



ANTI-DUMPING NOTICE No 2022/086

Customs Act 1901 (Cth) – Part XVB

Initiation of Continuation Inquiry No 611

Regarding the Anti-Dumping Measures

Applying to Zinc Coated (Galvanised) Steel

Exported to Australia from the People's Republic of China, the Republic of Korea and Taiwan

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 zinc coated (galvanised) steel (or 'the goods') exported to Australia from the People's Republic of China (China), the Republic of Korea (Korea) and Taiwan, is justified.

The anti-dumping measures are in the form of a dumping duty notice for China, Korea and Taiwan and a countervailing duty notice for China only (the notices).¹ The anti-dumping measures are due to expire on 6 August 2023 (the specified expiry day).²

Further details on the goods and existing anti-dumping measures are available on the Dumping Commodity Register on the Anti-Dumping Commission's (commission) website at: 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)*.³

¹ There are certain entities whose exports are not subject to dumping duties. These entities are Dongkuk Steel Mill Co Ltd and POSCO (both in Korea) as well as Sheng Yu Steel Co Ltd and Ta Fong Steel Co Ltd (both in Taiwan). Exports from the following entities in China are not subject to countervailing duties: Angang Steel Company Ltd, ANSC-TKS Galvanizing Co. Ltd, Yieh Phui Technomaterial Co. Ltd, Jianguyin Zongcheng Steel Co. Ltd and Shangdong Guanzhou Dingxin Plate Technology Co. Ltd.

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

³ All legislative references in this notice are to the *Customs Act 1901*, 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 less than 600mm and equal to or greater than 600mm, plated or coated with zinc;

and Flat rolled products of alloyed steel of a width less than 600mm and equal to or greater than 600mm, plated or coated with zinc exported from:

- China by Angang Steel Co., Ltd or Benxi Iron and Steel (Group) International Economic & Trading Co.; or - Taiwan by Yieh Phui Enterprise Co., Ltd.

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

- 7210.49.00 (statistical codes 55, 56, 57 and 58)
- 7212.30.00 (statistical code 61)
- 7225.92.00 (statistical code 38)
- 7226.99.00 (statistical code 71)

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 2018.⁵ Further details are in the table below:

Case	Anti-Dumping Notice (ADN)	Date ADN published	Country of export	Findings
Investigation No 190	2013/066	5 August 2013	China Korea Taiwan	Anti-Dumping measures imposed on exporters from China, Korea and Taiwan (except certain entities)
Anti-Circumvention Inquiries No 290 and No 298	2016/023	18 March 2016	China Korea Taiwan	Goods description varied to include alloyed galvanised steel exported by certain exporters
Review of Measures No 365, 366, 368, 371, 374, 376	2017/049	10 May 2017	China Taiwan	Variable factors varied for certain exporters
Review of Measures No 457	2018/094	12 July 2018	China Korea Taiwan	Variable factors varied for certain exporters
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 Korea Taiwan	Variable factors varied for certain exporters

⁴ 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.

⁵ Following *Anti-Dumping Commission Report No. 449*.

Case	Anti-Dumping Notice (ADN)	Date ADN published	Country of export	Findings
Review of Measures No 570	2021/134	17 November 2021	Taiwan	Variable factors varied for certain exporters

Table 1: Background to anti-dumping measures

Further details on these cases are available on the commission's website at: 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 2022.⁶ 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.⁷

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))
- 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 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
- is signed in the manner indicated by the form

⁶ ADN No [2022/047](#) refers.

⁷ Electronic Public Record (EPR) 611, document number 1.

- 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.⁸

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 the continuation or recurrence of dumping and/or countervailing of zinc coated (galvanised) steel from China, Taiwan and Korea and the continuation or recurrence of the material injury that the anti-dumping measures are intended to prevent.

In support of the above, 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 subject producers maintain extensive production capacity. This leads to excess capacity and low prices for the subject goods – high volume exporters and new participants will enter the market in the absence of trade measures due to a displacement of export volumes to open markets.
- 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 volume from subject countries 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 of the goods to Australia, BlueScope raised the points outlined below.

- 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 the subject countries is likely to continue.
- BlueScope obtained published data to estimate normal values in the subject countries, on a monthly basis.
- 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).⁹ In SEF 590 the commission identified 59 countervailable subsidies relevant to hollow structural steel (HSS) exported to

⁸ A copy of the instrument is on the commission's website.

⁹ EPR 590, [document number 29](#).

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 galvanised steel products 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 of the goods to Australia, BlueScope claimed:

- The expiration of measures will lead to reduced sales and reduced market participation rate.
- Given the substitutability of domestic like goods, the goods from the subject countries will likely undercut BlueScope's domestic selling prices.
- The expiry of the 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
 - capacity utilisation
 - return on investment and
 - other significant negative effects such as employment, wages, growth and investment.

BlueScope provided data and information to support its claims.

7. The commission's consideration

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 examined data from the Australian Border Force (ABF) import database and found that exports of the goods from the countries subject to measures have continued to export the goods to Australia. The commission considers there appear to be reasonable grounds for asserting that exporters in the subject countries would continue to export the goods, due to maintained distributions links into the Australian market.

Dumping and subsidisation

REP 521 confirmed that exporters from China and Taiwan continued to export the goods at dumped prices. In REP 521 the commission did not identify that exports of the goods from Korea were at dumped prices. Noting the information outlined in BlueScope's application regarding movements in both the normal value and export price for imports of the goods from Korea, the commission considers that dumping may recur.

Additionally, REP 521 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 the subject countries 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 purposes of this inquiry, the Commissioner will examine the period from 1 July 2021 to 30 June 2022 (the inquiry period) to determine whether dumping (China, Korea and Taiwan) and subsidisation (China only) have occurred.

Following the inquiry, the Commissioner will recommend to the Minister whether each of the notices should:

- (i) remain unaltered
- (ii) cease to apply to a particular exporter or to a particular kind of goods
- (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 characteristics that will be used to compare the goods exported to Australia and the like goods sold domestically in the country of export. 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.

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

Item	Category	Sub-Category	Identifier	Sales Data	Cost Data
1	Alloy content	Alloy	A	Mandatory	Not applicable
		Non-alloy	NA		
2	Prime	Prime	P	Mandatory	Not applicable
		Non – Prime	N		
3	Steel Base	Hot Rolled	H	Mandatory	Mandatory
		Cold Rolled	C		
4	Coating Type	Zinc Coated (Z)	Z	Mandatory	Mandatory
		Zinc / Iron Alloy Coating (ZF / F)	F		
5	Coating Mass	<= 100 g/m ²	1	Mandatory	Mandatory
		>100 g/m ² to <= 220 g/m ²	2		
		> 220 g/m ² to <= 300g/m ²	3		
		>Z300 g/m ² to <= 400 g/m ²	4		
		>400 g/m ²	5		
6	Steel Grade	G2 / SGCC / SGHC	A	Mandatory	Mandatory
		G3 / SGCD	B		
		G250 / SGC 340 / SGHC 340 / SGC 340 / SGHC 340	C		
		G300 / G350 / SGC 400 / SGHC 400 / SGC 440 / SGCH 440 / SGC 490 / SGHC 490	D		
		G450 / G500	E		
		G550 / SGC 570	F		
		Other	G		
7	Base Metal Thickness (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 < 1.50 mm	5		
		=> 1.50 mm to < 2.00 mm	6		
		=> 2.00 mm to <2.50 mm	7		
		=> 2.50 mm	8		
8	Width	< 600 mm	A	Mandatory	Optional
		=> 600 mm to <= 1220mm	B		
		> 1220mm	C		
9	Form	Coil	C	Mandatory	Optional
		Sheet	S	Mandatory	Optional

Table 2: 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**.¹⁰

¹⁰ Further information regarding the application of MCC structures is provided at Chapter 14 in the Anti-Dumping Commission *Dumping and Subsidy Manual*, available at www.adcommission.gov.au

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).

10. Public record

The Commissioner must maintain a public record for this inquiry. The EPR on the commission's website (www.adcommission.gov.au) contains, among other things, a copy of all non-confidential submissions from interested parties. Documents hosted on the EPR can be provided upon request to interested parties.

11. Submissions

I invite interested parties, as defined in section 269T(1), to lodge written submissions with me concerning the continuation of the measures, no later than **28 September 2022**, being 37 days after the date of publication of this notice. The commission's preference is to receive submissions by email for this inquiry to investigations4@adcommission.gov.au.

Submissions may also be addressed to:

The Director, Investigations Unit 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**,¹¹ that is, within 110 days after the publication of this notice, or by such later date as they may allow in accordance with section 269ZHI(3).

¹¹ 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. Contacting the commission

Enquiries about this notice may be directed to the case manager on +61 2 6276 1013 or investigations4@adcommission.gov.au.

Isolde Lueckenhausen
Acting Commissioner
Anti-Dumping Commission

22 August 2022