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# **ANTI-DUMPING NOTICE No 2022/085**

*Customs Act 1901 (Cth) – Part XVB*

## **Initiation of Continuation Inquiry No 610**

### **Regarding the Anti-Dumping Measures applying to Aluminium Zinc Coated Steel**

### **Exported to Australia from The People’s Republic of China**

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

I, Isolde Lueckenhausen, the Acting Commissioner of the Anti-Dumping Commission (Commissioner), have initiated an inquiry into whether the continuation of anti-dumping measures in respect of aluminium zinc coated steel (or ‘the goods’) exported to Australia from the People’s Republic of China (China) is justified.

The anti-dumping measures are in the form of a dumping duty notice and a countervailing duty notice (the notices).<sup>1</sup> The anti-dumping measures are due to expire on 6 August 2023 (the specified expiry day).<sup>2</sup>

The dumping duty notice applies to all exporters of the goods from China. The countervailing duty notice applies to exporters of the goods from China. Further details on the goods and existing anti-dumping measures are available on the Dumping Commodity Register on the Anti-Dumping Commission (commission) website at: [www.adcommission.gov.au](http://www.adcommission.gov.au).

The commission has assisted me in initiating this inquiry and will assist the Commissioner in undertaking the inquiry, pursuant to the commission’s function specified in section 269SMD of the *Customs Act 1901 (Cth)*.<sup>3</sup>

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<sup>1</sup> There are certain entities whose exports are not subject to countervailing duties. These entities are Angang Steel Company Limited, Jiangyin Zong Cheng Steel Co, Union Steel China and Yieh Phui Technomaterial Co Ltd

<sup>2</sup> On and from 7 August 2023, if not continued, the anti-dumping measures would no longer apply.

<sup>3</sup> All legislative references in this notice are to the *Customs Act 1901 (Cth)*, unless otherwise stated.

## 1. The goods

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

*Flat rolled products of iron and non-alloy steel of a width equal to or greater than 600mm, plated or coated with aluminium-zinc alloys, not painted whether or not including resin coating.*

The goods are generally, but not exclusively, classified to the following tariff subheadings of Schedule 3 to the *Customs Tariff Act 1995*:<sup>4</sup>

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:	
7210.6	Plated or coated with aluminium	
7210.61.00		Plated or coated with aluminium-zinc alloys
	60	Of a thickness of less than 0.5mm
	61	Of a thickness of 0.5 mm or more but less than 1.5mm
	62	Of a thickness of 1.5mm or more

**Table 1: Tariff classification structure**

## 2. Background to the anti-dumping measures

On 5 August 2013, following consideration of *International Trade Remedies Reports Nos. 190 and 193* (REP 190 and 193), the then Attorney-General imposed the original anti-dumping measures. The original investigation followed an application by BlueScope Steel Limited (BlueScope) representing the Australian industry producing like goods.

The anti-dumping measures were continued in 2018.<sup>5</sup> Further details are in the table below:

Case	Anti-Dumping Notice (ADN)	Date ADN published	Country of export	Findings
Investigation No 190 and 193	<a href="#">2013/066</a>	5 August 2013	China, Korea, Taiwan	Interim Dumping Duty (IDD) imposed on China and Korea Interim Countervailing Duty (ICD) imposed on China Investigation terminated against Taiwan
Review of measures Nos 367, 372, 375	<a href="#">2017/48</a>	12 May 2017	China	IDD varied for China for certain exporters
Review of measures No 456 and Continuation Inquiry No 450	<a href="#">2018/95</a> (Review), and <a href="#">2018/97</a> (Continuation)	17 July 2018	China, Korea	IDD varied for China for certain exporters Anti-dumping measures ceased for Korea

<sup>4</sup> These tariff classifications and statistical codes may include goods that are both subject and not subject to the anti-dumping measures. The listing of these tariff classifications and statistical codes are for convenience or reference only and do not form part of the goods description. Please refer to the goods description for authoritative detail regarding goods subject to the anti-dumping measures.

<sup>5</sup> Following *Anti-Dumping Commission Report No. 450*.

Case	Anti-Dumping Notice (ADN)	Date ADN published	Country of export	Findings
Review of measures No 522	<a href="#">2021/014</a>	19 March 2021	China	IDD and ICD varied for China for certain exporters

**Table 2: Background to anti-dumping measures**

Further details on the above cases are available on the commission's website at: [www.adcommission.gov.au](http://www.adcommission.gov.au).

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

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

In accordance with section 269ZHB(1), the Commissioner published a notice on the commission's website on 3 June 2022.<sup>6</sup> The notice invited the following persons to apply for the continuation of the anti-dumping measures:

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

On 29 July 2022, the commission received an application for the continuation of the anti-dumping measures from BlueScope. A non-confidential version of the application is available on the commission's public record.<sup>7</sup>

Having regard to the application and the original investigation, I am satisfied that BlueScope is a person under section 269ZHB(1)(b)(i) because its application under section 269TB resulted in the anti-dumping measures.

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

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

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

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

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

- is in writing
- is in a form approved by me for the purposes of that section
- contains the information that the form requires

<sup>6</sup> ADN [No. 2022/048](#).

<sup>7</sup> Electronic Public Record (EPR) 610, document number 1.

- is signed in the manner indicated by the form and
- was lodged in a manner approved under section 269SMS, being by email to the commission's email address provided in the instrument under section 269SMS.<sup>8</sup>

## **6. Applicant's claims under section 269ZHD(2)(b) – reasonable grounds**

In its application, BlueScope claims that the expiration of the anti-dumping measures would likely lead to continuation or recurrence of dumping of aluminium zinc coated steel from China and the continuation or recurrence of the material injury that the anti-dumping measures are intended to prevent.

In support of these claims, BlueScope raised several points. These points are summarised below.

### *Exports to Australia*

With regard to the continuation or recurrence of exports of the goods to Australia, BlueScope claimed:

- As trade measures for these goods exist in other jurisdictions, this would likely lead to trade diversion to Australia, should the anti-dumping measures expire.
- Exports to Australia have continued since the imposition of anti-dumping measures and distribution links have been maintained.
- There is global excess capacity in steel, particularly as producers maintain extensive production capacity. This leads to excess capacity and low prices for the goods – high volume exporters and new participants will enter the market in the absence of trade measures.
- With the absence of anti-dumping measures, exporters are likely to increase export volumes to Australia through well established and well utilised distribution links at dumped and injurious prices.
- That the SARS-CoV-2 (COVID-19), global pandemic that commenced in late 2019 had disrupted global demand and the supply of many products including steel. Had this not disrupted global supply chains, export volumes from China would have been higher.
- That logistical bottlenecks that have been contributing to rising inventory levels will unwind, resulting in increased exports at injurious levels.

### *Dumping and subsidisation*

With regard to the continuation or recurrence of dumping and subsidisation to Australia, BlueScope raised the following points:

- There are a number of WTO member countries with anti-dumping measures in place against the goods. BlueScope noted the specific dumping and subsidy margins established in a number of cases, in several countries, in support of the likelihood that dumping and subsidisation from exporters in China is likely to continue.
- BlueScope noted that publicly available or subscription based data on the goods subject to anti-dumping measures is not available. BlueScope therefore relied on available data for zinc coated (galvanised) steel as a 'close substitute.' BlueScope have relied on this to consider the normal value of the goods in China, and have also highlighted the 'ongoing particular market situation' in that country.

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<sup>8</sup> A copy of the instrument is on the commission's website.

- BlueScope also provided confidential data regarding exports of the goods and estimated export prices.
- In relation to subsidies, BlueScope note the commission's proposed findings in Statement of Essential Facts 590 (SEF 590).<sup>9</sup> In SEF 590 the commission identified 59 countervailable subsidies relevant to hollow structural steel (HSS) exported to Australia from China. BlueScope note the major raw material for HSS is hot-rolled coil, which is the key raw material used in the manufacture of aluminium-zinc coated steel also. SEF 590 preliminary determined that Chinese exporters were in receipt of countervailable subsidies with margins ranging from 8.4% to 51%.
- BlueScope also refer to recent publications in support of the view that the Government of China continue to support local steel manufacturers.

### *Material injury*

With regard to the continuation or recurrence of material injury to Australia, BlueScope claimed:

- The expiration of anti-dumping measures will lead to reduced sales and reduced market participation rate.
- Given the substitutability of domestic like goods, the goods from China will likely undercut BlueScope's domestic selling prices.
- The expiry of the anti-dumping measures will have a material impact on BlueScope's:
  - production volumes
  - sales volumes
  - market share
  - prices (with a significant depressing or suppressing effect on domestic prices)
  - profits
  - productivity
  - return on investment and
  - capacity utilisation.

BlueScope provided data and information to support its claims.

## **7. Assessment of section 269ZHD(2)(b) – reasonable grounds**

### Commission's assessment

The commission's assessment of BlueScope's application, and other information the commission considered, is at **Confidential Attachment 1**.

This assessment is outlined below.

### *Exports to Australia*

The commission has examined data from the Australian Border Force import database and found that exports of the goods from China have continued although at reduced volumes. The commission considers that there appear to be reasonable grounds for asserting that exporters from China would continue to export the goods to Australia, due to maintained distributions links into the Australian market.

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<sup>9</sup> EPR 590, [document number 29](#).

### *Dumping and subsidisation*

REP 522 confirmed that exporters in China have continued to export the goods at dumped prices. Additionally, REP 522 confirmed that Chinese exporters continue to receive countervailable subsidies.

More recent findings (including those outlined in SEF 590) indicate that subsidy programs remain available to exporters of steel products in China. Having regard to the policies, eligibility and legislation underpinning these subsidy programs, it is likely that subsidisation will continue.

### *Material injury*

The commission has previously found that BlueScope's pricing strategy is with reference to the prices of imports. In its application, BlueScope claims that the Australian market remains highly price sensitive. It seems reasonable that, as BlueScope sets its prices with reference to the price of imported goods, BlueScope remains susceptible to price injury from lower priced imports.

Should the measures expire it appears reasonable to conclude that exporters from China would obtain a price advantage over BlueScope. This provides an incentive for these exporters to increase export volumes and market share in the Australian market. This may result in reduced sales volumes and market share for BlueScope, as well as price injury as it seeks to compete with lower priced imports. This would likely be detrimental to other economic factors such as profit and profitability.

### My conclusion – section 269ZHD(2)(b) – reasonable grounds

Having regard to the commission's assessment, I am satisfied that, in accordance with section 269ZHD(2)(b), there appear to be reasonable grounds for asserting that the expiration of the anti-dumping measures might lead, or might be likely to lead, to a continuation of, or a recurrence of, the material injury that the measures are intended to prevent.

As the application meets the requirements of section 269ZHC (section 6 of this notice) and section 269ZHD(2)(b) (section 7 of this notice), I have therefore decided to not reject the application.

## **8. This continuation inquiry**

For the purpose of this inquiry, the Commissioner will examine the period from 1 July 2021 to 30 June 2022 (the inquiry period) to determine whether dumping and subsidisation have occurred.

Following the inquiry, the Commissioner will recommend to the Minister for Industry and Science (the Minister) whether the notices should:

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

## 9. Proposed model control code structure

The commission undertakes model matching using a model control code (MCC) structure to identify key characteristics that will be used to compare the goods exported to Australia and the like goods sold domestically in the country of export.<sup>10</sup> In developing the MCC structure, the commission will have regard to differences in physical characteristics that give rise to distinguishable and material differences in price and/or cost.

The table below outlines the commission's proposed MCC structure for this inquiry.

Item	Category	Sub-category	Identifier	Sales Data	Cost data
1	Quality	Prime	P	Mandatory	Not applicable
		Non-Prime	N		
2	Coating Mass	<= 100 g/m <sup>2</sup>	1	Mandatory	Mandatory
		>100 g/m <sup>2</sup> to <= 165 g/m <sup>2</sup>	2		
		> 165 g/m <sup>2</sup>	3		
3	Standard/ Grade	G2 / SGLCC	A	Mandatory	Mandatory
		G3 / SGLCD	B		
		G250 / SGLC 340	C		
		G300 / G350 / SGLC 400 / SGLC 440 / SGLC 490	D		
		G450 / G500	E		
		G550 / SGLC 570	F		
		Other	G		
4	Base Metal Thickness (BMT)	< 0.40 mm	1	Mandatory	Mandatory
		=> 0.40 mm to < 0.50 mm	2		
		=> 0.50 mm to < 0.75 mm	3		
		=> 0.75 mm to < 1.00 mm	4		
		=> 1.00 mm to < 2.00 mm	5		
5	Width	< 600 mm	1	Mandatory	Mandatory
		=> 600 mm	2		
6	Form	Coil	C	Mandatory	Optional
		Sheet	S	Mandatory	Optional

**Table 3: Proposed MCC Structure**

Interested parties are encouraged to make a submission on whether any proposed modifications to the MCC structure should be accepted by the commission. Proposals to modify the proposed MCC structure should be raised as soon as is practicable, but no later than **28 September 2022**.

Any changes to the MCC structure will be considered by the commission and reported in verification reports or in the statement of essential facts (SEF).

<sup>10</sup> Guidance on the commission's approach to model matching is in the [Dumping and Subsidy Manual - December 2021](#).

## 10. Public record

The Commissioner must maintain a public record for this inquiry. The EPR on the commission's website ([www.adcommission.gov.au](http://www.adcommission.gov.au)) contains, among other things, a copy of all non-confidential submissions from interested parties.

## 11. Submissions

Interested parties, as defined in section 269T(1), are invited to lodge written submissions concerning the continuation of the measures, no later than **28 September 2022**, being 37 days after publication of this notice. The commission's preference is to receive submissions for this inquiry by email to [investigations4@adcommission.gov.au](mailto:investigations4@adcommission.gov.au).

Submissions may also be addressed to:

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

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

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

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

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

## 12. Statement of essential facts

The dates specified in this notice for lodging submissions must be observed to enable the Commissioner to report to the Minister within the legislative timeframe. The Commissioner will place the SEF on the public record on or before **10 December 2022**,<sup>11</sup> that is, within 110 days after the publication of this notice, or by such later date as they may allow in accordance with section 269ZH(3).

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<sup>11</sup> As this day is a Saturday, the SEF will be published on the public record on or before the following business day, being **12 December 2022**.



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

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

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

The Commissioner will make a recommendation to the Minister in a report on or before **24 January 2023**, that is, within 155 days after the date of publication of this notice, or such later date as the Commissioner may allow in accordance with section 269ZH(3).

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

### **14. The commission contact**

Enquiries about this notice may be directed to the case manager on +61 2 6276 1013 or via email at: [investigations4@adcommission.gov.au](mailto:investigations4@adcommission.gov.au).

Isolde Lueckenhausen  
Acting Commissioner  
Anti-Dumping Commission

22 August 2022