PUBLIC RECORD

Australian Government
Department of Industry, Science and Resources

Anti-Dumping Commission

CUSTOMS ACT 1901 - PART XVB

REPORT 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

1 July 2022

CONTENTS

ABBREVIATIONS

ABF	Australian Border Force
ABS	Australian Bureau of Statistics
the Act	*Customs Act 1901*
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	*Customs Tariff (Anti-Dumping) Act 1975*
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 249	Anti-Dumping Investigation No. 249
Investigation 370	Anti-Dumping Investigation No. 370, or the original investigation
IPP	import parity price
JSW	JSW Steel Limited
Korea	the Republic of Korea

the Manual	*Dumping and Subsidy Manual*
the Minister	the Minister for Industry and Science
Mitsubishi	Mitsubishi Australia Ltd
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	*Anti-Dumping Commission Report No. 370*
REP 521 and 522	*Anti-Dumping Commission Report No. 521*
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 report concerns an inquiry into whether 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) should be continued.

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. The measures are due to expire on 16 August 2022.[2]

The Commissioner of the Anti-Dumping Commission (the Commissioner) initiated this inquiry on 6 October 2021[3] following consideration of an application[4] lodged by BlueScope Steel Limited (BlueScope) seeking the continuation of the measures.

This report sets out the findings on which the Commissioner bases his recommendations to the Minister for Industry and Science (the Minister). In deciding on the recommendations made in this report, the Commissioner had regard to the information listed in section 269ZHF(3) of the *Customs Act 1901* (the Act),[5] including the statement of essential facts (SEF)[6] and submissions made in response to the SEF.

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

1.2 Findings and recommendations

The Commissioner is satisfied 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. Accordingly, the Commissioner recommends 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 recommends that the dumping duty notice and the countervailing duty notice (including the variable factors last ascertained in Review of Measures No. 521) remain unaltered.[7]

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[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] 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.

[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.

[6] EPR 592, document no. 11.

[7] Section 269ZHF(1)(a)(i).

Chapters 3 to 7 of this report detail the Commissioner's findings, which remain unchanged following the publication of the SEF. Chapter 8 of this report details the commission's decision not to conduct a review of the variable factors as part of this inquiry. The following sections provide a summary of these findings.

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

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

1.2.2 Australian market (Chapter 5)

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

1.2.3 Economic condition of the Australian Industry (Chapter 6)

The commission 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 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 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 could 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 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 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.

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 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,[8] the commission relied on all relevant information. This includes information obtained through previous investigations and reviews of the measures conducted by the commission.

<u>India (Sections 7.5.1.1 and 7.5.2)</u>

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

The commission considers that exports from India would likely recur at dumped prices if the anti-dumping measures expire. The prior behaviour of Indian exporters in exporting to Australia at dumped prices, contemporary prices of galvanised steel sold in India and export prices to Australia during the inquiry period support this finding.

The commission further considers that exports of the goods at subsidised prices to Australia from India are likely to recur if the measures expire. Based on publicly available information relating to subsidies provided by the GOI, the commission found that the subsidy programs found to be countervailable in the original investigation and Review 521

[8] The inquiry period for this inquiry is from 1 October 2020 to 30 September 2021.

remain in force. The commission has further identified that some producers of the goods in India continue to receive a benefit under some of these subsidy programs from the GOI.

Section 7.5.1.1 of this report 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.

The commission considers that exports from Malaysian exporters would likely recur at dumped prices if the anti-dumping measures expired.

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 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 CSC would likely dump the goods exported to Australia following the expiration of the measures.

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

Vietnam (Section 7.5.1.3)

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 considering 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 the commission adjusted to reflect the change in export prices since Review 521. The commission found that CSVC's domestic selling prices were higher than 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 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 demonstrating a preference for goods not subject to measures
- importers' ability to maintain and/or establish trade relationships with manufacturers in the subject countries and utilise existing distribution links to the Australian market
- 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 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. The commission bases this 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 resulted in the Australia industry having to reduce its prices.

As detailed in section 7.5 of the report, 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 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. The commission bases this on the following considerations:

- the prior material injury finding in *Anti-Dumping Commission Report No. 370*
- the Australian industry remaining susceptible to injury from dumping and subsidisation
- the likelihood that the Australian industry would lower prices to compete with the goods exported from the subject countries, or risk losing sales volume and market share.

1.2.7 Review of variable factors (Chapter 8)

The commission has not altered the variable factors as part of this inquiry. Accordingly, the Commissioner recommends that the dumping duty notice and countervailing duty notice remain unaltered.

The commission has considered BlueScope's submission of 6 June 2022 concerning the variable factors. The commission maintains that it is not preferable to alter the variable factors in this inquiry given that there were no exports to Australia from India and Malaysia during the inquiry period, and only limited exports from Vietnam.

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 the Commissioner proposes to base recommendations to the Minister concerning the continuation of the measures.

Section 269ZHE(2) requires the Commissioner, in formulating the report, 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 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 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 notice[9] 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. Further, 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.

[10] EPR 592, document no. 1.

[11] EPR 592, document no. 2.

material injury that the measures are intended to prevent. The Commissioner therefore did 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 16 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.[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	Fixed rate of IDD	Rate of ICD	ICD method
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

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

[12] ADN No. 2017/99. REP 370 is available on the commission’s website.

[13] ADN No. 2021/012.

[14] EPR 521, document no. 52.

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.[15]

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,[16] 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 occurred during this period. The commission invited exporters and importers of galvanised steel from the subject countries to provide information relevant to this period.

[15] ADN No. 2013/66.

[16] 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.[17]

Further, following the initiation of this inquiry, the commission requested that BlueScope complete a questionnaire ('Australian Industry Questionnaire'). The questionnaire requested 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.[18] The Commissioner had regard to this information in preparing this report.

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 exported the goods to Australia from the subject countries during the original investigation period.[19] 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 CSC[20] and China Steel and CSVC.[21] CSC has previously exported the goods to Australia from Malaysia, but has not exported the goods to Australia since 2017.

CSVC, prior to August 2019, was legally known as 'China Steel Sumikin Vietnam Joint Stock Company'.[22] 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[23] from the subject countries in calendar years 2020 and 2021. The commission forwarded a copy of the importer questionnaire to these interested parties. The commission also placed a copy of the importer questionnaire on its website for voluntary completion. The commission did not receive any responses to the importer questionnaire.

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[17] EPR 592, document no. 10.

[18] EPR 592, document no. 6.

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

[20] EPR 592, document no. 4.

[21] EPR 592, document no. 5.

[22] EPR 521, document no. 10, page 10.

[23] Classified to the relevant tariff subheadings as listed in section 3.3.1 of this report.

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 Statement of Essential Facts

On 17 May 2022, the Commissioner placed on the public record a statement of the facts[24] on which the Commissioner proposed to base their recommendations to the Minister. The SEF informed interested parties of the facts established as of the date the SEF. Following its publication on the public record, interested parties had 20 days to respond to the SEF (by 6 June 2022). The Commissioner had regard to submissions received in response to the SEF in preparing this report and recommendations to the Minister.

2.4.4 Submissions received from interested parties

The commission received the following submissions during the inquiry, including in response to the 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	BlueScope Steel Limited	1 March 2022
12	BlueScope Steel Limited	7 June 2022

Table 3: Submissions received from interested parties

The Commissioner, in preparing his findings and recommendations outlined in this report, has considered all submissions in table 3 above.

2.4.5 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 report in conjunction with documents on the public record.

[24] EPR 592, document no. 11.

3 THE GOODS AND LIKE GOODS

3.1 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 is satisfied that there is an Australian industry, of which BlueScope is the sole member, wholly producing like goods 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*.

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, galvanised steel produced by BlueScope competes directly and indirectly with galvanised steel imported from the subject countries. BlueScope and importers sell galvanised steel 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 Conclusion – 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 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.[25]

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. Raw materials are fed into the top of the blast furnace in predetermined proportions and sequences. Air is heated to around 1200 degrees Celsius and 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. 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.

[25] 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 customer’s 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. Cold rolling involves passing the pickled HRC through a number of rolling mill stands. Cold rolling 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% to 1.25%, 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 Conclusion – Australian industry producing like goods

The commission is satisfied that BlueScope wholly-manufactures galvanised steel in Australia. 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.[26]

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[26] Sections 269T(2) and (4).

5 AUSTRALIAN MARKET

5.1 Finding

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

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 and cable trays
- components in domestic appliances and hot water system components
- meter boxes, electrical meter cabinets and tool-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

Sales of galvanised steel are either directly or indirectly to the two main industries that utilise galvanised steel.

BlueScope sells like goods 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 primary users of galvanised steel in Australia are the residential, commercial and industrial construction sectors. Residential construction encompasses new dwelling construction and residential alterations or additions.

Consequently, factors that affect residential and commercial construction drive the demand for galvanised steel in Australia. These factors include:

- 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
- seasonal fluctuations including holiday shutdown periods that directly impact building and construction activity.

The commission observes that demand for galvanised steel increased during the inquiry period, and BlueScope predominantly met this demand.

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. The Australian government's HomeBuilder[27] program, which provided eligible owner-occupiers with a grant to build a new home or renovate an existing home, drove this increase in building activity.

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.

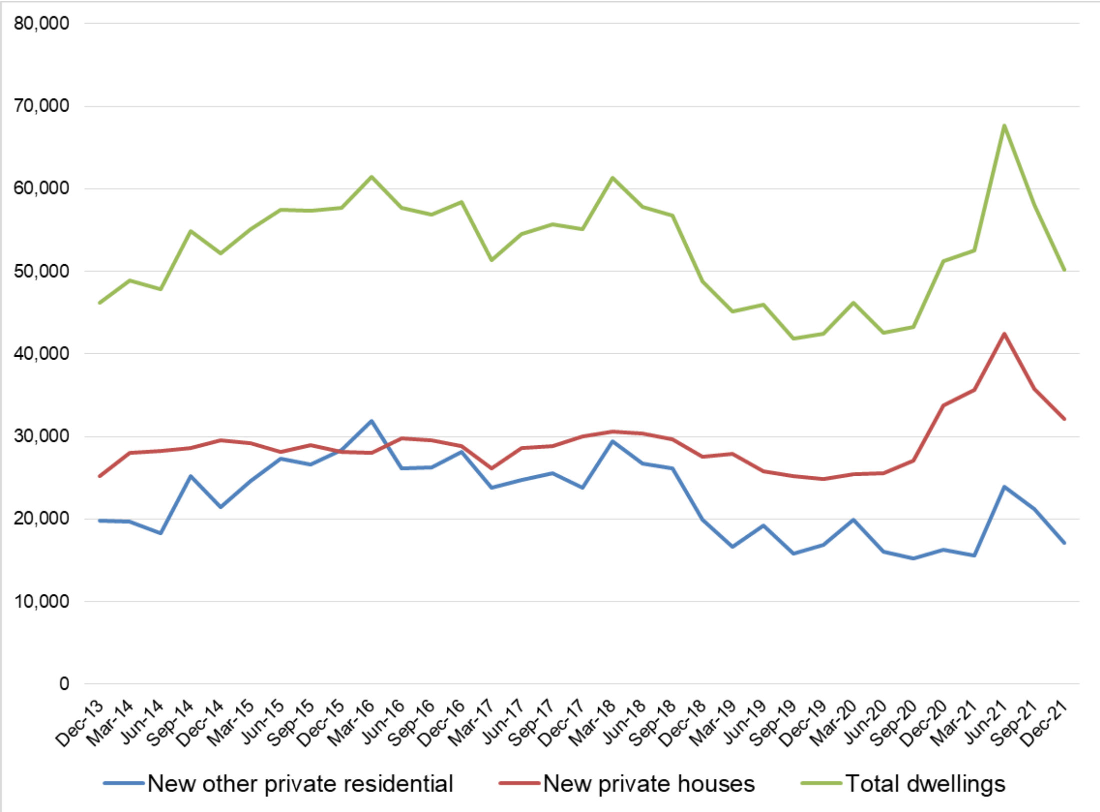

Figure 1: Number of dwellings commenced, seasonally adjusted[28]

[27] HomeBuilder fact sheet. Applications for HomeBuilder closed at midnight on 14 April 2021.

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

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 future building activity) has decreased substantially since the March 2021 quarter,[29] most likely because the HomeBuilder program ceased. Further, interest rates have risen since the inquiry period, and it is anticipated that they will rise further on the back of increasing inflation and employment in Australia. This would likely lead to a decrease in activity in the building and construction industry.

The decrease in dwelling approvals and 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.

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 considered by customers when purchasing galvanised steel.

BlueScope claims that it bases prices 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 the customers used prices of imports 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 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.

[29] ABS (February 2022), *Building Approvals, Australia*, accessed 26 April 2022.

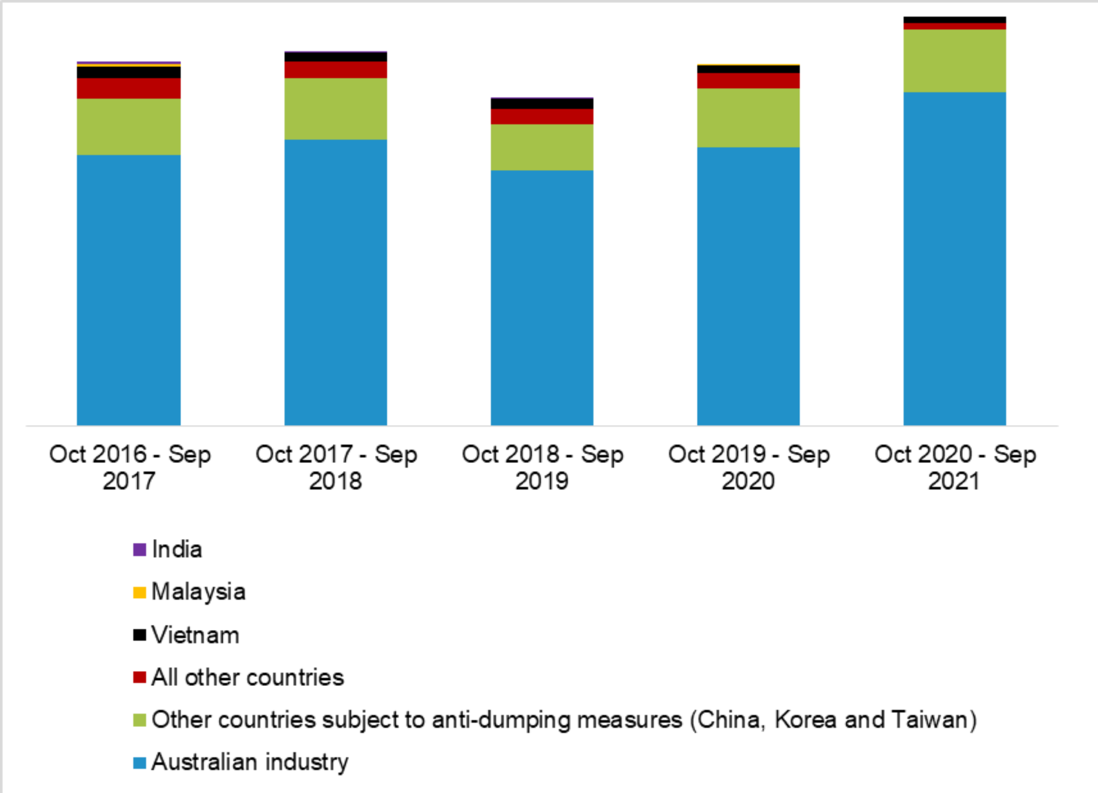

Figure 2: Australian market for galvanised steel (tonnes)[30]

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.

Since the imposition of the measures in August 2017, the commission observes that 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**.

[30] Galvanised steel classified to the tariff subheadings in section 3.3.1 of this report.

6 ECONOMIC CONDITION OF THE AUSTRALIAN INDUSTRY

6.1 Finding

The commission 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.

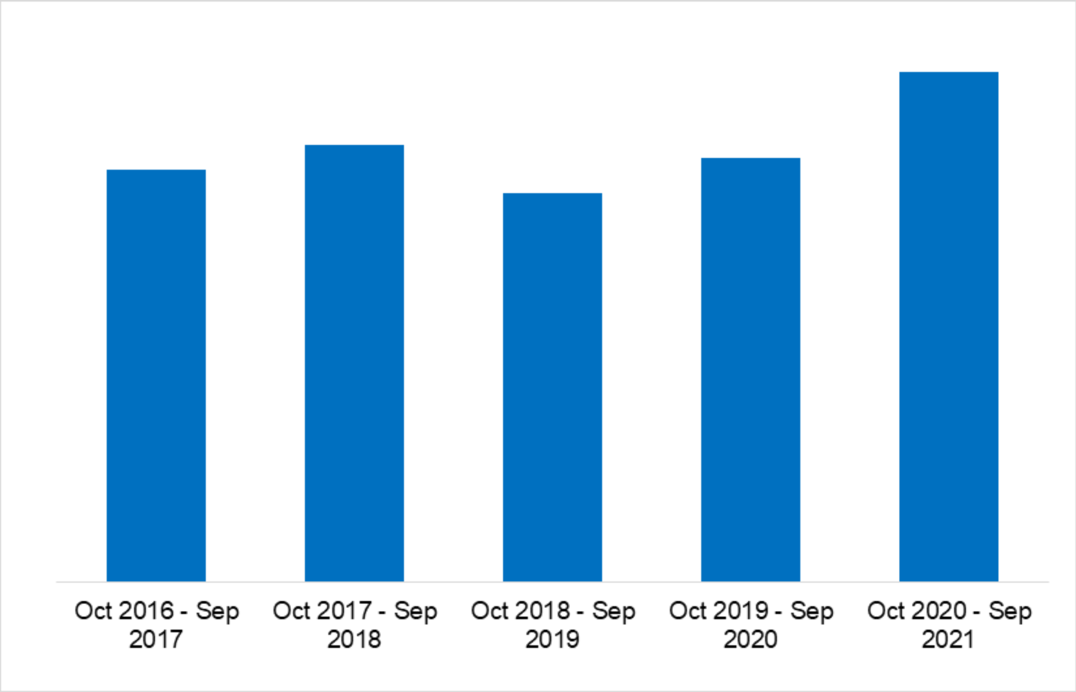

Figure 3: Sales volume of like goods (tonnes)

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. This enabled BlueScope to secure increased sales volumes in this period. Section 5.2.2 of this report identifies the factors that led to this observed increase.

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.

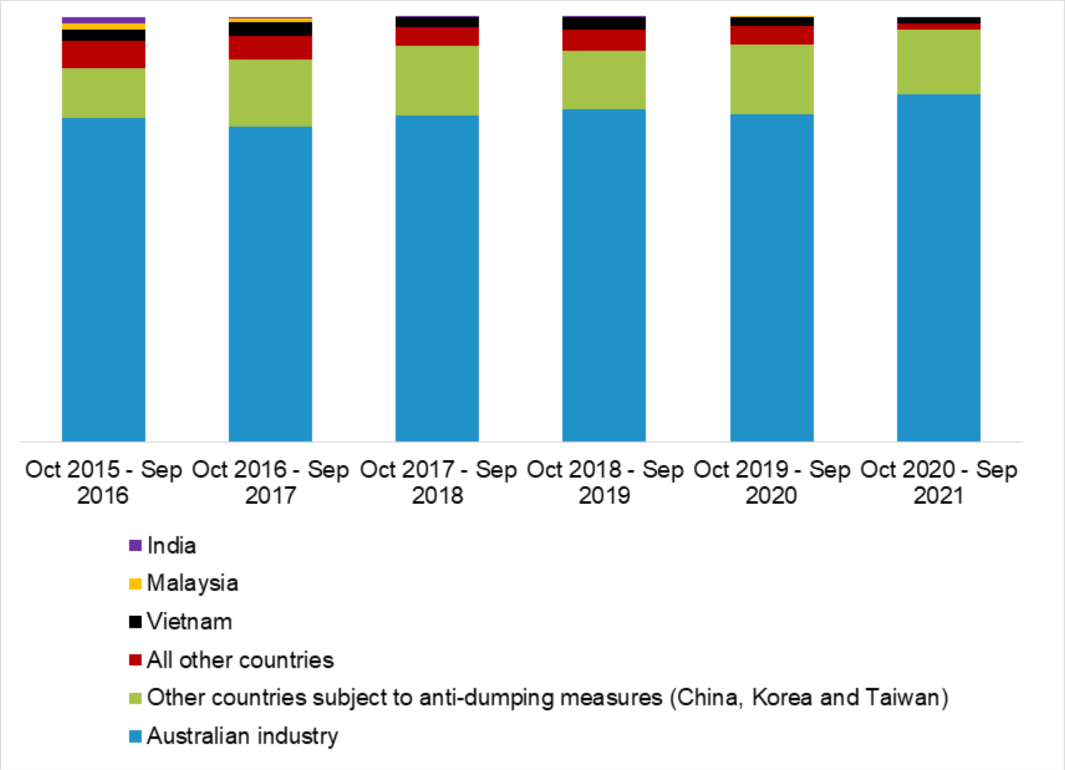

Figure 4: Market share (% market share)

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 mostly originated from exempt exporters.

Exports from all other countries and Vietnam (in particular, from Vietnamese exporters exempt from the anti-dumping measures) continued. This demonstrates 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% in the YE September 2017 to over 2% 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.[31]

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.

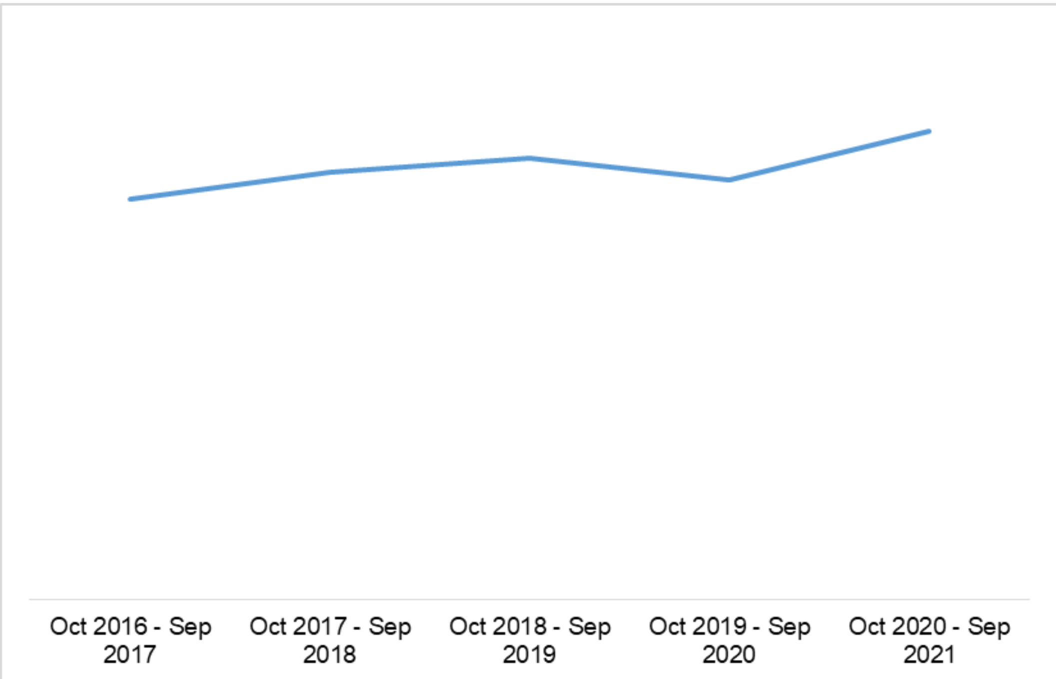

Figure 5: Weighted average unit selling price (AUD per tonne)

[31] EPR 592, document no. 8.

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.

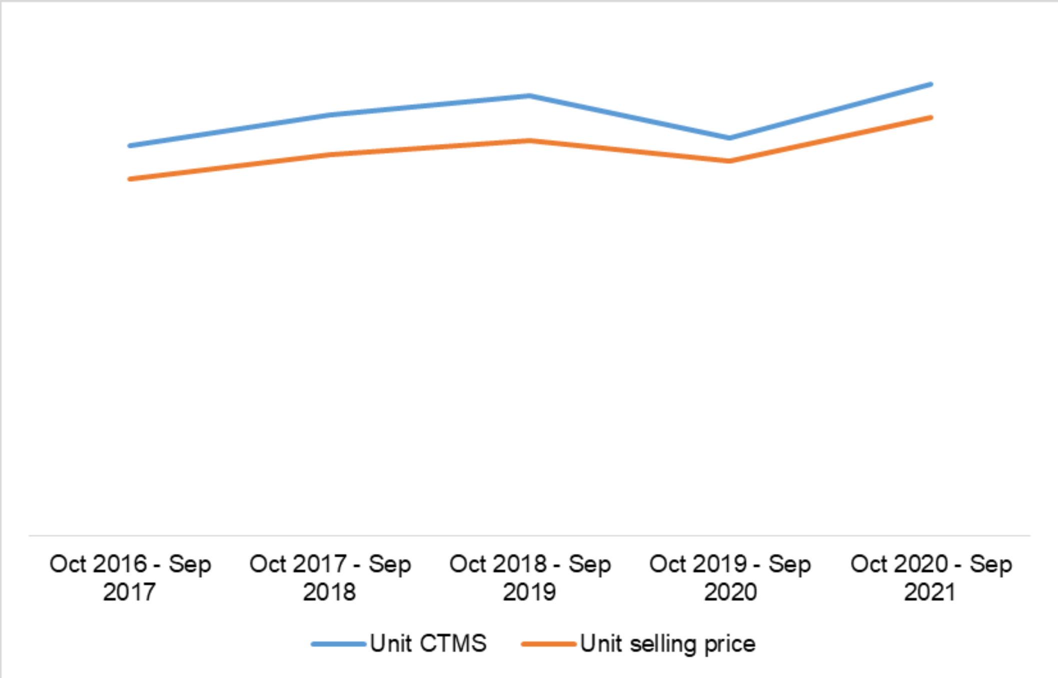

Figure 6: Weighted average unit selling price and unit CTMS (AUD per tonne)

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.

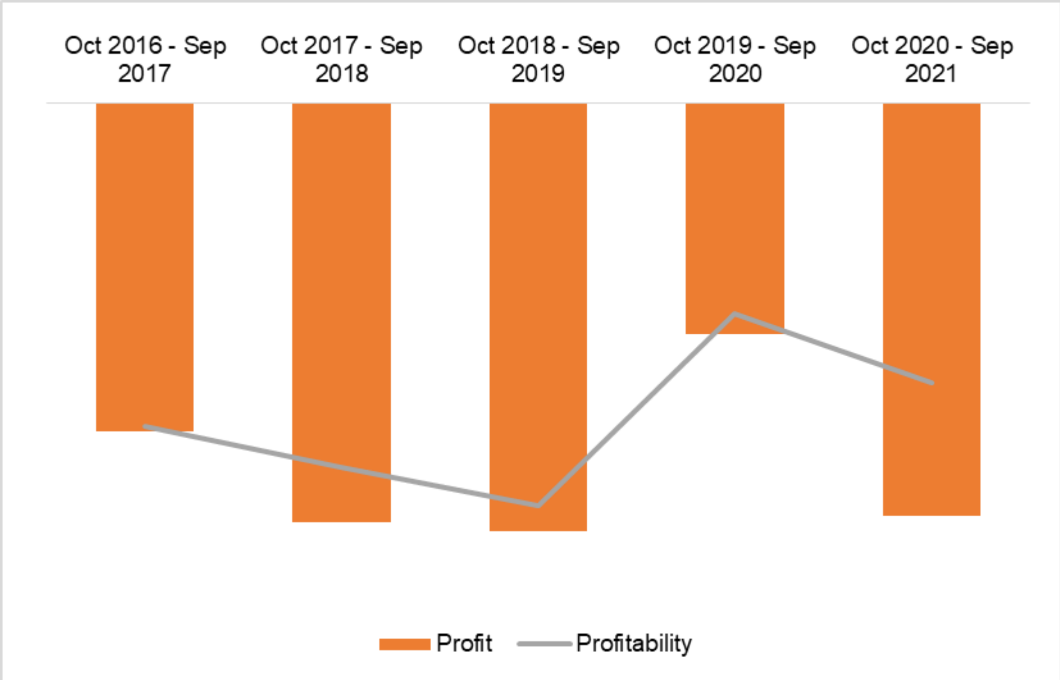

Figure 7: Total profit/loss (AUD) and profitability (profit/loss as percentage of revenue)

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.[32]

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)[33]

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.

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

[33] 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.

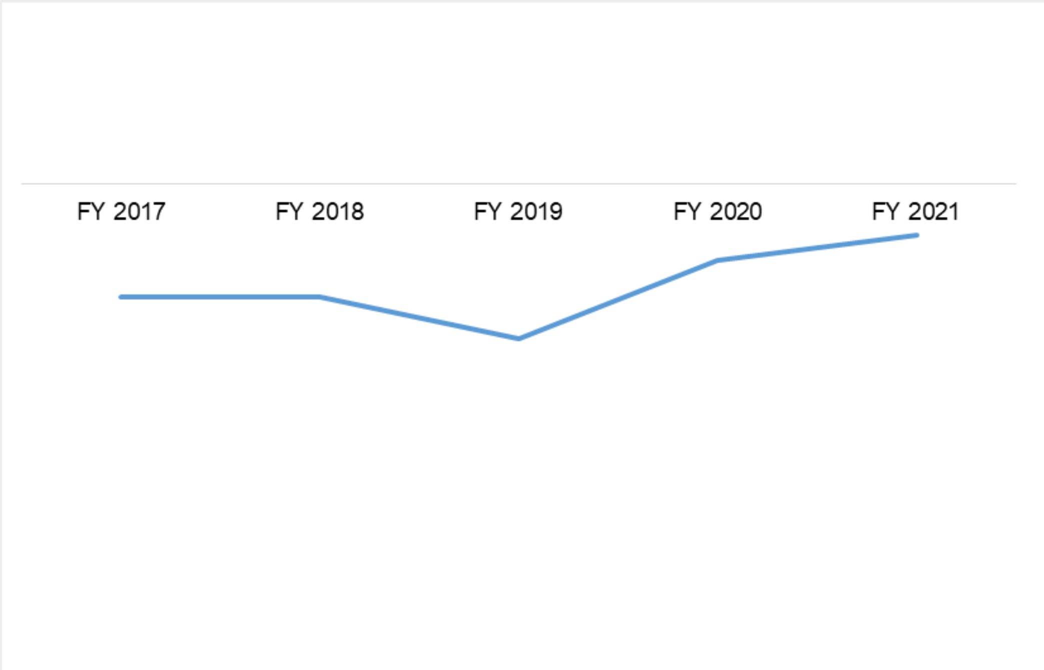

Figure 8: Return on investment (%)

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)

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 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 outlined in the *Dumping and Subsidy Manual* (the Manual), the commission considers 'likely' to mean more probable than not.[34]

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 his conclusions and recommendations on facts.[35]

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

In its application for the continuation of the measures,[36] 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

[34] Dumping and Subsidy Manual (December 2021), page 136.

[35] Anti-Dumping Review Panel (2016), *Anti-Dumping Review Panel Report No. 44*.

[36] EPR 592, document no. 1.

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 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.

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 report 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 steel[37] imported from the subject countries, including galvanised steel imported from China, Korea and Taiwan (also subject to anti-dumping measures following Anti-Dumping Investigation No. 190) and all other countries.

[37] Classified to the relevant tariff subheadings, as outlined in section 3.3.1 of this report.

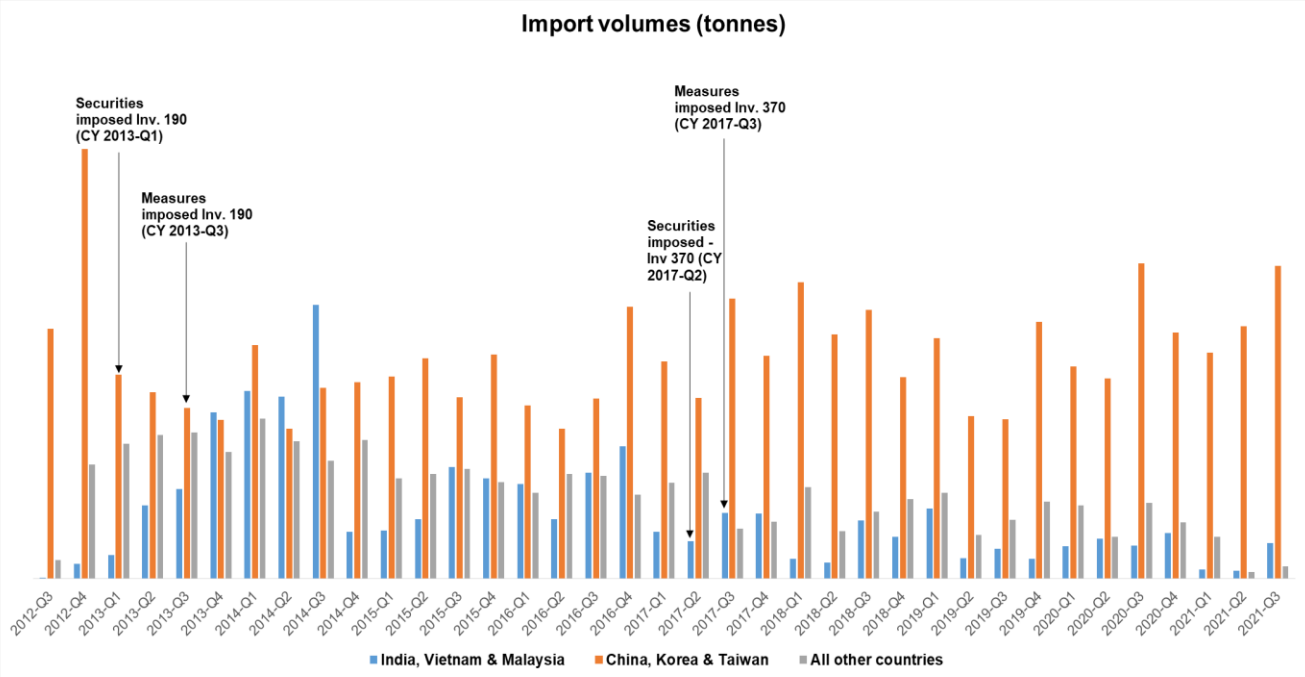

Figure 9: Imports of galvanised steel (tonnes)

Table 12 shows the percentage share of the total import volume of the goods and like goods imported into Australia.

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 volume[38]

The commission observes that prior to the imposition of securities on galvanised steel exported from China, Korea and Taiwan in February 2013[39] (figure 9, '2013-Q1'), the import volumes of the goods exported to Australia from India, Malaysia and Vietnam were

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[38] Confidential Attachment 3 – Import volume analysis.

[39] 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 from China, Korea and Taiwan entered for home consumption on or after 6 February 2013.

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.[40]

The share of the total import volume comprised by galvanised steel from China, Korea and Taiwan decreased in the year ending 30 September 2014. In contrast, the share of goods imported from India, Malaysia and Vietnam (in particular, from India and Vietnam) increased significantly, from 11.6% in the year ending 30 September 2013, to 38.8% 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.[41] This shift is also consistent with BlueScope's claim that imports from India, Malaysia and Vietnam opportunistically sought to replace import volumes from China, Korea and Taiwan.[42] BlueScope claims that imports from China, Kora and Taiwan were non-existent prior to the imposition of anti-dumping measures on goods from these countries.

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 (**Confidential Attachment 3**). Alloyed galvanised steel exported from China, Korea and Taiwan was not subject to anti-dumping measures when initially imposed in 2013, but was used for the same purposes and was substitutable with non-alloyed galvanised steel.[43] 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).[44] 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.

The then Commissioner terminated[45] Investigation 249 in July 2015 (figure 9, '2015-Q3'), after which volumes from India and Vietnam increased once again. This suggests that

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[40] ADN No. 2013/66.

[41] *Anti-Dumping Commission Report No. 370* (REP 370), p. 55.

[42] EPR 592, documents no. 1 and 6.

[43] 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. The Australian industry alleged that alloyed galvanised steel were slightly modified goods. The findings from the circumvention inquiries led to the alteration of the dumping duty notice applying to goods exported from China and Taiwan to include alloyed galvanised steel exported by certain exporters in the goods description. Similarly, alterations were made to the countervailing duty notice applying to goods exported from China.

[44] ADN No. 2014/55.

[45] ADN No. 2015/93.

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**). The majority of the goods imported from Korea and Vietnam (over 90%) were from exempt exporters. The majority of the goods imported from Taiwan were goods either exempt from the anti-dumping measures, or 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-Free on Board (FOB) costs, is the main factor taken into consideration when sourcing galvanised steel from a particular exporter. The commission understands that steel traders generally prefer to negotiate sales on a spot basis and do not have long-term or fixed supply contracts with their suppliers. The commission also understands that steel traders source galvanised steel from multiple suppliers or countries, and 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. This is because these goods are less attractive to steel traders in terms of their relative price or cost (i.e. undumped prices). The imposition of the anti-dumping measures on the subject exporters has lessened their competitive advantage achieved through dumped and subsidised prices. Consequently, the goods exported from these exporters at remedied prices are 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 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.[46]

To assess this claim, the commission reviewed ABF import data relating to import consignments of galvanised steel 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% of total imports from Vietnam, 98% from Malaysia and 15% 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 cooperated in Investigation 370 changed their legal names or were acquired following the imposition of measures in 2017. With the exception of Mitsubishi, all of these importers, through their new legal name or acquirer, have continued to import galvanised steel into Australia from various countries. As of mid-2019, it appears that Mitsubishi no longer trades and imports steel into Australia.[47] 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 into Australia from all countries (**Confidential Attachment 3**).

As outlined in section 7.4.1 of this report, 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 imports were either sporadic or one-off importations, or were imports of galvanised steel that were exempt from the measures.

As noted in section 7.4.1 of this report, 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

[46] EPR 592, document no. 1.

[47] Based on import declarations in the ABF import database and information available on its website, Mitsubishi Australia Ltd [website], accessed on 6 May 2022.

measures 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 the 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. Consequently, 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, importers (particularly steel traders) would be able to quickly re-establish trade relationships with 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 exports from the subject countries would likely continue or recur.

7.4.3 Production capacity utilisation and investments in production capacity

As outlined in this section, BlueScope has made a number of claims in relation to capacity utilisation and investments in production capacity of exporters from the subject countries. The commission has, for the reasons outlined below, concluded that excess capacity in the subject countries would likely lead producers in these 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.[48]

BlueScope claims that steel producers in the subject countries have excess production capacity.[49] BlueScope reiterates this claim in its response to the Australian industry questionnaire, and further states that galvanised steel producers in the subject countries have capacity to export a substantial volume of the goods to Australia should the measures expire.[50]

[48] EPR 592, document no. 8.

[49] EPR 592, document no. 1.

[50] EPR 592, document no. 6.

Given that galvanised steel is produced from HRC substrate, a product of primary steel production, 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.[51] 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:[52]

- global steel production capacity has increased for the first time since 2014[53]
- 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 stages[54]
- 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% of the total galvanised steel production capacity in the subject countries. This indicates that the countries subject to the 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 the goods to Australia.

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.[55]

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 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

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[51] EPR 592, document no. 1.

[52] EPR 592, document no. 8.

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

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

[55] Confidential Attachment 4 – Production capacity and capacity utilisation.

investigation period. The total excess or spare capacity for both CSC and CSVC in the inquiry period was sufficient to supply approximately 24%[56] of the total Australian galvanised steel market in the same period.[57]

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% of the Australian galvanised steel market in the inquiry period.[58] 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 producers in the subject countries have made any recent investments to increase steel production capacity. The commission considers that an increase in production capacity would further exacerbate excess capacity of steel producers in the subject countries.

The commission notes that in the OECD's *Latest Developments in Steelmaking Capacity* (2021),[59] 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. Projects currently 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),[60] 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.

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[56] In the SEF, the commission noted that both CSC and CSVC had sufficient capacity to supply approximately 18% of the total Australian market in the inquiry period. The commission corrected the percentage in this report.

[57] Confidential Attachment 4 – Production capacity and capacity utilisation.

[58] 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.

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

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

Non-Confidential Attachment 1 contains a list of these investments. 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.[61] Further, JSW Steel will likely 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.[62] 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.[63] 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 per annum once complete.[64] 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. Both the Malaysian Iron and Steel Industry Federation and the Malaysia Steel Association opposed this investment publicly due to concerns about steel production overcapacity in Malaysia.[65]
- 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. This complex will likely become operational in 2024 and will add capacity of 5.6 million tonnes per annum.[66] Further, Hoa Phat has

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[61] JSW, *Foundation stone for new 5 MTPA project at JSW Steel Vijayanagar Works*, accessed 23 March 2022.

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

[63] 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.

[64] 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.

[65] 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.

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

already increased production capacity at its existing Hoa Phat Dung Quat production complex by putting furnaces 3 and 4 into operation in 2020-21.[67]

- 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.[68] 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.[69]

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 Scheme (PLI Scheme) to promote the manufacture of specialty steel. This scheme encompasses coated steel products and includes galvanised steel.[70] 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.[71] The GOI anticipates that coated steel production capacity will increase from 8.3 million tonnes in FY 2019-20 to 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. 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 understands that there are trade measures in countries or jurisdictions that import a significant volume of galvanised steel from India, Malaysia and Vietnam. 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.

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

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

[69] 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.

[70] Ministry of Steel, Government of India, *Production Linked Incentive (PLI) Scheme for specialty steel in India*, Ministry of Steel website, accessed 22 March 2022.

[71] FY ending 31 March.

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 in other countries or jurisdictions will influence the future export orientation towards countries where such measures do not apply. In the absence of the anti-dumping measures applying to the goods exported to Australia from the subject countries, BlueScope claims that exports from the subject countries to Australia 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,[72] the commission observes that the United States of America (US) was the largest market for galvanised steel[73] 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 markets for galvanised steel exported from the subject countries:

- The US imposed an *ad valorem* tariff of 25% on 'steel articles' or products ('section 232 tariffs') imported on and from 23 March 2018.[74] The steel articles include galvanised steel.[75] This tariff is in addition to any other duties including anti-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,[76] which were finalised on 31 January 2019.[77] 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% 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

[72] United Nations, *UN Comtrade Database* [website], accessed 1 March 2022.

[73] Classified to the relevant tariff subheadings listed in section 3.3.1 of this report.

[74] Further information on this tariff is available 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.

[75] 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.

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

[77] 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).

measures, whereas exports of galvanised steel from Vietnam and Malaysia are currently not subject to the safeguard measures.[78] 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.[79]

- 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.[80] 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.[81]

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 steel[82] exported from the subject countries from 2016 to 2020.[83]

The commission found that following the imposition of an *ad valorem* tariff of 25% on steel products imported into the US, exports of galvanised steel to the US from India,[84] Malaysia and Vietnam decreased significantly in the following years. 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% tariff) relative to the volumes in the original investigation period (i.e. prior to the imposition of the tariff) (**Confidential Attachment 6**). 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 after the revision of the

[78] 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. The EU also considers India 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.

[79] 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.

[80] UK Trade Remedies Notice 2021/01.

[81] UK Trade Remedies Notice 2021/03.

[82] Classified to the tariff subheadings listed in section 3.1.1 of this report. 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.

[83] Confidential Attachment 5 – Exports from India, Malaysia and Vietnam.

[84] 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.

safeguard measures 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.[85] 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% 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. India and Malaysia did not increase exports 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, given that these measures either make the goods uncompetitive relative to other goods, or directly restrict the volume of goods imported into a particular country or market.

The commission notes 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. Given this, the commission considers it likely that at least some exports, which would originally be destined for the US and EU markets, would be diverted to Australia if the measures expire.

As noted previously in this chapter of the report, the commission found that there exists excess production capacity in the subject countries. This excess capacity is likely to be exacerbated due to:

- significant investments to increase existing capacity in the subject countries
- 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 producers of galvanised steel from the subject countries (in particular, India and Vietnam) appear to be dependent on exports—they export a significant proportion of the galvanised steel they produce.

The commission considers that if the measures expire, producers and exporters in the subject countries are likely to supply the Australian market, unencumbered, with some of the volumes that would otherwise be earmarked for the US and EU markets. This anticipated trade diversion to Australia, in particular, is likely given the proximity of the subject countries to Australia. Accordingly, the commission considers it likely that trade diversion to Australia would occur, and therefore exports of the goods to Australia from the subject countries would likely continue or recur if the measures expire.

7.4.5 JSW's submission – Exports to Australia from India

JSW Steel Limited (JSW) made a submission in response to the initiation of the continuation inquiry.[86] JSW is an Indian steel producer that has previously exported the goods to Australia.

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

[86] EPR 592, document no. 3.

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 expire.

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

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 report, 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 occur 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 report, the commission considers 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 existing excess steel production capacity in India. The commission also notes that there are significant investments to increase galvanised steel production capacity in India, including by JSW. This investment in extra capacity is actively encouraged by the GOI through its PLI Scheme.

All these factors indicate that Indian producers, including JSW, have excess capacity. Noting that Indian domestic steel consumption on a per capita basis remains one of the lowest in the world[87], the commission does not consider that domestic demand in India will absorb this excess capacity. 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.[88] 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 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 based on 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

[87] World Steel Association (2021), *2021 World Steel in Figures*, p. 17.

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

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 the goods to Australia. Further, producers in the subject countries are making significant investments to increase production capacity, which will exacerbate excess or idle capacity in the subject countries.
- Noting that most galvanised steel producers in the subject countries export a significant proportion of the goods they produce, trade measures in other jurisdictions will further add pressure on exporters in the subject countries to find alternative export markets 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 report, the commission considers there is sufficient evidence to conclude that the expiration of the measures would likely lead to a continuation or recurrence of dumping from India, Malaysia and Vietnam. The commission also considers that there is sufficient evidence to conclude that the expiration of the measures would likely lead to 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' 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).[89] In assessing the likelihood of subsidisation continuing or recurring, the commission may take into consider 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.[90] No one factor can necessarily provide decisive guidance. Therefore, the analysis in this section of the report 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 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 report 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 relevant to each subject country:

- previously ascertained export prices and normal values

[89] The Manual, p.137.

[90] Ibid.

- 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.

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% to 12%.[91]

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

As noted in section 2.3.2.2 of this report, in this inquiry, the commission did not receive a response to the exporter questionnaire from any exporters or producers 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.[92] Whilst declared under tariff subheadings 7212.30.00 and 7226.99.00, the description of the goods and the anomalous price of these goods indicate that they are not the goods subject to 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 period[93]
- prices of hot dipped galvanised steel sold in the Indian domestic market.[94]

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

[92] The goods in the two consignments comprised less than 0.1% of the total volume of imported goods declared under the relevant tariff subheadings outlined in section 3.3.1 of this report.

[93] Prices obtained from the ABF import database.

[94] 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. The commission adjusted these prices to reflect FOB terms using previously verified information (Confidential Attachment 8).

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)[95]	FY 2016-17	FY 2017-18	FY 2018-19 (Review 521)[96]	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	-
FOB export price, goods exported from all countries (AUD/t)	100	103	106	118	140

Table 13: Changes in prices since the original investigation period (FY 2015-16)[97]

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).[98]

Noting the lack of exports of the goods to Australia from India since May 2019, the commission had regard to export prices of galvanised steel exported to Australia from all other countries. The commission considers this reasonable on the basis that prices of goods exported to Australia from India from FY 2015-16 to FY 2018-19 followed a similar trend to prices of all like goods exported to Australia from other countries (table 13). Further, the commission considers it reasonable to assume that if exporters from India were to resume exporting the goods to Australia, these exporters would have to at least match prices of other exporters supplying the Australian market. Therefore, in the absence of exports of the goods to Australia from India, the commission relied upon the prices of like goods exported to Australia from all other countries in the inquiry period.

As shown in table 13, the commission compared the trend in Indian domestic selling prices to the trend in prices of galvanised steel exported to Australia. As stated at the beginning of this section, in Investigation 370, the commission found that goods exported to Australia from India were dumped, with dumping margins ranging from 7.6% to 12% in the original investigation period. In Review 521, the commission found that goods exported to Australia from India were dumped in the review period.

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[95] The investigation period in Investigation 370.

[96] The review period in Review 521.

[97] Confidential Attachment 9 – Dumping analysis (India).

[98] The domestic price at FOB terms reflects the fluctuation in the value of the Australian dollar over the period examined.

Noting this, the commission observes that from FY 2015-16 (the original investigation period), Indian domestic prices increased at a greater rate than export prices. 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 Review 521, Indian domestic prices have increased by a greater amount. This is indicative of a greater dumping margin than that established in Investigation 370 and Review 521. The commission therefore considers that if there had been exports of the goods from India during the inquiry period, it is likely that these exports would have been at dumped prices.

The commission also compared Indian domestic selling prices of galvanised steel[99] to prices of goods exported to Australia by the largest exporters (by volume) from all other countries in the inquiry period (**Confidential Attachment 9**).[100] 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 undertook this comparison 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.

The commission found that Indian domestic prices were generally higher than the prices of the majority of exporters examined. This further supports the commission’s finding above that exporters from India would have 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 have 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 of goods exported to Australia, then they would not be competitive relative to other exporters. The commission therefore considers an increase in the export price sufficient to eliminate dumping is unlikely.

Further, the commission considers it 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 have to set their export prices below that of their domestic prices if they resume exporting the goods to Australia. Since the necessary changes in either the export price or domestic price are unlikely to occur, the commission considers that dumping by Indian exporters would likely recur if the anti-dumping measures expire.

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[99] Adjusted to reflect FOB terms.

[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% to 16.5%.[101]

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

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. CSC has not exported the goods to Australia since the March quarter in 2017. The commission did not receive a response to the exporter questionnaire from any other producers or exporters 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 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 CSC's exports to the third country comprised less than 0.5% of the total volume of galvanised steel CSC sold during the inquiry period. Further, CSC's exports during the inquiry period comprised less than 2% 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 CSC's exports (and the price of these exports) during the inquiry period are not a reliable indicator of CSC's likely 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 this analysis, the commission had regard to the following information:

- export price and normal value of goods exported to Australia from Malaysia by CSC, as ascertained in Investigation 370

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

[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% 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.

- CSC's selling prices of like goods (prime products only) sold in the ordinary course of trade (OCOT) for home consumption in Malaysia during the inquiry period[104] (**Confidential Attachment 10**), 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 dumping is likely to recur in respect of goods exported to Australia from Malaysia. This is primarily based on:

- CSC's past pricing behaviour
- CSC's current incentives, including its excess capacity and its ability to significantly undercut other exporters' prices whilst remaining profitable, and
- the attractiveness of Australia due to its proximity to Malaysia, particularly given that CSC has lost exports 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 the commission did not ascertain CSC's variable factors 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)[105]

The normal value and export price for FY 2015-16 refer to CSC's variable factors as ascertained in 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 from Malaysia during the inquiry period, the export price is the price ascertained in Investigation 370, which the commission adjusted to reflect a price for the inquiry period. The commission adjusted the 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 outlined earlier in this section, in the original investigation period, the commission found that Malaysian exporters dumped the goods exported to Australia. The commission determined a dumping margin of 14.5% for CSC. The dumping margin for the other cooperating Malaysian exporter was 16.5%.

Noting this, the commission observes that from the original investigation period to the inquiry period, the indicative export price of the goods exported 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%) found in

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[104] In its submission responding to the SEF, BlueScope queries what adjustments the commission made to CSC's domestic selling prices. The commission confirms that it adjusted CSC's domestic selling prices in order to derive a price at FOB terms, including adjustments for relevant packaging expenses.

[105] Confidential Attachment 11 – Dumping analysis (Malaysia).

Investigation 370. This indicates that if CSC had exported the goods to Australia during the inquiry period, it would have likely dumped those goods. The commission considers other evidence before it also strongly suggests that CSC would likely dump the goods should the measures expire.

In the absence of exports to Australia from Malaysia by CSC since the imposition of the measures, the Commission considers that CSC's conduct prior to the imposition of the measures is the most reliable indicator of its likely future conduct. The commission notes that prior to the imposition of the measures, 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 in order to re-enter the Australian market.

In addition, given 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 satisfied 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 other Malaysian exporters have continued following the imposition of the measures. However, these exports were sporadic and in low volumes. Given that these other exporters did not cooperate in this inquiry, the commission relied upon all relevant information, being CSC's information. Accordingly, the above analysis also applies to other exporters from Malaysia. Based on this, the commission is satisfied that dumping by Malaysian exporters would likely recur if the measures expire.

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% to 14.2%.[106]

In Review 521, the commission did not find dumping of the goods exported to Australia from Vietnam. 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),[107] and the commission determined a negative margin of 3.5% for CSVC. For all other exporters from Vietnam, the commission determined a negative margin of 0.7%.

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 are subject to the measures, the exempt exporters Hoa Sen and Nam Kim Steel accounted for the majority of imports from Vietnam.

As noted in section 2.3.2.2 of this report, 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.

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

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

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 report 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. The commission undertook this comparison 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 exported to third countries in order to determine whether CSVC has a propensity to export dumped goods.

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 (prime products only) sold in the OCOT for home consumption in Vietnam during the inquiry period[108] (**Confidential Attachment 12**), and CSVC’s prices of galvanised steel exported to third countries in the same period (**Confidential Attachment 13**)
- prices of the goods exported to Australia from Vietnam by other exporters.[109]

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 521[110]

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 calculated a weighted average domestic selling price using CSVC’s selling prices of like goods sold in the OCOT for home consumption in Vietnam during the inquiry period. The commission also adjusted the ascertained export price for CSVC (as ascertained in Review 521) to reflect a price for the inquiry period. The commission adjusted CSVC’s ascertained export price by the movement or relative

[108] In its submission responding to the SEF, BlueScope queries what adjustments the commission made to CSVC’s domestic selling prices. The commission confirms that it adjusted CSVC’s domestic selling prices in order to derive a price at FOB terms, including adjustments for relevant packaging expenses.

[109] Prices obtained from the ABF import database.

[110] Confidential Attachment 14 – Dumping analysis (Vietnam).

change in prices of the 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 CSVC and other subject exporters from Vietnam exported the goods to Australia at dumped prices. 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 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 CSVC's negative dumping margin found in Review 521. A direct comparison of CSVC's relative prices (by model) in the inquiry period is indicative of dumping (**Confidential Attachment 14**). 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,[111] the commission also compared CSVC's prices of galvanised steel exported to third countries to its domestic selling prices in the OCOT during the inquiry period. Specifically, the commission compared CSVC's prices of galvanised steel exported to third countries to its weighted average prices (adjusted to reflect FOB terms) of identical or similar models of galvanised steel sold domestically (**Confidential Attachment 13**). The commission found that CSVC's domestic prices were higher than its prices of goods exported to all countries except one, which is indicative of dumping. The commission considers that based on this, CSVC would likely also dump 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 it unlikely that CSVC would increase its export price if it resumes exporting the goods to Australia following the expiration of measures. This is because 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 it 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 would likely recur if the measures expire.

In relation to exports of the goods to Australia from other subject exporters from Vietnam, the commission observes that exports from other Vietnamese exporters have continued following the imposition of the measures. Given that these other exporters did not cooperate in this inquiry, the commission relied upon all relevant information, being CSVC's information. Accordingly, the above analysis also applies to other exporters from Vietnam. Based on this, the commission is satisfied that dumping by Vietnamese exporters would likely recur if the measures expire.

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[111] 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.

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 in relation to the countervailing duty notice applying to exporters from India. As outlined below, the commission considers 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% to 5.9%.[112]

In Review 521, the commission determined that all exporters from India were non-cooperative entities, and determined a subsidy margin of 4.3% 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.[113]

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[112] ADN No. 2017/99.

[113] EPR 521, document no. 16, pp. 22-23 refer.

As noted in section 2.3.2.4 of this report, 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 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 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
- 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 has not received any applications seeking a duty assessment in respect of these goods since the imposition of the 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,[114] and which remained countervailable in Review 521.[115]

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

- Export Promotion Capital Goods Scheme[116]
- Duty Exemption/Remission Schemes – Advance Authorization Scheme[117]
- Duty Exemption/Remission Schemes – Duty Entitlement Passbook Scheme[118]

[114] REP 370.

[115] REP 521 and 522.

[116] 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.

[117] 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.

[118] 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.

- Duty Exemption/Remission Schemes – Duty Drawback Passbook Scheme[119]
- 80-IB Income Tax Deduction Program[120]
- SGOM – Exemption from Electricity Duty[121]
- SGOM – Special Incentives of the SGOM for Mega Projects[122]
- 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 Products[123]
- electricity duty exemptions in various states in India[124]
- interest free loan.[125]

The commission notes that several states in India, including Maharashtra, Tamil Nadu and Gujarat, offer 'interest subsidies' to steel producers.[126] These states are home to some of the producers 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.[127] 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.[128] The commission considers that this demonstrates the GOI has continued to support, through subsidisation, the steel industry in India.

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[119] Ministry of Commerce and Industry, Government of India, *Indian Trade Portal* [website], accessed 21 March 2022.

[120] Government of India, *Income-tax Act 1961 – 80-ib*, Income Tax Department website, accessed 21 March 2022.

[121] 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.

[122] 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.

[123] 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.

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

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

[127] Ministry of Steel, Government of India, *Production Linked Incentive (PLI) Scheme for specialty steel in India*, Ministry of Steel website, accessed 22 March 2022.

[128] FY ending 31 March.

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 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.[129] Further, in the same financial statements, JSW Steel Coated Products Limited recorded a 'sales tax loan' from the SGOM. This loan is interest free.[130]
- 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.[131] 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.[132]

On the basis of all facts available (as outlined in this section of the report), 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. Further, the commission considers that producers of the goods in India continue to receive a benefit under these subsidy programs from the GOI. Therefore, the commission is satisfied 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 Finding – likelihood of dumping and subsidisation

Based on the analysis outlined in sections 7.4 and 7.5 of this report, the commission considers there is sufficient evidence to 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. These dumped and subsidised prices 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:[133]

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[129] JSW Steel Coated Products Limited, Audited financial statements as at 31 March 2021, p. 32.

[130] Ibid, p. 45.

[131] JSW Steel Limited, Annual report 2020-21, note 30 to the standalone financial statements.

[132] Ibid, note 47 to the financial statements.

[133] 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.[134] 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 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 the Australian industry has been materially injured by the dumped/subsidised goods from the subject countries following the imposition of the measures.

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

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 satisfied that if the measures expire it would likely lead to a recurrence of material injury that the measures are intended to prevent. 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 from the subject countries.

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 volumes and market share.

As noted in section 7.4 of this report, in the absence of the measures, exporters from the subject countries are likely to increase exports to Australia. The commission found that the

[134] Ibid.

market share of imports from India, Malaysia and Vietnam has decreased following the imposition of measures in August 2017.[135] As noted in section 7.4.1 of this report, 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. 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 volume from 11.6% to over 38% (an increase of more than 227%). 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 importers, the commission then concluded in section 7.4.2 of this report that if the measures expire, importers would re-establish their trade relationships with manufacturers in the subject countries.

As outlined in section 7.4.4 of this report, the commission also found that trade measures in other countries affect the pattern of trade and volume of exports from the subject countries. The commission considers that due to the proximity of Australia to the subject countries, 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.

Further, as outlined in section 7.4.3 of this report, the commission found that there is substantial existing capacity, and investments to increase 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 24%[136] of the Australian market for galvanised steel.[137] The commission further estimates that the total excess capacity of Indian producers that have previously exported the goods to Australia is sufficient to supply approximately 113% of the Australian market in the same period. This indicates that manufacturers in the subject countries have significant capacity to increase exports of the goods to Australia.

<u>Conclusion – Likely effect on volumes</u>

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 should the measures expire. This would consequently displace the Australian industry's sales volumes and lead to a decrease in its market share. Accordingly, the commission is satisfied 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 will likely also adversely affect other factors such as profit, profitability and capacity utilisation.

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[135] Section 7.4.1 of this report.

[136] In the SEF, the commission noted that both CSC and CSVC had sufficient capacity to supply approximately 18% of the total Australian market in the inquiry period. The commission corrected the percentage in this report.

[137] Based on the size of the Australian market in the inquiry period.

7.6.4 Likely effect on prices

In the event that measures were to expire, the commission considers that exporters currently subject to the measures would likely lower their prices. Due to close price competition in the Australian galvanised steel market, and due to IPP, the commission considers that this would lead to a recurrence of material injury to the Australian industry in the form of price depression.

In its submission of 28 February 2022, BlueScope claims that the expiration of the measures would result in the Australian industry having to either meet lower prices of the dumped and subsidised goods, or lose sales volumes to imports from the subject countries.[138]

In the original investigation, the commission found that the domestically produced like goods and the imported goods have similar end uses, meet similar quality specifications and standards, and compete directly in the same market. These factors indicate that the subject imports and the domestically produced like goods are highly substitutable.[139] The commission accepts that the galvanised steel market is a commodity market and that price is the main factor that influences customer-purchasing decisions.[140]

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, noting that these exporters' prices would no longer be bound by the measures (in particular, by a floor price). The commission considers that exporters from the subject countries would have an incentive to reduce prices in order to increase their market share. This would lead to a recurrence of the price injury experienced by the Australian industry in the original investigation period.

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.

<u>FOB export price comparison</u>

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.[141] Figure 10 shows the weighted average FOB export prices from 2018 to 2021.

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[138] EPR 592, document no. 8.

[139] REP 370.

[140] REP 370 and REP 449.

[141] Confidential Attachment 15 – FOB export price analysis.

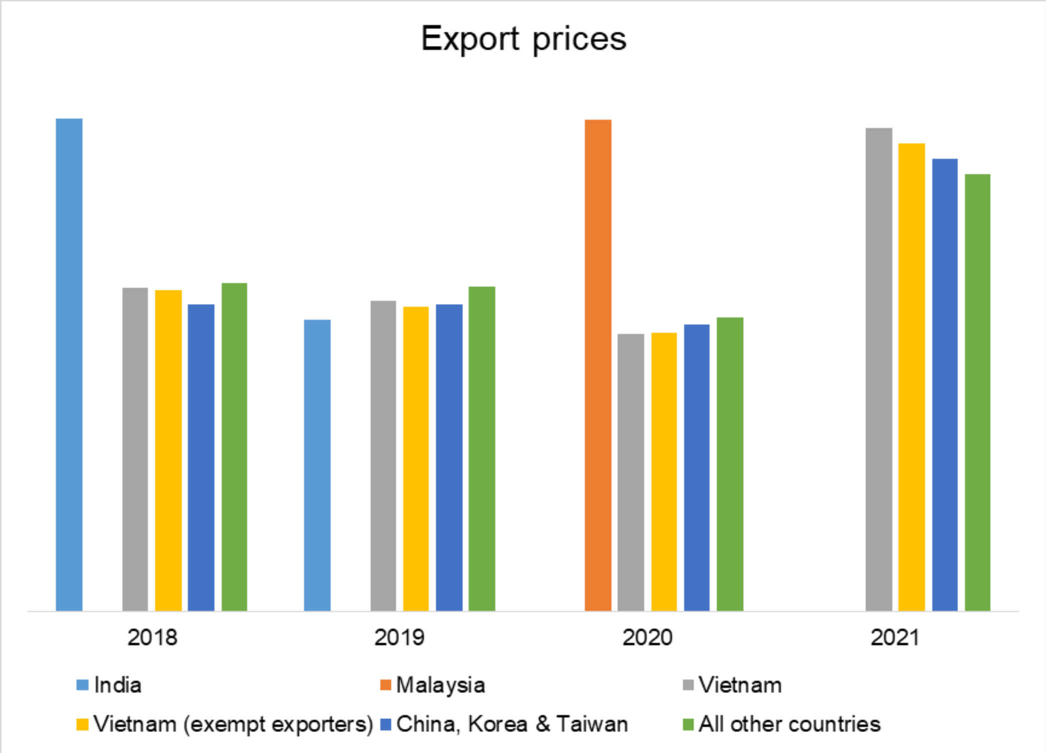

Figure 10: Prices of galvanised steel exported to Australia (FOB, AUD per tonne)

The commission notes that the weighted average 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.[142] 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 the Australian market is a price sensitive market where price is the key factor taken into consideration by customers.[143]

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 exporters[144] 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.

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[142] These prices related to goods that comprised less than 0.1% of the total volume imported in the relevant year.

[143] EPR 592, document no. 8.

[144] 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 subject to a floor price *and* a fixed rate of dumping duty. Consequently, similar to India and Malaysia, there were minimal imports of the goods from non-exempt Vietnamese exporters prior to 2021.

Given the minimal volumes of exports from India, Malaysia and Vietnam (by non-exempt exporters), 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 satisfied that exporters currently subject to the measures would likely lower their prices. Given the barrier[145] to lowering prices would be removed if the measures were to expire, the commission is of the view that subject exporters would have to lower their prices in order to re-enter the Australian 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 report, 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 also are 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 use of prices of goods exported by exempt exporters suggests that the current measures are having the intended effect of removing the competitive advantage gained through 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 customers would use import offers from India, Malaysia and Vietnam to reduce the Australian industry's prices.

Conclusion – likely effect on prices

The commission considers that 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 should the measures expire, exporters from the subject countries would likely dump the goods and reduce prices in order to re-enter the Australian market. Accordingly, the commission is satisfied that it is likely that BlueScope's customers

[145] Specifically, the floor price in the combination duty method applying to exports from India and Malaysia, and the floor price duty method applying to subject exporters from Vietnam.

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, and based on the prior material injury finding in REP 370, the commission considers that the expiration of the 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 significant decrease in import volumes from the subject countries. The imposition of the measures likely led to a decrease in import offers from the subject countries used by customers in price negotiations. Further, there is no evidence to suggest that the minimal volumes, subsequent to the imposition of the measures, influenced BlueScope's IPP considerations. This indicates that the measures had the intended effect in removing the price injury found in the original investigation.

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

The commission notes that in the inquiry period, BlueScope experienced an improvement in its sales volume, market share and 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 the COVID-19 pandemic that led to a decrease in imports of galvanised steel into Australia.

The commission considers that the recent improvement in some economic factors must be assessed in the context of the previous economic condition or factors. 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.[146] 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 coupled with BlueScope's IPP strategy, 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, the commission considers that the continuation or recurrence of dumped and subsidised exports from India, and dumped exports from Malaysia and Vietnam, would likely result in increased exports 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 in 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 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, and given the vulnerability of the Australian industry to injury caused by dumping and subsidisation, the commission is satisfied that the expiration of the measures would likely 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 that:[147]

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

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[146] REP 370, chapter 9.

[147] 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 JSW's quoted figures 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 report 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 report, 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 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, 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 report, 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 Conclusion

Based on the facts and findings outlined in this chapter of the report, the Commissioner is 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 is satisfied 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 VARIABLE FACTORS

8.1 Recommendation

The commission recommends not altering the variable factors ascertained in the previous review of measures (Review 521).[148] Accordingly, should the Minister decide to secure the continuation of the anti-dumping measures, the dumping duty notice and the countervailing duty notice will remain unaltered.

8.2 The commission's consideration

As detailed in sections 7.5.1.1 and 7.5.1.2 of the report 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 cooperated with the inquiry. Further, no importers that imported the goods from the subject countries cooperated with the inquiry. The commission did not receive any information during the inquiry that related to the goods exported to Australia during the inquiry period.

As noted in section 2.3.2.2 of this report, the commission received a response to the exporter questionnaire from CSC and CSVC. Both CSC and CSVC previously exported the goods to Australia; however, 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 has not received a response to the government questionnaire (relevant to the assessment of subsidies) from the GOI, and has not received information from exporters about the amount of any countervailable subsidies that they received.

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 ascertain precisely 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 (NIP) for the inquiry period as no importer has provided contemporary ocean freight and importation costs to determine a NIP at a comparable level of trade.

In respect of the information provided by CSC and CSVC,[149] the commission utilised this information in its assessment of the likelihood of dumping continuing or recurring, as outlined in chapter 7 of this report. However, this information was not sufficient to enable the commission to determine or ascertain new variable factors. In this regard, the

[148] ADN No. 2021/012.

[149] 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.

commission notes that neither entity has exported the goods since the imposition of the measures.

8.2.1 BlueScope's submission in response to the SEF – Variable factors review

In its response to the SEF, BlueScope submits that the commission should ascertain contemporary variable factors for the inquiry period.[150] BlueScope states that the commission should determine an export price for all subject exporters in accordance with section 269TAB(3), by having regard to all relevant information. Specifically, BlueScope submits that an export price should be determined by adjusting the previously ascertained export prices in Review 521 for the change in the prices of galvanised steel exported to Australia from all countries since the review. BlueScope further submits that the commission should determine the normal value as follows:

- for India, by adjusting the previously ascertained normal value for Indian exporters in Review 521 by the movement in the domestic selling prices for galvanised steel as obtained from MEPS International Ltd, an independent data provider
- for Malaysia, using CSC's domestic selling prices of like goods sold in the OCOT
- for Vietnam, using CSVC's domestic selling prices of like goods sold in the OCOT.

In addition to the export price and normal value, the NIP and the amount of countervailable subsidy received are also relevant to the determination of duty payable under the *Customs Tariff (Anti-Dumping) Act 1975* (Dumping Duty Act). BlueScope did not submit any suggestions in relation to the review of the NIP and the amount of countervailable subsidy received in respect of the goods exported from India, nor has it specified or quantified the amount by which these two variable factors have changed.

<u>The commission's consideration of BlueScope's submission</u>

The Minister is not required to review the variable factors in an inquiry conducted in accordance with Division 6A of the Act. Further, a review of variable factors is not a requirement in considering the likelihood of dumping and subsidisation continuing or recurring should the measures expire.

As noted in this chapter of the report, there is limited information that can be relied upon to ascertain new variable factors for the inquiry period, particularly given that there were no or limited exports of the goods from the subject countries during the inquiry period. Specifically, the commission cannot determine an export price in accordance with section 269TAB(1) given there were no cooperating exporters that exported the goods to Australia during the inquiry period. The commission also cannot determine an export price in accordance with section 269TAB(2B) given that an export price can only be determined under this provision in a review of anti-dumping measures conducted under Division 5 of the Act.[151]

The commission considers that BlueScope's proposed method for ascertaining a new export price for all subject exporters (by applying a 'timing adjustment' to the export prices established in Review 521) under section 269TAB(3) is not preferable.

The commission notes that in Review 521, the ascertained export price in respect of all exporters from Malaysia was determined by using the lowest export price of goods exported by cooperating exporters from countries other than India and Malaysia. The

[150] EPR 592, document no. 12.

[151] In accordance with section 269TAB(2C), determining an export price under section 269TAB(2A) and 269TAB(2B) provisions allows the Minister, in the absence of exports of goods to Australia, to deem such exports to have taken place for the purpose of ascertaining an export price.

commission considers that for the purposes of this inquiry, it is not preferable to rely upon this export price (as suggested by BlueScope) for exporters from Malaysia, as this price does not relate to the goods exported from Malaysia. Further, this export price is not indicative of whether it is likely that dumping by Malaysian exporters would likely continue or recur if the measures expire.

In relation to exports from India and Vietnam, while the commission has determined an export price for subject exporters from India and Vietnam (except CSVC) under section 269TAB(3) in Review 521,[152] these prices relate to goods that were exported to Australia during the relevant review period. The information (both quantitative and qualitative) used in the assessment of the likelihood of dumping continuing or recurring, as outlined in section 7.5.1 of this report, does not establish an export price or normal value of the goods exported to Australia during the inquiry period. Accordingly, this information should not be used to ascertain new variable factors for the purpose of determining the duty payable under the Dumping Duty Act.

For the above reasons, the commission does not consider that it is preferable to review the variable factors in this inquiry. Accordingly, should the Minister decide to secure the continuation of the anti-dumping measures, the Commissioner recommends that the dumping duty notice and the countervailing duty notice remain unaltered.

[152] The commission deemed all exporters from India and Vietnam, except CSVC, as uncooperative exporters. In Review 521, CSVC's export price was determined under section 269TAB(2B)(a), using its previous export price established in Investigation 370.

9 FORM OF MEASURES

9.1 Recommendation

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

9.2 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.

9.3 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).[153]

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*[154] and relevant factors in the market for the goods.

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[153] Section 5 of the *Customs Tariff (Anti-Dumping) Regulation 2013*.

[154] Guidelines on the application of forms of dumping duty, November 2013.

10 RECOMMENDATIONS

On the basis of the reasons contained in this report, and in accordance with section 269ZHF(2), the Commissioner is satisfied that the expiration of the anti-dumping 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, the dumping and subsidisation and the material injury that the anti-dumping measures are intended to prevent. Accordingly, the Commissioner recommends that the Minister:

- declare that he has decided to secure the continuation of the anti-dumping measures;[155] and
- determine that the dumping duty notice and the countervailing duty notice continue in force after 16 August 2022 (the specified expiry day).[156]

[155] In accordance with section 269ZHG(1)(b).

[156] In accordance with section 269ZHG(4)(a)(i).

11 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 (CSVC 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	CSVC's domestic sales in the OCOT
Confidential Attachment 13	Third country price analysis (CSVC)
Confidential Attachment 14	Dumping analysis (Vietnam)
Confidential Attachment 15	FOB export price analysis
Confidential Attachment 16	Import parity price and price offers

12 TABLES AND FIGURES

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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, 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 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
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 *Latest Development's in Steelmaking Capacity Report* (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 *Latest Development's in Steelmaking Capacity Report* (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
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 *Latest Development's in Steelmaking Capacity Report* (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[157]	Actual production (2021)[158]
India	143.5	118.2
Malaysia	19.2	6.9
Vietnam	25.8	23.0

[157] OECD (2021), *Latest Developments in Steelmaking Capacity*, p. 45.

[158] World Steel Association, *Production of crude steel*, World Steel Association website, accessed 27 April 2022.