴

The normal value and export price for FY 2015-16 refer to CSC's variable factors as ascertained following Investigation 370.

For the inquiry period, the commission calculated a weighted average domestic selling price using CSC's sales of like goods sold in the OCOT for home consumption in Malaysia. Given that there were no exports of the goods from Malaysia during the inquiry period, the export price of goods exported from Malaysia by CSC is the export price ascertained in Investigation 370 adjusted to reflect a price for the inquiry period. In order for this export price to reflect a price in the inquiry period, the commission adjusted this export price by the change or variation in the prices of galvanised steel exported to Australia from all countries (in the absence of exports from Malaysia in the inquiry period) from FY 2015-16 to the inquiry period.

As noted earlier in this section, in the original investigation period, the commission found that the goods exported to Australia from Malaysia were at dumped prices. The margin of dumping for CSC was 14.5 per cent. The dumping margin for the other cooperating Malaysian exporter was 16.5 per cent.

Noting this, the commission observes that from the original investigation period to the inquiry period, the indicative export price of the goods exported from Malaysia by CSC increased at a greater rate than CSC's domestic selling prices. However, the increase in CSC's indicative export price is not sufficient to eliminate CSC's dumping margin (14.5 per cent) found in Investigation 370. This indicates that if CSC had exported the goods to

¹⁰⁴ Confidential Attachment 11 – Dumping analysis (Malaysia).

Australia during the inquiry period, it would have likely dumped those goods in the Australian market. The commission considers other evidence before it also strongly suggests that CSC would likely dump the goods should the measures expire.

The commission notes that prior to the imposition of the measures in August 2017, CSC's prices of the goods were, on average, significantly lower than the weighted average prices of goods exported by exporters from other countries. The commission considers that should the measures expire, CSC would likely significantly undercut other exporters of the goods in order to re-enter the Australian market, noting that it has not exported the goods to Australia since 2017.

In addition, in light of CSC's significant excess production capacity and the loss of one of its major export markets, the commission considers CSC has a strong incentive to adopt a lower export-market profit strategy or even a marginal cost pricing strategy in order to obtain market share in the Australian market. Consequently, should the measures expire, the commission is preliminarily satisfied that it is likely that CSC would likely dump the goods in order to gain a competitive advantage in the Australian market.

In relation to exports of the goods to Australia from Malaysia by exporters other than CSC, the commission observes that exports from Malaysia by other exporters have continued following the imposition of the measures, albeit these exports were sporadic and in significantly lower volumes. Given that these other exporters did not cooperate in this inquiry, the commission has relied upon all relevant information and therefore the above analysis applies to other exporters (i.e. other than CSC) from Malaysia. Accordingly, the commission is preliminarily satisfied that dumping by Malaysian exporters would likely recur if the measures expired.

7.5.1.3 Vietnam

In the original investigation, the commission found that the goods exported to Australia from Vietnam were dumped at margins ranging from 8.4 per cent to 14.2 per cent.¹⁰⁵

In Review 521, the commission did not find that the goods exported to Australia from Vietnam were dumped. Given that CSVC has not exported the goods to Australia during the review period, the export price was ascertained in accordance with section 269TAB(2B)(a),¹⁰⁶ and the commission determined a negative margin of 3.5 per cent for CSVC. For all other exporters from Vietnam, the commission determined a negative margin of 0.7 per cent.

In this inquiry, the commission identified a number of consignments of the goods imported into Australia from Vietnam during the inquiry period. Although some of these goods were subject to the measures, the majority were not and were imported from exporters (Hoa Sen and Nam Kim Steel) that are exempt from the measures.

As noted in section 2.3.2.2 of this SEF, the commission received a response to the exporter questionnaire from CSVC. CSVC has previously exported the goods to Australia from Vietnam, but has not exported the goods to Australia since mid-2017. The commission did not receive a response to the exporter questionnaire from any exporter that has exported the goods to Australia from Vietnam during the inquiry period.

¹⁰⁵ In the original investigation (Investigation 370), the commission determined a dumping margin for CSVC of 8.4 per cent. For uncooperative and all other exporters from Vietnam, the commission determined a dumping margin of 14.2 per cent.

¹⁰⁶ Specifically, the commission determined CSVC's export price by having regard to its previously ascertained export price in Investigation 370.

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Given that CSVC is the only interested party from Vietnam that provided information relevant to the inquiry, the analysis outlined in this section of the SEF mostly utilises CSVC's information.

In assessing the likelihood of dumping continuing or recurring in relation to the goods exported from Vietnam, the commission analysed the relative variations or changes in CSVC's export price and normal value (or domestic selling price) since last ascertained in Review 521.

The commission also undertook a comparison of CSVC's domestic selling prices for like goods and prices of goods exported to Australia from Vietnam by other exporters during the inquiry period in order to determine whether CSVC and other exporters from Vietnam would have had to export (or had exported) the goods to Australia at dumped prices. The commission also compared CSVC's domestic selling prices to its export prices of galvanised steel to third countries in order to determine whether CSVC has a propensity to export dumped goods, and therefore whether it is likely to export dumped goods to Australia if the measures expire.

In undertaking this analysis, the commission had regard to the following information:

- the export price and normal value of goods exported to Australia from Vietnam by CSVC, as ascertained in Review 521
- CSVC's selling prices of like goods sold in the OCOT for home consumption in Vietnam during the inquiry period (**Confidential Attachment 12** refers), and CSVC's prices of galvanised steel exported to third countries in the same period (**Confidential Attachment 13** refers)
- prices of the goods exported to Australia from Vietnam by other exporters.¹⁰⁷

Assessment of likelihood of dumping

Table 15 below shows the change in CSVC's export and normal value/domestic prices of the goods and like goods since they were last ascertained in Review 521.

	FY 2018-19 (Review 521)	Oct 2020 to Sep 2021 (inquiry period)
CSVC's normal value or weighted average domestic selling price	100	119
Export price	100	111

Table 15: Changes in prices since Review 521¹⁰⁸

Given that CSVC is the only producer and supplier of galvanised steel from Vietnam that provided information relevant to inquiry 592, the above table refers to changes in CSVC's prices.

The values in FY 2018-19 relate to CSVC's variable factors (normal value and export price) ascertained in Review 521.

For the inquiry period, the commission used CSVC's selling prices of like goods sold in the OCOT for home consumption in Vietnam during the inquiry period to calculate a weighted average domestic selling price. The commission also adjusted the previously ascertained export price for CSVC (as ascertained in Review 521) to reflect a price in the inquiry period

¹⁰⁷ Prices obtained from the ABF import database.

¹⁰⁸ Confidential Attachment 14 – Dumping analysis (Vietnam).

by adjusting for the movement or relative change in the prices of goods exported from Vietnam from FY 2018-19 to the inquiry period.

As noted earlier in this section, in the original investigation period, the commission found that the goods were exported to Australia from Vietnam by CSVC and all other exporters (except Hoa Sen and Nam Kim Steel) at dumped prices. However, in Review 521, the commission determined negative dumping margins for CSVC and all other exporters from Vietnam.

Noting this, the commission observes that in the inquiry period, the normal value or weighted average domestic price of like goods sold by CSVC increased at a greater rate than its adjusted export price. The rate at which the weighted average domestic selling price increased effectively eliminates the negative dumping margin found in Review 521 for CSVC. A direct comparison of CSVC's relative prices (by model) in the inquiry period is indicative of dumping (**Confidential Attachment 14** refers). Further, a comparison of CSVC's weighted average domestic selling prices and prices of goods exported to Australia by other Vietnamese exporters during the inquiry period indicates that it would have had to dump the goods in order to compete with other Vietnamese exporters supplying the Australian market.

Given that CSVC's export sales of galvanised steel comprised more than half of its total volume of galvanised steel sold during the inquiry period,¹⁰⁹ the commission also compared CSVC's prices of galvanised steel exported to third countries to its domestic selling prices in the OCOT. Specifically, the commission compared CSVC's prices of galvanised steel exported to third countries during the inquiry period to its weighted average prices (adjusted to reflect FOB terms) of identical or similar models of galvanised steel sold domestically (**Confidential Attachment 13** refers). The commission found that CSVC's domestic prices were higher than its export prices of goods exported to all countries except one, which is indicative of dumping. The commission considers that based on this, it is likely that CSVC would also dump the goods to Australia if it resumes exporting the goods to Australia following the expiration of the measures.

The elimination of the observed differences between CSVC's export and domestic selling price (outlined above) would require an increase in the export price, or a decrease in the domestic selling price.

The commission considers that it is unlikely that CSVC would increase its export price if it resumes exporting the goods to Australia following the expiration of measures, as an increase in the export price would render CSVC's goods uncompetitive relative to other suppliers from Vietnam and other countries. Further, the commission considers that it is unlikely that CSVC would reduce its domestic prices to the extent necessary to eliminate the differences observed above, given that this would reduce its profit margin.

Given that the necessary changes in either the export price or domestic price are unlikely, the commission considers that dumping by CSVC and other Vietnamese exporters would likely recur if the measures expired.

7.5.2 Subsidisation

In addition to the assessment of whether dumping is likely to continue or recur should the measures expire, the commission also assessed whether subsidisation is likely to continue or recur, given that anti-dumping measures, in the form of a countervailing duty notice, currently apply to all exporters from India. As outlined below, the commission considers

¹⁰⁹ The commission observes that CSVC's exports of galvanised steel also comprised over half of its total sales volume of galvanised steel in Investigation 370 and Review 521.

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that subsidisation in respect of the goods exported to Australia from India by all exporters is likely to continue if the measures expired.

In respect of the goods exported to Australia from India, the following table lists the subsidy programs that the commission found to be countervailable in Investigation 370. In Review 521, the commission found that all 11 subsidy programs remain countervailable in respect of the goods exported to Australia from India.

No.	Program	Subsidy type
23	Export Promotion Capital Goods Scheme	Tariff Policy
25	Duty Exemption/Remission Schemes – Advance Authorization Scheme	Tariff Policy
26	Duty Exemption/Remission Schemes – Duty Entitlement Passbook Scheme	Tariff Policy
27	Duty Exemption/Remission Schemes – Duty Drawback Scheme	Tariff Policy
31	80-IA Income Tax Deduction Program	Tax Policy
35	State Government of Maharashtra (SGOM) – Exemption from Electricity Duty	Electricity duty exemption
39	SGOM – Special Incentives of the SGOM for Mega Projects	Grant
56	Merchandise Exports from India Scheme	Grant
57	Sales Tax Deferral Program	Tax Policy
58	Electricity Duty Exemption	Electricity duty exemption
59	Interest free loan	Preferential loan

Table 16: Countervailable subsidy programs

In Investigation 370, the commission determined subsidy margins ranging from 3.6 per cent to 5.9 per cent.¹¹⁰

In Review 521, the commission determined that all exporters from India were non-cooperative entities, and determined a subsidy margin of 4.3 per cent for all Indian exporters. The subsidy margin for non-cooperative entities in Review 521 was determined on the basis of all facts available and having regard to reasonable assumptions pursuant to section 269TAACA(1)(b).

The commission's enquiries in Review 521 included inviting the GOI to complete a questionnaire seeking information relevant to the amount of countervailable subsidy received in respect of the goods exported to Australia from India.

The commission received a response from the GOI in Review 521 in which the GOI confirmed that there were no fundamental changes to the subsidy programs found to be countervailable in Investigation 370.¹¹¹

As noted in section 2.3.2.4 of this SEF, at the outset of this inquiry, the commission invited the GOI, an entity covered by section 269TAACA(2)(b), to complete a questionnaire to aid in assessing the level of subsidisation relevant to the goods exported to Australia from

¹¹⁰ ADN No. 2017/99 refers.

¹¹¹ EPR 521, document no. 16, pp. 22-23 refer.

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India. The commission did not receive a response from the GOI, nor did it receive information from any other entities defined under section 269TAACA(2).

In the absence of any relevant information provided by entities, including exporters, covered by section 269TAACA(2), the commission had regard to the following information in assessing whether the goods exported to Australia from India are likely subsidised, and therefore whether subsidisation of the goods is likely to continue or recur:

- the subsidy investigation findings outlined in REP 370
- the subsidy findings in REP 521 and 522
- import data in the ABF import database
- the GOI's response to the questionnaire in Investigation 370 and Review 521; and
- publicly available information including annual reports published by Indian producers of galvanised steel.

Assessment of likelihood of subsidisation continuing or recurring

Following the imposition of the anti-dumping measures, exports of the goods to Australia from India continued, albeit in much lower volumes than prior to the imposition of the measures. The commission observes that countervailing duty has been payable on those goods. The commission notes that no applications seeking a duty assessment or accelerated review have been received since the imposition of measures in 2017. The commission is therefore unable to make a positive finding that these exports are *not* subsidised.

In the absence of information provided by entities defined under section 269TAACA(2), the commission has undertaken research into the existence of the subsidy programs that were countervailed in Investigation 341,¹¹² and which remained countervailable in Review 521.¹¹³

Based on publicly available information, the commission found that the following subsidy programs, which were found to be countervailable in Investigation 370 and Review 521, remain in force:

- Export Promotion Capital Goods Scheme¹¹⁴
- Duty Exemption/Remission Schemes – Advance Authorization Scheme¹¹⁵
- Duty Exemption/Remission Schemes – Duty Entitlement Passbook Scheme¹¹⁶

¹¹² REP 370 refers.

¹¹³ REP 521 and 522 refers.

¹¹⁴ Ministry of Commerce and Industry, Government of India, [Indian Trade Portal](#) [website], accessed 21 March 2022; and Department of Revenue, Ministry of Finance, Government of India, [General exemptions - import tariff](#) (refer 'L. EPCG Scheme'), Central Board of Indirect Taxes & Customs website, accessed 21 March 2022.

¹¹⁵ Ministry of Commerce and Industry, Government of India, [Indian Trade Portal](#) [website], accessed 21 March 2022; and Department of Revenue, Ministry of Finance, Government of India, [General exemptions - import tariff](#), Central Board of Indirect Taxes & Customs website, accessed 21 March 2022.

¹¹⁶ Department of Revenue, Ministry of Finance, Government of India, [General exemptions - import tariff](#), (refer 'F. DEPB Scheme'), Central Board of Indirect Taxes & Customs website, accessed 21 March 2022.

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- Duty Exemption/Remission Schemes – Duty Drawback Passbook Scheme¹¹⁷
- 80-IB Income Tax Deduction Program¹¹⁸
- SGOM – Exemption from Electricity Duty¹¹⁹
- SGOM – Special Incentives of the SGOM for Mega Projects¹²⁰
- Merchandise Exports from India Scheme, which was withdrawn on 1 January 2021 and replaced with a new scheme called Remission of Duties and Taxes on Exported Products¹²¹
- electricity duty exemptions in various states in India¹²²
- interest free loan.¹²³

The commission notes that several states in India, including Maharashtra, Tamil Nadu and Gujarat, offer 'interest subsidies' to steel producers.¹²⁴ These states are home to some of the producers or manufacturers that have previously exported the goods to Australia.

In addition to the subsidy programs outlined above, in 2021, the GOI's Ministry of Steel introduced its PLI Scheme to promote the manufacture of specialty steel (which includes coated steel products and encompasses the goods the subject of this inquiry) in India.¹²⁵ According to publicly available information on the Ministry of Steel website, financial incentives will be payable to producers under the scheme to invest and increase production of specialty steel in India, with the object to reduce or eliminate imports of such steel and increase exports. The first incentive under the scheme will be payable from FY 2023-24, and the scheme will continue to FY 2029-30.¹²⁶ The commission considers that this demonstrates the GOI's continued support, through subsidisation, of the steel industry in India.

¹¹⁷ Ministry of Commerce and Industry, Government of India, [Indian Trade Portal](#) [website], accessed 21 March 2022.

¹¹⁸ Government of India, [Income-tax Act 1961 – 80-ib](#), Income Tax Department website, accessed 21 March 2022.

¹¹⁹ Hindustan Times (29 May 2019), '[Maharashtra cabinet extends power duty relief to Marathwada, Vidarbha till 2024](#)', accessed 21 March 2022; and Maharashtra State Government, [Maharashtra Industrial Policy 2019](#), accessed 21 March 2022.

¹²⁰ Industries, Energy and Labour Department, Maharashtra State Government (2019), [Package Scheme of Incentives - 2019](#), accessed 21 March 2022; and Maharashtra State Government, [Maharashtra Industrial Policy 2019](#), accessed 21 March 2022.

¹²¹ Ministry of Commerce and Industry, Government of India, [Indian Trade Portal](#) [website], accessed 21 March 2022; and Ministry of Commerce, Government of India, [RoDTEP Scheme](#), Federation of Indian Export Organisations website, accessed 22 March 2022.

¹²² Ministry of Steel, Government of India (2021), [Inside India's Production Linked Incentive Schemes: Specialty Steel](#), pp. 14-20, accessed 22 March 2022.

¹²³ JSW Steel Coated Products Limited has received an interest free loan from the SGOM (footnotes 116 and 117 refer).

¹²⁴ Ministry of Steel, Government of India (2021), [Inside India's Production Linked Incentive Schemes: Specialty Steel](#), pp. 14-20, accessed 22 March 2022.

¹²⁵ Ministry of Steel, Government of India (n.d.) [Production Linked Incentive \(PLI\) Scheme for specialty steel in India](#), Ministry of Steel website, accessed 22 March 2022.

¹²⁶ FY ending 31 March.

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The commission also examined publicly available annual reports and financial statements prepared by steel producers in India in order to determine whether any Indian steel producers and exporters received any subsidies following Review 521. The commission notes the following:

- In its audited financial statements for the FY ending 31 March 2021, JSW Steel Coated Products Limited (a producer that has previously exported the goods to Australia from India) recorded 'government receivables' of an 'export benefit' due to the company within the 12 months following 31 March 2021.¹²⁷ Further, in the same financial statements, a 'sales tax loan' from the SGOM is recorded. This loan is interest free.¹²⁸
- In its annual report for the FY ending 31 March 2021, JSW (a producer that has previously exported the goods to Australia from India) recorded other operating revenue or income derived from government grants.¹²⁹ It is also noted in the same report that the JSW has imported capital goods under the Export Promotion Capital Goods Scheme (Program 26 in table 16) in order to benefit from a zero or concessional rate of customs duty.¹³⁰

On the basis of all facts available (as outlined in this section of the SEF), and having regard to reasonable assumptions about those facts, the commission considers that the subsidy programs found to be countervailable in Investigation 370 and Review 521 remain in force, and that producers of the goods in India continue to receive a benefit under these subsidy programs from the GOI. Therefore, the commission considers that subsidisation in respect of the goods exported to Australia from India by all exporters is likely to continue or recur if the measures expired.

7.5.3 Preliminary finding – likelihood of dumping and subsidisation

Based on the analysis outlined in sections 7.4 and 7.5 of this SEF, the commission considers there is sufficient evidence to preliminarily conclude that the expiration of the measures would likely lead to a continuation or recurrence of dumping of the goods exported to Australia from India, Malaysia and Vietnam; and a continuation of subsidisation of the goods exported from India.

7.6 Will material injury continue or recur?

The commission considers that in the event the measures expire, exports from Malaysia and Vietnam at dumped prices, and exports from India at dumped and subsidised prices, would likely continue or recur, which would likely lead to a recurrence of the material injury that the anti-dumping measures are intended to prevent.

7.6.1 BlueScope's claims concerning the recurrence of material injury

BlueScope claims that in the event the measures were to expire, it is likely that material injury would recur. Specifically, BlueScope claims that:¹³¹

¹²⁷ JSW Steel Coated Products Limited, [Audited financial statements as at 31 March 2021](#), p. 32 refers.

¹²⁸ Ibid, p. 45 refers.

¹²⁹ JSW Steel Limited, [Annual report 2020-21](#), note 30 to the standalone financial statements refers.

¹³⁰ Ibid, note 47 to the financial statements refers.

¹³¹ EPR 592, document no. 8.

- imports of the goods from India, Malaysia and Vietnam would increase
- this increase in import volumes from the subject countries will have significant negative effects on Australian prices
- the increase in volumes and effect on prices would have a significant negative impact on the Australian industry.

BlueScope notes that the commission's injury determination in the original investigation is important to the consideration of whether injury would recur, as in the original investigation period, the goods subject to the measures competed in the Australian market free of the discipline of the measures.¹³² BlueScope claims that the decrease in the volume of imports following the imposition of measures indicates that the measures had the intended effect, as it is clear that the subject exporters cannot export significant volumes to Australia unless they dump the goods.

Given these claims, in the following sections, the commission has analysed the likely effect on the Australian industry's sales volumes and prices in the event that dumping and subsidisation of the goods continues or recurs.

7.6.2 Effect of the anti-dumping measures

The commission is preliminarily satisfied that if the measures expire it would likely lead to a recurrence of material injury that the measures are intended to prevent.

Since the imposition of the anti-dumping measures, there have been minimal imports from the subject countries. As such, the commission considers it unlikely that BlueScope has been materially injured by the dumped/subsidised goods from the subject countries following the imposition of the measures.

BlueScope has experienced fluctuating sales volumes, steady market share and has been able to increase its prices since the imposition of measures and in the absence of the dumped and subsidised imports. The commission notes that in the original investigation period, BlueScope suffered price injury caused by the dumped and subsidised goods from the subject countries.

The commission considers the improvement in the Australian industry's economic condition following the imposition of measures suggests that the measures had the intended remedial effect following the imposition of those measures. However, the commission's view is that the present condition of the Australian industry is not determinative of future conditions or injury if the measures expire. The commission is preliminarily satisfied that if the measures expire it would likely lead to a recurrence of material injury that the measures are intended to prevent based on the findings detailed in the following sections. Therefore, the commission has considered the likelihood of material injury recurring in this section of this SEF.

As detailed in the following sections, the commission considers that the Australian industry would again experience material injury in the form of price depression, price suppression, and reduced profit and profitability due to dumped and subsidised goods exported to the Australia from the subject countries.

¹³² Ibid.

7.6.3 Likely effect on volumes

The commission considers that the expiration of measures would likely lead to material injury to the Australian industry in the form of reduced sales volume and market share.

As noted in section 7.4 of this SEF, in the absence of measures, exporters from the subject countries are likely to increase export volumes to Australia. The commission found that the market share of imports from India, Malaysia and Vietnam has decreased following the imposition of measures in August 2017.¹³³ As noted in section 7.4.1 of this SEF, it is reasonable to conclude that in a price sensitive market, the imposition of anti-dumping measures on the subject exporters has lessened their competitive advantage through dumped and subsidised prices.

The commission's analysis of historical import volumes and patterns of trade in figure 9 also validates this conclusion as demonstrated by the switching behaviour of importers showing their clear preference to source goods from exporters or countries not subject to measures. Table 12 shows that in the 12-month period after the imposition of anti-dumping measures on China, Korea and Taiwan, the subject countries, which were not subject to the measures at the time, quickly increased their share of import volumes from 11.6 per cent to over 38 per cent (an increase of more than 227 per cent). After the imposition of the measures on imports from the subject countries, imports from the subject countries decreased significantly. This is a clear demonstration of the restraining effect the anti-dumping measures have on imports from the subject countries.

Based on the pattern of trade and the observed behaviour of the importers, the commission then concluded in section 7.4.2 of this SEF that if the measures expire, importers would re-establish their trade relationships with manufacturers in the subject countries and utilise their existing distribution links to the Australian market maintained by some exporters from the subject countries. Taken together, it is likely that export volumes from the subject countries would quickly increase if the measures expired.

As outlined in section 7.4.4 of this SEF, the commission also found that trade measures in other countries affect the pattern of trade and the volume of exports from the subject countries. Specifically, the commission considers it likely that some exports, originally destined for the US and EU markets, would be diverted to the Australian market if the measures were to expire, particularly due to the proximity of Australia to the subject countries.

Further, as outlined in section 7.4.3 of this SEF, the commission found that there is substantial existing capacity, and investments to increase production capacity, in each of the subject countries. The commission estimates that the total excess capacity of both CSVC (Vietnam) and CSC (Malaysia) is sufficient to supply approximately 18 per cent of the Australian market for galvanised steel (based on the size of the Australian market in the inquiry period). The commission further estimates that the total excess capacity of Indian producers that have previously exported the goods to Australia is sufficient to supply 113 per cent of the Australian market in the same period. This indicates that the manufacturers in the subject countries have significant capacity to increase export volumes of the goods to Australia.

The commission considers that the factors outlined above would likely lead to an increase in the volume of goods exported to Australia from the subject countries if the measures expire, which would consequently displace BlueScope's sales volumes and lead to a decrease in its market share.

¹³³ Section 7.4.1 of this SEF refers.

Accordingly, the commission is preliminarily satisfied that the expiration of measures would likely lead to material injury to the Australian industry in the form of reduced sales volume and market share. This will likely also negatively affect other factors such as profit, profitability and capacity utilisation.

7.6.4 Likely effect on prices

The commission considers that the expiration of measures would likely lead to the recurrence of material injury to the Australian industry due to close price competition in the galvanised steel market and BlueScope's IPP process. In the event that measures were to expire, the commission considers that exporters currently subject to the measures would likely lower their prices.

In its submission of 28 February 2022, BlueScope claim that the expiration of the measures would translate to the Australian industry having to either meet lower prices of the dumped and subsidised goods (thereby the goods exported from the subject countries having a depressing and suppressing effect on the Australian industry's prices), or lose sales volumes to imports from the subject countries.¹³⁴

In the original investigation, the commission found that the Australian produced goods and the imported goods have similar end uses, meet similar quality specifications and standards, and compete directly with each other in the same markets. These factors indicate that the subject imports and Australian produced like goods are highly substitutable.¹³⁵ The commission accepts that the galvanised steel market is a commodity market and that price is the main factor that influences customer-purchasing decisions.¹³⁶

The commission considers that if the measures were to expire, exporters from the subject countries would likely reduce prices in order to re-enter the Australian market and increase their market share, noting that these exporters' prices would no longer be bound by the measures (in particular, by a floor price in the combination duty method). This would lead to a recurrence of the price injury experienced by the Australian industry in the original investigation period (REP 370 refers).

To inform its consideration of the likely effect on prices, the commission has analysed the prevailing prices of goods imported into Australia and BlueScope's prices.

FOB export pricing comparison

The commission has used ABF import data to analyse prices of galvanised steel exported from the subject countries since 2018, including prices of exempt Vietnamese exports; exports from China, Korea and Taiwan; and all other countries.¹³⁷ Figure 10 shows the weighted average FOB export prices from 2018 to 2021.

¹³⁴ EPR 592, document no. 8.

¹³⁵ REP 370 refers.

¹³⁶ REP 370 and REP 449 refers.

¹³⁷ Confidential Attachment 15 – FOB export price analysis.

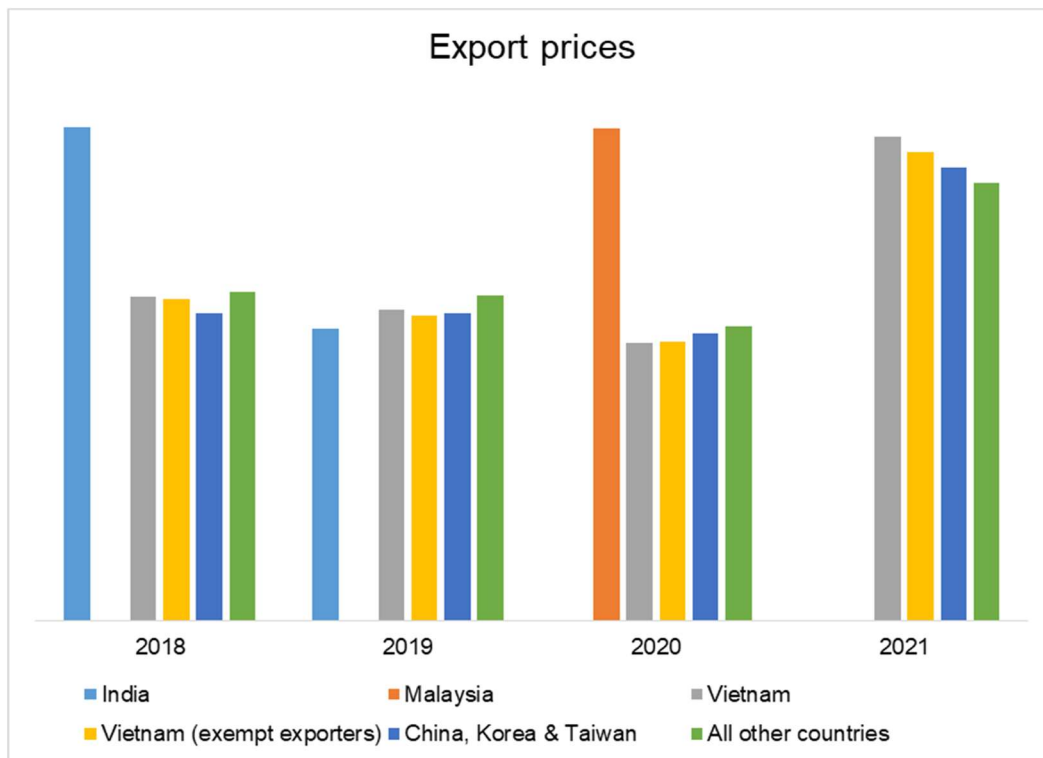


Figure 10: Prices of galvanised steel exported to Australia (FOB, AUD per tonne)

The commission notes that the weighted average export prices of goods exported from India in 2018 and Malaysia in 2020 were significantly higher than any other prices. The commission observes that these prices relate to goods that importers declared as exempt from the measures, and these prices relate to negligible volumes.¹³⁸ The commission does not consider that these prices relate to the goods the subject of the measures, and does not consider that these goods competed with BlueScope's like goods. The commission also notes that the prices of goods imported from Vietnam (i.e. from non-exempt exporters) in 2018, 2019 and 2020 were all prices relating to goods that importers declared as exempt from the measures. Without any information to suggest otherwise, the commission considers that these prices relate to goods that are not the goods the subject of the measures.

Setting these exceptions aside, the commission considers that the FOB price analysis demonstrates there is close price competition. This aligns with BlueScope's claims that galvanised steel is a price sensitive market where price is the key purchasing decision.¹³⁹

The commission notes that there were imports of the goods from Vietnam in 2021 that importers did *not* declare as exempt from the measures. The commission observes that export prices increased significantly in 2021, which allowed non-exempt Vietnamese exporters¹⁴⁰ to export the goods to Australia at prices that are significantly above the floor price. This indicates that the measures have an effect on the prices of goods exported from Vietnam.

¹³⁸ These prices related to goods that comprised less than 0.1 per cent of the total volume imported in the relevant year.

¹³⁹ EPR 592, document no. 8.

¹⁴⁰ From March 2021, all Vietnamese exporters are subject to a floor price. This differs to exporters from India and Malaysia which are subject to a floor price and a fixed rate of interim dumping/countervailing duty.

The commission notes that in the years prior to 2021, Vietnamese exporters were not only subject to a floor price, but also a fixed rate of dumping duty, therefore, similar to exporters from India and Malaysia, there were minimal imports of the goods from non-exempt exporters from Vietnam prior to 2021. Given the minimal volumes of exports from non-exempt exporters from Vietnam and minimal volumes from India and Malaysia, the commission considers that exporters subject to the measures cannot export and compete in the Australian market without dumping. Therefore, the measures directly affect the volumes and prices of the goods exported from the subject countries.

In the event that measures were to expire, the commission is preliminarily satisfied that exporters currently subject to the measures would likely lower their prices. Given the barrier (i.e. the floor price in the combination duty method) to lowering prices would be removed if the measures were to expire, the commission is of the view that these exporters would have to lower their prices in order to re-enter the Australian market and effectively compete with other exporters and the Australian industry supplying the market.

Import parity price

The commission considers the evidence of BlueScope's IPP process and pricing negotiations demonstrates that material injury in the form of price depression and price suppression (and consequently reduced profit and profitability) would likely recur should the measures expire.

In section 5.3 of this SEF, the commission outlined BlueScope's IPP process. The commission understands that known import offers in the market not only inform BlueScope's selling prices, but are also used and referred to by BlueScope's customers to negotiate lower prices.

BlueScope provided evidence to this inquiry in respect of its IPP including evidence of price undercutting (**Confidential Attachment 16**). In particular, BlueScope provided evidence of customers referring to import prices to negotiate lower prices. The evidence submitted relates to pricing offers from an exempt Vietnamese exporter. The commission observes that while BlueScope ultimately won the sales, the final price was lower than the initial offer due to competing import offers.

The commission considers the use of prices of goods exported by exporters that are exempt from the measures suggests that the current measures are having the intended effect of removing the competitive advantage gained by dumping and subsidisation. Specifically, since the imposition of the measures, there have been minimal volumes of the goods imported from non-exempt exporters from the subject countries. Accordingly, the import offers or competing prices are mostly from exempt exporters. In addition, the fact that exempt exporters were cited in negotiations further supports the contention that there is a clear preference in the market for goods that are not subject to anti-dumping measures. In the event that the measures were to expire, the commission considers it likely that import offers from India, Malaysia and Vietnam would be used by customers to reduce the Australian industry's prices.

To reiterate, there is clear evidence that BlueScope's customers use import offers to bargain lower prices during negotiations. Further, BlueScope has demonstrated that through IPP, import prices directly influence BlueScope's prices. The commission considers that in the absence of the measures, exporters from the subject countries would likely reduce their prices by dumping their exports in an effort re-enter the Australian market. Accordingly, the commission is preliminarily satisfied that it is likely that BlueScope's customers would refer to dumped and subsidised prices of the goods exported from the subject countries during negotiations, which would likely lead to a

recurrence of material injury to the Australian industry in the form of price depression, price suppression, reduced profit and profitability.

7.6.5 Is injury from dumping and subsidisation likely to be material?

Due to the likely effect on volume and price, based on the prior material injury finding in REP 370, the commission considers that the expiration of measures would likely lead to a recurrence of the material injury that the measures are intended to prevent.

To assess the materiality of injury in the event that dumping and subsidisation were to continue or recur, the commission examined the economic condition of the Australian industry since the imposition of the measures including in the inquiry period. The commission found that the Australian industry experienced some improvement in its economic condition following the imposition of the measures, including an overall improvement in the Australian industry's unit selling price. The commission observes that this improvement in price coincides with a lack of import offers from the subject countries being used in price negotiations and BlueScope's IPP, thereby indicating that the measures had the intended effect in removing the price injury found in the original investigation.

Nevertheless, the Australian industry still experienced injury including in the form of price suppression and reduced profit and profitability as shown in chapter 6. Given this deterioration, the commission considers that the Australian industry remains susceptible to injury from dumping and subsidisation if the measures were to expire.

The *Ministerial Direction on Material Injury 2012* provides that the materiality of injury caused by a given degree of dumping or subsidisation can be judged differently, depending on the economic condition of the Australian industry suffering the injury. In considering the circumstances of each case, the commission must consider whether an industry that at one point in time is healthy and could shrug off the effects of the presence of dumped or subsidised products in the market, could at another time, weakened by other events, suffer material injury from the same amount and degree of dumping or subsidisation.

The commission acknowledges that the inquiry period covers a time impacted by the effects of the COVID-19 pandemic. The commission is aware that the pandemic generally affected commerce in many countries, which also resulted in international supply chain and shipping disruptions that led to increased freight costs. Further, the commission notes that the Australian market for galvanised steel increased significantly in the inquiry period driven by activity in the building and construction industry (section 5.2.2 of this SEF refers).

The commission notes that in the inquiry period, BlueScope experienced an improvement in its sales volume, market share and unit selling price. The commission considers it reasonable to attribute some of the improvement observed in the inquiry period to the increased demand for galvanised steel by the building and construction industry, and the disruptions that occurred due to COVID-19 that led to a decrease in imports of galvanised steel into Australia.

The commission considers that the recent improvement in some injury factors must be assessed in the context of the previous economic condition of the industry. As noted in chapter 6, prior to the inquiry period, there was relative stability in BlueScope's economic condition. Given that BlueScope's improved performance in the inquiry period is a clear outlier when compared to BlueScope's previous performance and condition, the commission considers that the condition prior to this improvement is more indicative of BlueScope's likely economic condition going forward.

In the event the measures expire, the commission has considered the likely effect on the Australian industry's sales volume and price. Given that exporters from the subject countries will likely increase export volumes to Australia at dumped and subsidised prices, the commission has considered the likely response of the Australian industry.

If volumes of the goods exported to Australia at dumped and subsidised prices increased, the commission considers it reasonable that the Australian industry would respond by lowering prices. As the price of imported goods influences BlueScope's prices through its IPP, and given that customers often refer to import offers in negotiations with BlueScope, the commission expects the Australian industry would likely reduce prices in an effort to maintain sales volumes and market share. This response would likely lead to material injury in the form of price depression, price suppression, reduced profit and profitability. Alternatively, if the Australian industry does not reduce prices to compete with low priced imports, the commission expects this would likely lead to a reduction in the Australian industry's sales volume and market share.

In REP 370, the commission found that galvanised steel exported at dumped and subsidised prices from the subject countries caused material injury to the Australian industry.¹⁴¹ In particular, in REP 370, the commission concluded that given the price-sensitive nature of the Australian galvanised steel market, and given the evidence of price undercutting together with the IPP pricing strategy used by BlueScope, the dumped and subsidised goods exported from India, and the dumped goods exported from Malaysia and Vietnam, caused material injury to the Australian industry.

Based on the above analysis of the likely effect on volume and price in the absence of measures, the commission considers that the recurrence of dumped and subsidised exports from India, and dumped exports from Malaysia and Vietnam, would likely result in increased export volumes to Australia of dumped and/or subsidised goods at low prices. Consequently, the Australian industry would likely experience price depression, price suppression, reduced profit and profitability including a possible material erosion in recent improvements such as market share and volume.

Further, the commission considers that the imposition of the measures appears to have had the intended effect in preventing material injury to the Australian industry caused by the dumped and subsidised goods exported from the subject countries. Consequently, the commission considers that the expiration of the measures would likely lead to a recurrence of the material injury that the measures have prevented since the imposition of the measures.

Given the likely effect on the Australian industry's prices and volume as outlined above, the prior finding of material injury in REP 370 and the vulnerability of the Australian industry to injury caused by dumping and subsidisation, the commission is preliminarily satisfied that the expiration of the measures would be likely to lead to a recurrence of the material injury that the measures are intended to prevent.

7.6.6 JSW's submission – Injury to the Australian industry

In its submission of 1 November 2021, JSW submits the following:¹⁴²

- BlueScope operates at a healthy and highly profitable level consistent with the removal of any purported material injury caused by alleged dumping

¹⁴¹ REP 370, chapter 9 refers.

¹⁴² EPR 592, document no. 3.

- BlueScope's sales, EBIT and return on invested capital increased in FY 2021, and in light of this improvement, BlueScope's expectation of material injury in the absence of measures is fictional
- the commission should reconsider its findings in Investigation 370 relating to dumping, subsidisation and injury caused by imports from India.

The commission understands that the figures quoted by JSW in its submission relate to the financial performance of BlueScope at the whole of company level in FY 2021. This includes the financial performance of BlueScope as it relates to all steel products manufactured by BlueScope, not just galvanised steel.

Chapter 6 of this SEF outlines the performance of BlueScope as it relates to the manufacture and sale of BlueScope's like goods to the goods the subject of the measures. Nevertheless, the commission acknowledges the recent improvement in BlueScope's economic condition but does not consider it determinative of what would likely occur should the measures expire.

As noted in section 5.2.2 of this SEF, the increase in demand in the Australian market for galvanised steel during the inquiry period partly led to an improvement in BlueScope's performance in this period. The commission however does not consider that this demand will be sustained in the following years, noting that the HomeBuilder incentive ceased in April 2021, and building approvals have decreased since. Therefore, on balance, the commission considers that BlueScope remains susceptible to injury given the findings at section 7.5 that dumping and subsidisation would recur.

The commission also does not agree with JSW's request to reconsider the findings in Investigation 370 relating to imports from India. This is not a requirement under Division 6A of the Act, nor can the Commissioner or the Minister reconsider those findings under the Act. Instead, in accordance with section 269ZHF(2), the commission must assess whether the expiration of the measures 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 measure is intended to prevent. Based on the facts outlined in this chapter of the SEF, the commission considers that the expiration of the measures would likely lead to a recurrence of dumping and subsidisation of the goods from India, and dumping from Malaysia and Vietnam, and consequently, the recurrence of the material injury that the measures are intended to prevent.

7.7 Summary

Based on the information currently available, the commission is preliminarily satisfied that:

- exports from the subject countries would likely continue or recur if the measures expired
- dumping by exporters from India, Malaysia and Vietnam, and subsidisation of goods exported from India, would likely continue or recur if the measures expired
- material injury to the Australian industry would likely recur if the measures expired.

Accordingly, the Commissioner has formed a preliminary view that the expiration of the measures would be likely to lead to a continuation of, or a recurrence of, dumping and subsidisation and the material injury that the anti-dumping measures are intended to prevent.

8 FORM OF MEASURES

8.1 Proposed recommendation

As the Commissioner is proposing to recommend that the dumping duty notice and the countervailing duty notice remain unaltered, the Commissioner proposes that the method for working out the amount of IDD and ICD on exports from the subject countries remains unaltered.

8.2 Current interim dumping and interim countervailing duty method

The methods for determining the amount of interim duty payable under the dumping duty and countervailing duty notices are:

- in relation to IDD for exports from India and Malaysia, the combination fixed and variable duty method
- in relation to IDD for exports from Vietnam, the floor price method
- in relation to ICD for exports from India, the proportion of the export price method.

8.3 Form of measures

The *Customs Tariff (Anti-Dumping) Regulation 2013* prescribes the forms of IDD methods available to the Minister when imposing anti-dumping measures. They include:

- fixed duty method (\$X per tonne)
- floor price duty method
- combination duty method
- *ad valorem* duty method (i.e. a percentage of the export price).¹⁴³

In accordance with section 10(3B) of the Dumping Duty Act, the amount of ICD payable on the goods the subject of the notice under section 269TJ(1) or (2) may be calculated:

- as a proportion of the export price of the goods
- by reference to a measure of the quantity of those particular goods
- by reference to a combination of a proportion of the export price of those particular goods and a measure of the quantity of those particular goods (i.e., by reference to a combination of the above two methods).

The various duty methods all have the purpose of removing the injurious effects of dumping and/or subsidisation. However, in achieving this purpose, certain duty methods will better suit particular circumstances. When considering which duty method to recommend to the Minister, the Commissioner has regard to the commission's *Guidelines on the Application of Forms of Dumping Duty*¹⁴⁴ and relevant factors in the market for the goods.

¹⁴³ Section 5 of the Customs Tariff (Anti- Dumping) Regulation 2013

¹⁴⁴ [Guidelines on the application of forms of dumping duty](#), November 2013.

9 PROPOSED RECOMMENDATIONS

For the reasons outlined in Chapter 7 of this SEF, the Commissioner is preliminarily satisfied that the expiration of the measures would likely lead to a continuation of, or a recurrence of, the dumping and subsidisation and the material injury that the measure is intended to prevent. Therefore, the Commissioner proposes to recommend that the Minister take steps to secure the continuation of the anti-dumping measures applying to the goods exported to Australia from India, Malaysia and Vietnam.

The Commissioner further proposes to recommend that the dumping duty notice and the countervailing duty notice (including the variable factors, which were last ascertained in Review 521) remain unaltered.¹⁴⁵

¹⁴⁵ Section 269ZHF(1)(a)(i).

10 ATTACHMENTS

Non-Confidential Attachment 1	Investments in production capacity
Confidential Attachment 1	Australian galvanised steel market
Confidential Attachment 2	Economic condition of the Australian industry
Confidential Attachment 3	Import volume analysis
Confidential Attachment 4	Production capacity and capacity utilisation
Confidential Attachment 5	Exports from India, Malaysia and Vietnam
Confidential Attachment 6	Third country sales (CSV and CSC)
Confidential Attachment 7	Exports share of total galvanised steel sales (all subject countries)
Confidential Attachment 8	Domestic prices of galvanised steel (India)
Confidential Attachment 9	Dumping analysis (India)
Confidential Attachment 10	CSC's domestic sales in the OCOT
Confidential Attachment 11	Dumping analysis (Malaysia)
Confidential Attachment 12	CSV's domestic sales in the OCOT
Confidential Attachment 13	Third country price analysis (CSV)
Confidential Attachment 14	Dumping analysis (Vietnam)
Confidential Attachment 15	FOB export price analysis
Confidential Attachment 16	Import parity price and price offers

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NON-CONFIDENTIAL ATTACHMENT 1 - INVESTMENTS IN PRODUCTION CAPACITY

Table 1: Investments in production capacity

No.	Country	Company	Summary	Reference
1	India	Tata Steel	Tata Steel (a galvanised steel producer) plans to double its capacity to 40 million tonnes per annum by 2030 by expanding production capacity at its plants in Angul, Kalinganagar and Jamshedpur. The expansion of the Kalinganagar plant from 3 million tonnes to 8 million tonnes per annum is now underway.	https://www.fortuneindia.com/enterprise/tata-steel-to-invest-1-lakh-crore-to-double-its-steelmaking-capacity/107332 Accessed 23 March 2022
2	India	JSW	In October 2021, JSW invested US\$19.9 million into building steel plants in Jammu (North India) and Kashmir (North India).	https://www.ibef.org/industry/steel.aspx Accessed 22 March 2022
			JSW plans to increase production capacity at its Vijayanagar plant (which produces galvanised steel) from 12 million tonnes per annum to 18 million tonnes per annum by FY 2023-24. Further, it is anticipated that JSW will increase its current capacity of 12 million tonnes to 13 million tonnes in the 12 months from January 2022.	https://www.jswsteel.in/foundation-stone-new-5-mtpa-project-jsw-steel-vijayanagar-works Accessed 22 March 2022
3	India	ArcelorMittal Nippon Steel India (AMNS)	AMNS (a galvanised steel producer) will invest to increase production capacity at its Hazira steel coating plant from the current capacity of 8.6 million tonnes per annum to 18 million tonnes per annum.	https://economictimes.indiatimes.com/industry/indl-goods/svs/steel/arcelormittal-nippon-steel-india-to-invest-rs-166000-crore-in-gujarat/articleshow/89162547.cms?from=mdr Accessed 22 March 2022
4	India	Steel Authority of India	State-controlled Indian steel producer Steel Authority of India plans to raise its crude steel capacity to 50 million tonnes per annum by 2030.	https://www.argusmedia.com/en/news/2256023-indian-steel-mills-expand-on-firm-prices-demand-hopes Accessed 22 March 2022
5	India	Jindu Steel and Power (JSPL)	JSPL have committed to increase production capacity at its Angul plant from 6 million tonnes per annum to 25 million tonnes per annum by 2030.	https://www.newindianexpress.com/cities/bhubaneswar/2021/aug/23/jindal-asserts-commitment-to-plant-expansion-2348493.html Accessed 22 March 2022

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6	India	Various	Various underway and planned investments to increase steel production capacity in India, as listed on pages 30 to 33 in the OECD's <i>Latest Development's in Steelmaking Capacity Report</i> (2020).	https://www.oecd.org/industry/ind/latest-developments-in-steelmaking-capacity-2021.pdf , pp. 30-33 Accessed 22 March 2022
7	Malaysia	Eastern Steel	Eastern Steel plans to expand its annual production capacity from 700,000 tonnes per annum to 2.7 million tonnes per annum in 2023. Eastern Steel also plans to build a new hot-rolled coil plant, noting that there is no HRC producer in Malaysia.	https://www.theedgemarkets.com/article/cover-story-hiap-tecks-rm3-bil-expansion-plans-eastern-steel Accessed 22 March 2022
8	Malaysia	Wenan Iron and Steel	Malaysia's Federal Ministry of Industry has approved investment from China for a new 10 million tonne per annum integrated steel mill in Samalaju Industrial Park in Sarawak, Malaysia.	https://www.davisindex.com/malaysia-allows-china-to-invest-in-steel-plant/ Accessed 22 March 2022 https://dayakdaily.com/wenan-steel-set-to-be-major-steel-producer-with-rm13-8-bln-plant-in-samalaju-industrial-park/ Accessed 24 March 2022
9	Malaysia	Various	Various underway and planned investments to increase steel production capacity in Malaysia, as listed on page 34 in the OECD's <i>Latest Development's in Steelmaking Capacity Report</i> (2020).	https://www.oecd.org/industry/ind/latest-developments-in-steelmaking-capacity-2021.pdf , p. 34 Accessed 24 March 2022
10	Vietnam	Hoa Phat Group	Hoa Phat will invest over US\$3.67 billion into the Hoa Phat Dung Quat 2 project, with the project expected to become operational in 2024. Hoa Phat has already increased production capacity at its Hoa Phat Dung Quat production complex by 2 million tonnes per annum by putting blast furnaces 3 and 4 into operation. This has led to Hoa Phat becoming Vietnam's largest steel producer.	https://en.vietnamplus.vn/hoa-phat-earmarks-367-bln-usd-for-hoa-phat-dung-quat-2-iron-steel-project/200516.vnp Accessed 22 March 2022 https://vir.com.vn/local-steelmakers-red-hot-on-investment-83929.html Accessed 22 March 2022 https://www.industry.gov.au/sites/default/files/adc/public-record/non-confidential_attachment_5_-_vietnam_steel_industry_outlook_2021.pdf Accessed 22 March 2022

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11	Vietnam	Ton Dong A	Following an initial public offering and listing on the Ho Chi Minh Stock Exchange in Vietnam, Ton Dong A (a producer of galvanised steel and other coated steel products) plans to invest in the construction of its third production plant which will have a capacity of 300,000–500,000 tonnes per annum. Ton Dong A anticipates this third production plant to come into operation in 2023.	https://www.tondonga.com.vn/en-US/communication/news-media/ton-dong-a-news/ton-dong-a-ready-for-ipo-october-production-hits-record-high Accessed 24 March 2022 https://www.tondonga.com.vn/en-US/communication/news-media/ton-dong-a-news/ton-dong-a-joint-stock-company-announce-for-initial-public-offering-ipo Accessed 24 March 2022 https://vir.com.vn/ton-dong-a-corporation-takes-vietnam-value-award-81464.html Accessed 22 March 2022
12	Vietnam	Vietnam Germany Steel Pipe Joint Company (VG PIPE)	VG PIPE has invested in a modern production line of steel pipes and cold rolled and galvanised sheet metal.	http://ven.vn/strong-recovery-prospects-for-vietnamese-steel-industry-44314.html Accessed 22 March 2022
13	Vietnam	Various	Various underway and planned investments to increase steel production capacity in Malaysia, as listed on page 34 in the OECD's <i>Latest Development's in Steelmaking Capacity Report</i> (2020).	https://www.oecd.org/industry/ind/latest-developments-in-steelmaking-capacity-2021.pdf , pp. 35-36 Accessed 22 March 2022

Table 2: Crude steel production capacity and actual production (million tonnes)

Country	Production capacity ¹⁴⁶	Actual production (2021) ¹⁴⁷
India	143.5	118.2
Malaysia	19.2	6.9
Vietnam	25.8	23.0

¹⁴⁶ OECD (2021), [Latest Developments in Steelmaking Capacity](#), p. 45.

¹⁴⁷ World Steel Association, [Production of crude steel](#), World Steel Association website, accessed 27 April 2022.