ATTACHMENT A
Application for Continuation of a Dumping Duty Notice
Galvanised Steel exported from China, Korea, and Taiwan

The application must include a detailed statement setting out reasons for seeking continuation of the anti-dumping measure. Applicants must provide evidence addressing whether, in the absence of measures, dumped or subsidised imports would cause material injury to the local industry producing like goods.

i. Will the dumping or subsidisation continue, or recur?

BlueScope submits that sufficient evidence exists for the Commission 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 China, Korea, and Taiwan; and a continuation of subsidisation of the goods exported from China.

In assessing the likelihood of dumping continuing or recurring, the Commission's Dumping and Subsidy 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).[1] 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.

- **Anti-dumping actions by other countries**

Overview

Various trade measures exist in countries that import significant volumes of galvanised steel from the countries subject to this application. BlueScope considers that trade measures in other jurisdictions would likely lead to trade diversion, for the reasons outlined further below at ii.

World Trade Organisation Assessment

According to the World Trade Organisation (**WTO**) *Integrated Trade Intelligence Portal*, a total of fifty-two anti-dumping measures are currently imposed by WTO member countries on galvanised steel from China, Korea, and Taiwan as classified to the six-digit tariff subheadings for 721049 and 721230.[2]

Major Jurisdictions

Anti-Dumping Measures – United States

On 25 May 2016, the United States (**U.S.**) Department of Commerce announced its affirmative final determinations in the antidumping duty (**AD**) and countervailing duty (**CVD**) investigations of imports of corrosion-resistant steel products (**CORE**) from China, India, Italy, and Korea; its affirmative final determination in the AD investigation of imports of CORE from Taiwan; and its negative final determination in the CVD investigation of imports of CORE from Taiwan.

[1] Dumping and Subsidy Manual, December 2021, p. 137.
[2] Non-Confidential Attachment 1: WTO Integrated Trade Intelligence Portal; Galvanised steel trade remedies against China, Korea, and Taiwan (extract made 07/06/2021).

This decision levied the following AD and CVD margins on Chinese, Korean, and Taiwanese exporters:[3]

Country	Exporter	AD	Exporter	CVD
China	Yieh Phui (China) Technomaterial Co., Ltd; Jiangyin Zongcheng Steel Co. Ltd.; Union Steel China; All Others	209.97%	Yieh Phui (China) Technomaterial Co., Ltd; All Others	39.05%
			Angang Group Hong Kong Company Ltd; Boashan Iron & Steel Co. Ltd.; Duferco S.A., Hebei Iron & Steel Group, and Tangshan Iron and Steel Group Co., Ltd.; Changshu Everbright Material Technology; Handan Iron & Steel Group	241.07%
Korea	Dongkuk Steel Mill Co., Ltd./Union Steel Manufacturing Co., Ltd.	8.75%	Union Steel Manufacturing Co. Ltd./Dongkuk Steel Mill Co., Ltd.	0.72%
	Hyundai Steel Company	47.80%	Dongbu Steel Co., Ltd./Dongbu Incheon Steel Co., Ltd.	1.19%
	All Others	31.73%	All Others	1.19%
Taiwan	Prosperity Tieh Enterprise Co., Ltd., Yieh Phui Enterprise Co., Ltd., and Synn Industrial Co., Ltd.	3.77%	Prosperity exporters	0.00%
	All Others	3.77%	Yieh Phui exporters	0.00%

On 13 December 2021, the U.S. International Trade Commission gave notice of the scheduling of the five-year sunset review to determine whether the revocation of the AD and CVD duty orders on CORE products from the above-noted countries would be likely to lead to continuation or recurrence of material injury within a foreseeable time.[4]

Anti-Dumping Measures – Canada

On 22 January 2019, the Canada Border Services Agency made its final determination on the dumping of certain corrosion-resistant steel sheet (including galvanised steel) from China, India, Korea, and Taiwan. This decision levied the following AD and CVD margins on Chinese, Korean, and Taiwanese exporters:[5]

Country	Exporter	AD Margin
China	Beijing Shougang Cold Rolling Co., Ltd. / Shougang Holding Trade (Hong Kong)	3.6%
	Bengang Steel Plates Co., Ltd. / Benxi Iron & Steel (Group) International Economic and Trading Co., Ltd.	18.4%
	BX Steel POSCO Cold Rolled Sheet Co., Ltd. / Benxi Iron & Steel (Group) International Economic and Trading Co., Ltd.	14.2%
	Jiangyin ZongCheng Steel Co., Ltd.	21.1%

[3] Non-Confidential Attachment 2: U.S. International Trade Administration; Fact Sheet – Commerce Finds Dumping of Imports of Corrosion-Resistant Steel Products from China, India, Italy, Korea, and Taiwan; Countervailable Subsidisation of Imports of Corrosion Resistant Steel Products from China, India, Italy, Korea, and No Countervailable Subsidisation of Imports of Corrosion Resistant Steel Products from Taiwan.

[4] Non-Confidential Attachment 3: Federal Register / Vol. 86, No. 236 / Monday, December 13, 2021 / Notices.

[5] Non-Confidential Attachment 4: Canada Border Services Agency; Statement of Reasons Concerning the Final Determination with respect to the dumping of Certain Corrosion-Resistant Steel Sheet from China, the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (Chinese Taipei), India and South Korea. February 6, 2019.

	Jingtang United Iron & Steel Co., Ltd. / Shougang Holding Trade (Hong Kong)	8.5%
	Yieh Phui {China) Technomaterial Co., Ltd.	15.6%
	All Other Exporters	53.3%
Korea	Dongbu Steel Co., Ltd.	9.0%
	All Other Exporters	40.0%
Taiwan	Prosperity Tieh Enterprise Co., Ltd.	11.0%
	Sheng Yu Steel Co., Ltd.	4.8%
	Yieh Phui Enterprise Co., Ltd.	3.2%
	All Other Exporters	33.2%

Anti-Dumping Measures – European Union

On 7 February 2018, the European Commission (**EC**) imposed definitive anti-dumping duties on imports of corrosion resistant steel (including galvanised steel) originating in China. This decision levied the following AD margins:[6]

Group	Exporter Company	AD Margin
HBIS	− Hesteel Co., Ltd Handan Branch − Handan Iron & Steel Group Han-Bao Co., Ltd − Hesteel Co., Ltd Tangshan Branch − Tangshan Iron & Steel Group High Strength Automotive Strip Co., Ltd	62.9%
Shougang Group	− Beijing Shougang Cold Rolling Co., Ltd − Shougang Jingtang United Iron and Steel Co., Ltd	46.2%
Shagang Group	− Zhangjiagang Shagang Dongshin Galvanised Steel Sheet Co., Ltd − Zhangjiagang Yangtze River Cold Rolled Steel Sheet Co., Ltd	56.4%
Other	− Other cooperating companies	58.7%
Other	− All other companies	62.9%

On 16 May 2022, the EC gave notice that unless a continuation review was initiated for the above, the anti-dumping measures would expire on 9 February 2023.[7]

Other Trade Defence Mechanisms

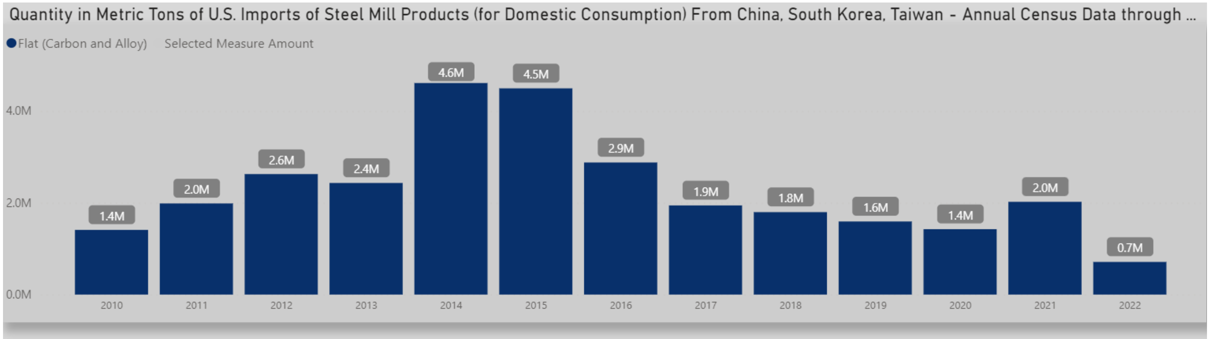
In addition to the anti-dumping measures applying to galvanised steel exported to various countries from China, Korea, and Taiwan (as identified above), BlueScope notes that the following trade measures exist in the largest export markets for galvanised steel exported from the subject countries:

1. The U.S. imposed an ad valorem tariff of 25 per cent on 'steel articles' or products (**section 232 tariffs**) imported on and from 23 March 2018.[8] The steel articles include galvanised steel.[9] 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 U.S. in the near future.

   The U.S. has historically been a large export market for galvanised steel products and has been directly impacted by the U.S. Section 232. The effect of the U.S. Section 232 action reducing flat carbon steel imports (which includes galvanised steel) into the U.S. from China, Korea, and Taiwan has been profound,

[6] Non-Confidential Attachment 5: Commission Implementation Regulation (EU) 2018/186 of 7 February 2018.
[7] Non-Confidential Attachment 6: Notice of impending expiry of certain anti-dumping measures (2022/C 197/04). 16 May 2022.
[8] Refer https://www.federalregister.gov/. Following implementation, imports from several countries were subsequently exempted from this tariff, however, imports from China and Taiwan were not exempt from the tariff, and Korea became subject to quota limits.
[9] 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.

as highlighted by the U.S. Steel Import Monitoring data service 'SIMA'. An extract from SIMA below shows that subject country exports of flat steel has fallen dramatically, from highs of approximately 4.5 million metric tonnes just prior to the imposition of anti-dumping duties and the section 232, to just 700 thousand tonnes for the first 4 months of 2022:[10]



Countries View | Products View

Quantity in Metric Tons of U.S. Imports of Steel Mill Products (for Domestic Consumption) From China, South Korea, Taiwan - Annual Census Data through ...

Country	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Total
South Korea	802,300.4	1,136,045.6	1,459,678.2	1,306,174.3	2,071,125.8	2,435,197.4	2,106,235.3	1,078,887.0	1,225,890.3	1,168,173.5	996,310.4	1,321,076.6	420,141.6	**17,527,236.3**
China	333,027.1	533,092.9	679,315.7	689,039.6	1,814,019.7	1,347,247.1	174,503.8	168,538.9	127,390.8	120,965.1	106,602.2	140,698.1	92,365.9	**6,326,806.7**
Taiwan	272,873.4	316,180.0	485,805.1	436,027.1	724,055.8	710,559.9	597,065.5	694,587.9	442,445.3	302,798.0	322,037.8	558,616.0	197,844.8	**6,060,896.5**
Total	**,408,200.9**	**1,985,318.4**	**2,624,799.0**	**2,431,241.0**	**4,609,201.4**	**4,493,004.4**	**2,877,804.6**	**1,942,013.8**	**1,795,726.3**	**1,591,936.6**	**1,424,950.3**	**2,020,390.6**	**710,352.2**	**29,914,939.5**

The significant loss of galvanised steel export volumes to the U.S. has meant that subject country producers have excess capacity to export goods to open economies, such as Australia.

2. To mitigate trade diversion to the European Union (**EU**) in light of the U.S. section 232 measure, the EU imposed provisional safeguard measures on 18 July 2018,[11] made final on 31 January 2019.[12] In imposing these provisional safeguard measures, the EU concluded that the U.S. tariff on steel was likely to cause considerable trade diversion of steel originally destined for the U.S. market to the EU market. The EU's safeguard measures are in the form of 'tariff-rate quotas', whereby a 25 per cent tariff duty applies only if the import volume exceeds the quota specified in the relevant EU regulations. Exports of galvanised steel are categorised as 'metallic coated sheets' under product number 4 (A and B). These safeguard measures were initially set to remain in effect until 30 June 2021; however, the EU has extended these measures for an additional three years until 30 June 2024.[13]

3. On 30 June 2021, the UK (which had the same steel safeguard as the EU since 2018) continued the safeguard measures applying to certain steel products, which included galvanised steel.[14] 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.[15] Subsequent to this revision, on 29 June 2022 the UK extended the safeguard until 30 June 2024.[16]

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[10] https://www.trade.gov/data-visualization/us-steel-import-monitor

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

[12] 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).

[13] 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.

[14] Trade Remedies Notice 2021/01: safeguard measure: tariff-rate quota on steel goods.

[15] Trade Remedies Notice 2021/03: safeguard measure: tariff-rate quota on steel goods.

[16] https://www.gov.uk/government/speeches/uk-steel-safeguard-international-trade-secretarys-statement-29-june-2022

- **Current normal values in the exporting countries**

In Review 521 (**REV 521**), the Commission determined that the variable factors for India, Malaysia, and Vietnam had changed from the original investigation, and imposed the following revised interim dumping (**IDD**) and countervailing (**ICD**) duties:

Country	Exporter	Duty method – IDD	Effective rate of IDD[182]	Duty method – ICD	Rate of ICD
China	Shandong Guanzhou Dingxin Plate Technology Co. Ltd	Floor price	0.0%		N/A
	Guanxian Hongshun Composite Material Co., Ltd	Floor price	0.0%	Proportion of export price	0.0%[183]
	Jiangyin Zongcheng Steel Co., Ltd.	Combination	8.9%		N/A
	All other exporters	Combination	12.0%	Proportion of export price	12.1%
India	All other exporters	Combination	8.5%	Proportion of export price	4.3%
Korea	KG Dongbu Co. Ltd	Floor price	0.0%		N/A
	All other exporters	Floor price	0.0%		N/A
Malaysia	All other exporters	Combination	16.5%		N/A
Taiwan	Chung Hung Steel Corporation	Floor price	0.0%		N/A
	Prosperity Tieh Enterprise Co., Ltd	Floor price	0.0%		N/A
	Yieh Phui Enterprise Co Ltd	Combination	5.3%		N/A
	All other exporters	Combination	8.6%		N/A
Vietnam	China Steel Sumikin Vietnam Joint Stock Company	Floor price	0.0%		N/A

Non-Confidential Table 1: Reproduced SEF 521 Dumping Margins Summary

In the determination of new normal values for a likely continuation inquiry period ending 30 June 2022, BlueScope has assessed Chinese, Korean, and Taiwanese home market prices from [*commercial-in-confidence data source*]. Commencing the period following REV 521, monthly prices can be represented as follows:

[*Confidential Chart 1: Subject Country Normal Values*]

BlueScope refers the Commission to Confidential Attachment 7 for full details.

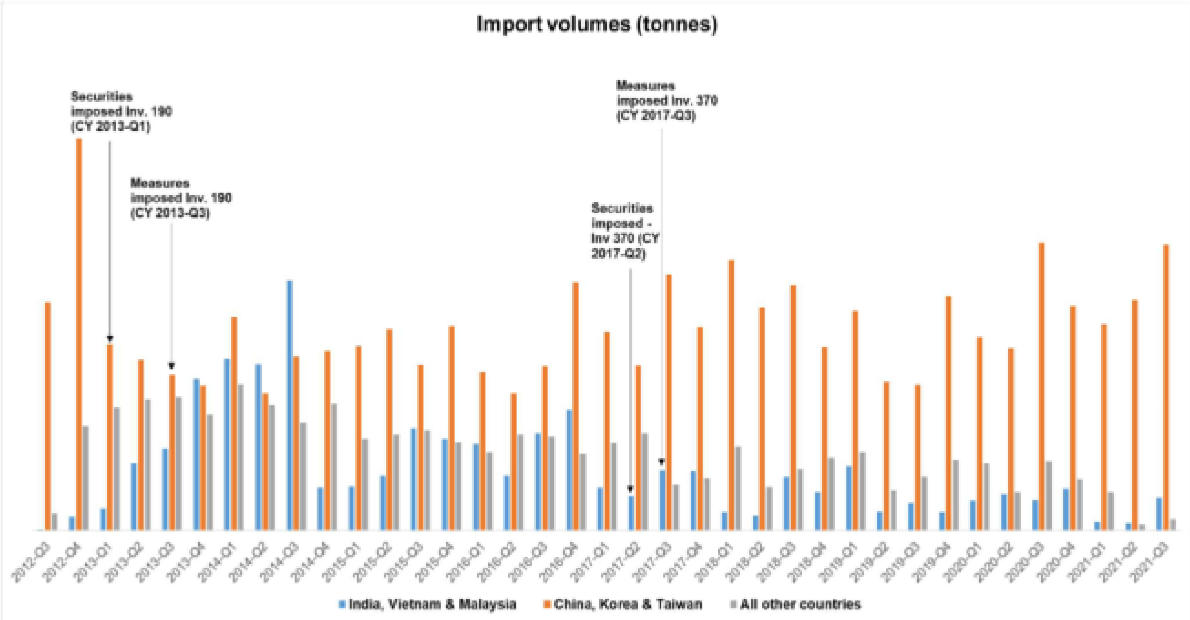
- **Whether exports have continued post the imposition of measures, and estimates of export price**

Exports from the subject countries have continued post the imposition of measures. BlueScope provides at Confidential Appendix A-2 an estimate of these volumes and consequent export prices.

- **Whether exporters have maintained distribution links in Australia**

The existence of ongoing subject country export trade to the Australian market indicates the presence of well-utilised distribution links. The continued export activity via these established export pathways presents an opportunity for Chinese, Korean, and Taiwanese exporters to quickly increase sales volume of dumped and injurious galvanised steel if the measures are removed.

In Statement of Essential Facts 592 (**SEF 592**)[17] the Commission noted that since October 2016, exporters of the subject goods from China, Korea, and Taiwan have maintained the second largest share of the Australian galvanised steel market.[18] SEF 592 represented subject country trade in the goods to Australia on a quarterly basis, following the imposition of securities in Investigation 190 (**INV 190**):



Non-Confidential Chart 2: Reproduced SEF 592 Quarterly Volume Assessment

SEF 592 also tabled the percentage share of total import volumes of the subject goods from China, Korea, and Taiwan (collectively), and all other countries;[19] highlighting that since the imposition of measures under INV 190, the collective subject countries have held an average share of 60.4 per cent, and that for the 12 months ending September 2020 compared to September 2021, that share had increased from 71.4 per cent to 82.7 per cent.[20]

- **Whether exporters retain excess capacity for direction to Australia**

Summary

Subject country galvanised steel producers have the capacity to export a substantial volume of subject goods to the Australian market in the event of the expiration of the measures. Subject producers maintain extensive production capacity, and they have the means and motive to export substantial volumes of galvanised to Australia. Given the attractiveness of the Australian market, they would not hesitate to do so without the discipline of the measures.

Continuation Inquiry 449

In the first five-year review (**CON 449**),[21] the Commission established that spare capacity for the production of galvanised steel available to six of the eight cooperating exporters from China, Korea, and Taiwan during the inquiry period was in excess of the entire Australian market.[22] The Commission found that the excess

[17] Continuation of Anti-Dumping Measures applying to zinc coated (galvanised) steel exported to Australia from the Republic of India, Malaysia, and the Socialist Republic of Vietnam.
[18] SEF 592, p. 30.
[19] SEF 592, p. 38.
[20] SEF 592, p. 39.
[21] The period of investigation being 1 October 2016 – 30 September 2017.
[22] CON 449, Final Report, p. 40.

capacity/spare volume of cooperating Chinese exporters was in excess of 70 per cent of the Australian market,[23] and that Taiwan had significant excess capacity for the production of galvanised steel during the inquiry period.[24]

At the time of CON 449, the excess capacity of subject exporters was significant. Given this large amount of available capacity, which BlueScope asserts will not have materially altered since CON 449, Chinese, Korean, and Taiwanese galvanised steel producers will certainly seek to ship large and growing volumes of the subject goods to the Australian market if the measures are discontinued. Subject country producers continue to have strong incentives to operate their facilities at high-capacity utilisation levels, as doing so lowers per-unit costs. These circumstances, plus the attractiveness of the Australian market, creates significant incentives for subject goods producers to manufacture significant amounts of dumped galvanised steel for export to Australia.

BlueScope agrees with (and further critiques below) the Commission's assessment that spare capacity has remained a feature of the Asian steel market generally and will continue dominating the steel landscape for the foreseeable future.

Global Capacity Developments

An analysis of excess capacity in the subject goods industry requires consideration of both overcapacity in the industry specifically, and the steel industry more generally. Overcapacity in the steel industry is the subject of continual critique, yet the conclusions remain the same – global excess capacity is one of the biggest challenges facing steel producers, which much of that capacity being artificially sustained by market-distorting policies and practices.

Earlier Commentary & Analysis

The Organisation of Economic Cooperation and Development (**OEDC**) has noted that whilst global steel-making capacity (in nominal terms) decreased from 2015 to 2018, available information suggested that capacity had been increasing for the first time since 2014.[25] In addition, steel investment project announcements suggested that global gross steel capacity was currently expanding by 17.3 million tonnes, with a further 26.63 million tonnes in the planning stages.[26] Fully implemented, this would add approximately 44 million metric tonnes of new global steel-making capacity within the next three years.[27]

The Commission's Analysis of Steel and Aluminium Markets Report to the Commissioner of the Anti-Dumping Commission[28] found that ongoing excess capacity is a significant challenge for the global steel industry, particularly in Asia. In relevant part:

> *Excess capacity – a problem that afflicts the steel industry – is a significant issue for the sector. The growing gap between global steelmaking capacity and demand has led to deterioration in the financial situation of steelmakers, and raised concerns about the longer-term economic viability and efficiency of the industry.*

The tipping point in global steel excess capacity was recognised by the OECD in April 2016. It noted that excess capacity is the biggest challenge facing the steel industry:

> *Excess steelmaking capacity – a global challenge that continues to grow – is creating significant difficulties for steel producers in advanced, emerging and developing economies alike. Low steel prices, weak profitability, trade disturbances in some jurisdictions, and an escalation of trade actions*

[23] Ibid, p. 45.
[24] Ibid, p. 48.
[25] Non-Confidential Attachment 8: *OECD Latest Development in Steel Making Capacity, 2020*. P. 9 (2.1.1 Global Summary).
[26] Non-Confidential Attachment 9: *Extending the EU Safeguard; Key Elements* (February 2021, p. 1).
[27] Ibid.
[28] https://www.industry.gov.au/data-and-publications/analysis-of-steel-and-aluminium-markets

> *against steel imports are some of the immediate impacts of excess capacity that are being felt by steel manufacturers around the world. These effects are pronounced due to the weakness of global steel markets and sluggish growth prospects. Alleviating excess capacity would lead to improved and more stable business conditions, and allow the industry to face a number of long-term challenges more effectively.*[29]

At the March 2018 OECD Steel Committee meeting, it was further noted that: [30]

> *New investment projects continue to take place around the world and global steelmaking capacity could increase by 2.0% between 2018 and 2020 in the absence of any further closures. Global excess capacity is expected to continue to be a major challenge for the global steel industry—calling for urgent, accelerated actions to reduce it. Economies at the heart of the increase in capacity have an important role in this regard, and those increasing capacity should do so strictly in line with demand to avoid an exacerbation of the problem.*

In March 2019, the OEDC Steel Committee again *…expressed concerns about the low growth prospects for the global economy and global steel markets, noting that decelerating demand growth and virtually unchanged steelmaking capacity result in a persistence of severe excess capacity in the steel sector.*[31]

On 25 November 2019 the South East Asian Iron and Steel Institute (**SEAISI**) highlighted that the ASEAN region is slated to significantly increase its overall steelmaking capacity.[32] SEAISI forecasts an alarming increase across the region from the current existing capacity of [*XX*] million metric tonnes, to [*XX*] million metric tonnes.[33] This will be driven primarily by Chinese investment,[34] the steel industry of which is not impartial to ignoring the economic and fiscal impacts of unmitigated steel manufacture.

Current Commentary & Analysis

The OECD's 2021 *Latest Developments in Steelmaking Capacity* report concludes that steel capacity continues to expand in key producing economies, and that new plants are being built in economies that previously had little or no steel production. Its key findings are:[35]

- Global crude steelmaking capacity increased by 37.6 million metric tonnes (**mmt**), or 1.6%, in 2020 despite extremely weak market conditions. Over the past two years, global capacity has increased by a total of 73.7 mmt. Asia and the Middle East accounted for almost all of that growth.

- Because of falling production and demand for steel, the global capacity increase led to a worsening excess capacity situation for the world steel industry in 2020. The gap between global capacity and production increased 624.9 mmt in 2020.

- Capacity is expected to continue expanding over the next few years. Many investment projects continue to take place around the world: for example, a total of 45 mmt of capacity is currently underway for completion over the next three years (2021-23) while an additional 68.7 mmt is in the planning stages. Should all these projects be realised, global steelmaking capacity could increase by almost 5% between 2021 and 2023 in the absence of closures, clearly adding to supply side pressures for the steel industry.

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[29] OECD, High-Level Meeting, Excess Capacity and Structural Adjustment in the Steel Sector: Background Note No. 2: "Capacity Developments in the World Steel Industry" (April 18, 2016) at p. 2.
[30] OECD, "Statement by Lieven Top, Chair of the OECD Steel Committee", 84th Session of the OECD Steel Committee, (5-6 March 2018).
[31] OECD, "Statement by Mr Jai Motwane, Vice Chairman of the OECD Steel Committee", 86th Session of the OECD Steel Committee, (25-26 March 2019).
[32] Confidential Attachment 10.
[33] Ibid.
[34] Ibid.
[35] Non-Confidential Attachment 11: *OECD Latest Development in Steel Making Capacity, 2021*. P. 5 (Introduction and key findings).

- Excess capacity pressures have emerged, and are getting worse, in regions that previously had strong steel demand and positive prospects for market growth; there are growing concerns in Southeast Asia for instance as capacity growth outpaces demand, supported by foreign investment particularly from China. These emerging problems, and the longevity of capacity once installed, highlight the need to address excess capacity issues early on.

During 2020, most steelmaking capacity additions took place in Asia, where an additional 28.8 mmt of capacity was deployed.[36] Information on gross capacity additions expected in 2021-2023 suggests 45.0 mmt is currently under construction around the world, and that Asia and the Middle East are likely to experience a considerable increase in steelmaking capacity over the next few years.[37]

In Asia specifically, steelmaking capacity increased by 28.8 mmt in 2020, representing growth of 1.8 per cent from 2019. Capacity growth is expected to continue over the next few years, supported by several investment projects that are underway or in the planning stages, with production operations expected to start during the three-year period of 2021-2023. The projects that are now underway could add an additional 18.6 mmt of steelmaking capacity by 2023 (in gross terms), bringing Asia's total capacity to 1,664.9 mmt (+1.1% during the three-year period) in the absence of closures.[38]

Within China, several new capacity investments are being made:[39]

> *With regard to investments in BOF capacity in China, Anyang Zhoukou Steel is constructing a new BOF plant with 1.75 mmt in Henan province, and its completion date has been postponed to 2021 from 2020* (reference omitted). *In addition, Baosteel Zhanjiang Iron and Steel is constructing a new BOF plant with capacity of 3.6 mmt which is scheduled to become operational in 2021* (reference omitted).
>
> *With regard to investments in EAF capacity, in the Sichuan province, Luzhou Xinyang Steel and Sichuan Jinsheng Steel started operations at their new EAF plants in 2020, which have steelmaking capacities of 2.0 mmt and 1.0 mmt, respectively. Also, Fujian Dingsheng Iron and Steel installed an EAF with 2.0 mmt of capacity in Fujian province in 2020* (reference omitted). *In Guangxi Zhuang Autonomous Region, Wuzhou Yongda Iron and Steel commissioned a new EAF plant in December 2020 with steelmaking capacity of 1.0 mmt* (reference omitted). *In the Guangdong province, Heyuan Derun Iron and Steel has plans to replace existing EAFs with new EAFs. Although these facilities are expected to become operational in summer 2021, their capacity levels are still unknown* (reference omitted).

China's hot-rolled coil capacity expansion is set to gain pace in 2022-2023. According to a recent article [*commercial-in-confidence source and quoted narrative*].[40]

Within South-East Asia, concerns are growing about the emergence of significant excess capacity in the region. For example, SEAISI published a recent article noting its grave concerns for overcapacity in the region in October 2020, noting that total steelmaking capacity in the ASEAN region could increase to about 151 mmt, taking into account investments from China, which could be up to 50 mmt, and joint ventures with foreign investors and local companies. Because of these investments, total excess capacity will be more than 60 mmt by 2026 and it will take about 20 years for demand to catch up with this capacity level.[41]

Other noteworthy capacity developments in the subject countries over the period since the imposition of the original measures include the following:

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[36] Ibid, p. 9.
[37] Ibid, p. 10.
[38] Ibid, p. 12.
[39] Ibid, p. 12-13.
[40] Confidential Attachment 12.
[41] Non-Confidential Attachment 11: *OECD Latest Development in Steel Making Capacity, 2021*. P. 15-16.

China. Several members of the Chinese metallic coated steel industry have added significant amounts of production capacity since the original investigation:

- In September 2014, Maanshan Iron & Steel Co. began investing 1.3 billion yuan (US$209.7 million) in a galvanizing line project. The project was reported to have an annual output of 320,000 metric tonnes of galvanized steel that was suitable for home appliances and automobiles. Maanshan's galvanizing line was completed and went into trial production on May 27, 2017.[42]

- Shougang Group Co. has established a new galvanized production line to make high strength sheets for automobiles.[43]

- Shangruo Taiji Group invested 3 billion yuan (US$434.1 million) in a steel strip project in January 2019. The project is expected to have an annual output of 3 million tonnes of cold-rolled galvanized steel strips.[44]

- The Rongding Franchenggang Galvanized Steel Manufacturing Project commenced in the Fangchenggang Municipality in May 2020. The project will cost 3.5 billion yuan (US$507.2 million) and is divided into two phases. Phase One of the project will result in production facilities with an annual production of 600,000 metric tonnes of hot-dip galvanized steel strip and 800,000 metric tonnes of hot-dip galvanized profile processing projects. Phase Two of the project will result in production facilities with an annual output of 200,000 metric tonnes of precision galvanized steel strips, galvanized steel pipe, and other related products.

Korea. The Korean metallic coated steel industry has added significant production capacity since the measures were imposed. For example:

- In 2017, POSCO announced the completion of a new continuous galvanizing line in Gwangyang. The production line has an announced annual production capacity of 500,000 metric tonnes.[45]

- In 2017, POSCO also significantly expanded the capacity of one of its furnaces from 4350 million cubic meters to 5600 million cubic meters, making it the fifth largest blast furnace in the world, with a capacity to produce 15,000 metric tonnes of molten steel in a single day.[46] The increase in this capacity should facilitate POSCO plans to increase its metallic coated steel production.

Taiwan. Taiwanese producers have also added capacity to produce metallic coated steel:

- In May 2021, Taiwanese producer Prosperity Tieh entered into an agreement to build a new high-capacity pickling and galvanizing line for hot-rolled carbon steel strip. Start-up of the line is planned for mid-2023.[47]

- Taiwanese producer Yutie Enterprise acquired a large-capacity galvanizing line for its Kaohsiung plant. The new line will produce hot-dip galvanized coils.[48]

<u>*Galvanised Steel Capacity Implications*</u>

BlueScope contends that overcapacity in the global steel market generally has an impact on the subject goods

[42] Non-Confidential Attachment 13: Noteworthy Capacity Developments.
[43] Ibid.
[44] Ibid.
[45] Ibid.
[46] Ibid.
[47] Ibid.
[48] Ibid.

specifically. Such global excess capacity leads to excess capacity and low prices for the subject goods. It is highly likely then that this global oversupply translates to a displacement of export volumes to open markets, making Australia an attractive destination for dumped and injurious excess galvanised steel.

Confidential Appendix A2 evidences the ongoing trade of the subject goods into the Australian market, and by extension the excess Chinese, Korean, and Taiwanese capacity that drives it.

BlueScope asserts that galvanised steel excess capacity in the subject countries has not lessened to any extent since the CON 449 findings. This excess capacity, over and above domestic demand, has meant that producers will seek to offload excess production by exporting the subject goods to Australia at dumped and injurious levels.

The current annual capacities of galvanised steel producers from China, Korea, and Taiwan are conservatively estimated as follows:[49]

COUNTRY	PRODUCER	METALLIC COATED STEEL CAPACITY (MT)
CHINA	WUHAN I&S CO	[*XXXX*]
	Yichang Three Gorges Quantong Co., Ltd.	[*XXXX*]
	ANSHAN IRON & STEEL	[*XXXX*]
	BAOSHAN I&S CO LTD	[*XXXX*]
	BAOSTEEL-NSC AUTOM. STEEL SHEETS	[*XXXX*]
	SHOUGANG JINGTANG UNITED I&S	[*XXXX*]
	HANDAN I&S CO LTD	[*XXXX*]
	SHOUGANG I&S GROUP	[*XXXX*]
	MAANSHAN I&S CO	[*XXXX*]
	YIEH PHUI TECHNOMATERIAL CO LTD	[*XXXX*]
	BAOTOU I&S	[*XXXX*]
	TKAS AUTO STEEL	[*XXXX*]
	TANGSHAN I&S CO	[*XXXX*]
	PANHUA GROUP CO, LTD	[*XXXX*]
	BENXI IRON & STEEL	[*XXXX*]
	TANGGANG AUTO SHEET CO	[*XXXX*]
	CHANGZHOU EVERBRIGHT	[*XXXX*]
	BX STEEL POSCO COLD R. SHEET	[*XXXX*]
	GUANGZHOU JFE ST. SHEET	[*XXXX*]
	JIUQUAN I&S GROUP CO LTD	[*XXXX*]
	BAOSTEEL ZHANJIANG I&S	[*XXXX*]
	RIZHAO IRON & STEEL	[*XXXX*]
	TIANJIN XINYU COLOR SHEET LTD	[*XXXX*]
	TANGSHAN BAINITE	[*XXXX*]
	SUTOR TECHNOLOGY	[*XXXX*]

[49] Confidential Attachment 14: China, Korea, Taiwan Metallic Coated Steel Capacities

	CHONGQING I&S CO	[*XXXX*]
	PANZHIHUA I&S GROUP CO	[*XXXX*]
	UNION STEEL CHINA	[*XXXX*]
	HENGTONG JINGMI SHEET	[*XXXX*]
	VALIN ARCELORMITTAL AUTOMOTIVE	[*XXXX*]
	TANGSHAN HENGTONG	[*XXXX*]
	JIANGSU SHAGANG GROUP	[*XXXX*]
	POSCO GUANGDONG AUTOMOTIVE STEEL	[*XXXX*]
	HUNAN VALIN LIANYUAN I&S	[*XXXX*]
	ANGANG GUANGZHOU AUTO SHEET	[*XXXX*]
	BAOSTEEL MEISHAN	[*XXXX*]
	CHONGQING POSCO CISC AUTOMOTIVE	[*XXXX*]
	SHANDONG I&S GROUP RIZHAO	[*XXXX*]
	ANYANG I&S GROUP	[*XXXX*]
	BAOSTEEL STAINLESS STEEL BRANCH	[*XXXX*]
	JINAN I&S GROUP	[*XXXX*]
	Tianjin AnSteel Tiantie Cold Rolled Sheet	[*XXXX*]
	MAGANG HEFEI STEEL	[*XXXX*]
	NANJIGUANG STEEL	[*XXXX*]
	SHOUGANG TONGHUA I&S	[*XXXX*]
	TIANJIN METALLURGICAL I&S	[*XXXX*]
	CHENGDU STEEL & VANADIUM (PANGANG)	[*XXXX*]
	ZHEJIANG SOUTHEAST METAL SHEET	[*XXXX*]
	FUJIAN NEW MATERIAL	[*XXXX*]
	XINYU I&S CO	[*XXXX*]
	BLUESCOPE STEEL	[*XXXX*]
	BAOSTEEL BAYI I&S	[*XXXX*]
	TANGSHAN BINFEN	[*XXXX*]
	DALIAN POSCO CFM	[*XXXX*]
	KUNMING I&S CO, LTD	[*XXXX*]
	XINDAZHONG SHEET	[*XXXX*]
	SHUNDE POSCO COATED STEEL	[*XXXX*]
	ZHANGJIAGANG GANGXING NEW MATERIAL	[*XXXX*]
CHINA Total		**[*XXXX*]**
KOREA	POSCO	[*XXXX*]
	HYUNDAI STEEL	[*XXXX*]
	DONGBU STEEL	[*XXXX*]
	DK UNION STEEL	[*XXXX*]
	POHANG COATED AND COLOR STEEL	[*XXXX*]

	SEAH STEEL CORP	[*XXXX*]
	HAEWON MSC	[*XXXX*]
	DONGKUK INDUSTRIES	[*XXXX*]
KOREA Total		**[*XXXX*]**
TAIWAN	CHINA STEEL CORP	[*XXXX*]
	YIEH PHUI ENTERPRISE CO LTD	[*XXXX*]
	PROSPERITY TIEH ENTERPRISE	[*XXXX*]
	SHENG YU STEEL CO	[*XXXX*]
	SHANG SHING STEEL (ex JENN AN)	[*XXXX*]
	ORNATUBE ENTERPRISE	[*XXXX*]
TAIWAN Total		**[*XXXX*]**
Grand Total		**[*XXXX*]**

Confidential Table 2 – China / Korea / Taiwan Metallic Coated Production Capacities

In Appendix A-2, BlueScope has estimated the size of the Australian market to be approximately [*XX*] thousand tonnes for the twelve months ending June 2022. This market size represents only [*XX*] per cent of the capacity of galvanised steel exporters from the subject countries. Excluding the Korean producers POSCO and Dongkuk/Union Steel (not subject to measures), overall capacity reduces slightly to [*XX*] million metric tonnes.

A further point of reference for the Commission is [*commercial-in-confidence source and quoted narrative*].[50]

The evidence is clear that, in the absence of effective trade measures, both previously high-volume exporters and likely new market participants from the named countries will return to the Australian market.

- **Continued Chinese Subsidisation**

BlueScope understands that the Government of China (**GOC**) continues to exert significant influence in the Chinese domestic steel industry, and that Chinese steel industry participants continue to receive countervailable benefits provided by the GOC at local, provincial, and national levels.

<u>Hollow Structural Sections (HSS) Continuation No. 590</u>

BlueScope notes the Commission's proposed recommendations in Statement of Essentials Facts 590[51] (**SEF 590**) to the Continuation Inquiry 590 (**CON 590**) involving HSS exported from China where it has concluded that the GOC continues to influence the Chinese domestic market for hot rolled coil (**HRC**), the key raw material input in the production of HSS.

SEF 590 detailed a total of 59 countervailable subsidies as being applicable to exports of HSS from China, as identified from an earlier HSS variable factors review inquiry.[52] During the course of CON 590, the Commission also identified an additional program under which countervailable subsidies were provided to Chinese exporters of the HSS goods.[53] SEF 590 then preliminarily determined that Chinese exporters of the goods were in receipt of countervailable subsidies by margins of between 8.4 and 51 per cent.[54]

[50] Confidential Attachment 15: Steel Sheet Products Monitor, June 2022.
[51] Statement of Essential Facts No. 590; Continuation of Anti-Dumping Measures applying to Hollow Structural Sections exported to Australia from China, Korea, Malaysia, and Taiwan.
[52] SEF 590, p. 79.
[53] Ibid.
[54] SEF 590, p. 10.

The Commission's SEF 590 findings in relation to the GOC's influence in the Chinese steel market, and therefore the extent of subsidisation, were that:[55]

> *The commission considers the GOC's involvement and influence over the steel industry to be a primary cause of the prevailing structural imbalances within both the broader steel industry and the HRC and HSS markets. The issuance of planning guidelines and directives along with provisions of direct and indirect financial support creates a domestic market that benefits domestic producers and supports inefficient enterprises, but does not support access and therefore competition from foreign producers.*
>
> *…*
>
> *The commission therefore considers that the GOC's historic and continued involvement in the Chinese steel industry, through its policies, planning guidelines, plans and directives, materially contributed to its steel industry's overcapacity, over supply and distorted structure during the inquiry period. It is the commission's view that these features have also limited foreign competition. When considered together, the state of affairs created by the GOC significantly affected the dynamics and price setting in the domestic market.*

Similar to HSS, HRC is the key raw material input used in the manufacture of galvanised steel. A finding that the GOC continues to exert influence in the HSS domestic market in China therefore similarly applies to the Chinese domestic coated steel market (which includes galvanised steel).

Macroeconomic View – China Industrial Policy Spending & Export Focus

BlueScope highlights with the Commission recent economic analysis and commentary suggesting that the GOC's industrial interventions continue to increase, as industrial policy is seen as vital to reducing China's economic dependence on other countries, while increasing their dependence on China.[56] According to the *Centre for Strategic and International Studies* (**CSIS**), Beijing's industrial initiatives have become more ambitious in recent years. In a recent study, the CSIS concluded that:[57]

- China's industrial policy spending is enormous, totalling at least 1.73 percent of GDP in 2019. This is equivalent to more than US$248 billion at nominal exchange rates and US$407 billion at purchasing power parity exchange rates. This is higher than China's defence spending for 2019, estimated at US$240 billion.

- China is an outlier; it spends far more on supporting its industries than any other economy. As a share of GDP, China spends over twice as much as South Korea, which is the second-largest relative spender. In dollar terms, China spends more than twice as much as the U.S.
- China's approach to industrial policy is exceptional, as Beijing is sustaining or increasing vertical industrial policy at a level of development when other economies have dialled back. China stands out in terms of both quantifiable spending as well as non-quantifiable policy tools.

In June 2022, *The Australian Strategic Policy Institute* assessed that:[58]

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[55] SEF 590, p. 136.
[56] Non-Confidential Attachment 16: *China spends far more than others to help favoured industries, report finds.* The Wall Street Journal, 23 May, 2022.
[57] Non-Confidential Attachment 17: Red Ink, Estimating Chinese Industrial Policy Spending in Comparative Perspective. Centre for Strategic & International Studies. May 2022. Accessible at https://www.csis.org/analysis/red-ink-estimating-chinese-industrial-policy-spending-comparative-perspective
[58] Non-Confidential Attachment 18: China's relentless export machine. Australian Strategic Policy Institute, The Strategist. 21 June, 2022.

> *China's trade surplus hit an extraordinary US$292 billion in the first five months of the year—more than double its pre-pandemic level—and its aggressive pursuit of export markets is likely to become a flashpoint in a slowing world economy.*
>
> *The Chinese export surge includes Australia, despite Beijing's continuing campaign of illegal trade sanctions against Australian exports.*
>
> *China's exports to Australia over the last reported five months were up 44% from a year ago, while Australia's shipments in the other direction were down 5%, despite soaring commodity prices.*
>
> *There is no hint of a concerted Western response to China's mercantilist strategy, which treats trade surpluses as a manifestation of national power. The World Trade Organization's rules place no restriction on either the preponderance of state-owned enterprises in the Chinese economy or the subsidies China extends to its private sector, which are fuelling its export boom.*

Specific to Chinese steel manufacturing, Platts/S&P Global have recently noted that:[59]

> *In order to revive China's manufacturing sector that took a blow from the pandemic, the government recently introduced a series of stimulus policies. Among the key measures include financing aid to manufacturers. A reduction in passenger car purchase tax has so far been the most direct and effective policy aiding the manufacturing sector.*
>
> *China's finance ministry May 31 cut the purchase tax to 5% from 10% for passenger cars of two liters and below, with a price tag under Yuan 300,000/unit ($45,000/unit). This tax will come into effect June 1 and will run through Dec. 31. According to Cui Dongshu, the secretary of the China Passenger Car Association, the purchase tax cut will boost China's passenger car retail sales by 2 million units over June-December, taking China's total retail sales in 2022 to 21 million units, up 4% on the year.*

Amongst others, this economic analysis and commentary highlights the ongoing prevalence and involvement of the GOC in Chinese industry broadly, and the steel industry specifically. Applied here, it is BlueScope's firm position that the GOC continues to influence the domestic market in China for galvanised steel through the broad range of countervailable policies and plans that result in Chinese domestic selling prices for galvanised steel being lower than they otherwise would be.

ii. Will material injury recur?

- **Volume and value of imports, and sources of imports**

BlueScope has provided Confidential Appendix A-2 with this application.

- **Sales and market shares of all suppliers**

BlueScope has referenced [*commercial-in-confidence data source*] galvanised steel export statistics in estimating sales volumes, values, and consequent market shares for the both the subject and non-subject countries in Confidential Appendix A2.

- **Performance of the local industry (profits, price trends, investment and employment)**

BlueScope has provided Confidential Appendix A-6 and Confidential Appendix A-7 as part of this application.

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[59] Confidential Attachment 19: S&P Global Commodity Insights; Platts SBB Steel Markets Daily. *China's manufacturing sector recovery to stay modest, weigh on steel demand*. P. 7.

- **Likelihood of material injury in the absence of anti-dumping measures**

Summary

BlueScope submits that in the event the anti-dumping measures applicable to galvanised steel exports from China, Korea, and Taiwan are allowed to expire on 5 August 2023, the Australian industry will suffer, and be threatened with a recurrence of, material injury that the measures are intended to prevent.

The Likely Volume of Imports Would be Significant

In evaluating the likely effects of subject imports, the Commission looks to assess whether the likely volume of the subject goods would be significant if the measures were to expire. The Commission also considers all economic factors relevant to the inquiry in making this assessment, such as production capacities (and existing unused capacity), market size and share, and changes in the structure and operation of the market since the measures were imposed.[60] Another important factor that the Commission has considered in past reviews and should again consider here is the extent to which subject producers are export oriented. As shown below and above, taken together, these factors indicate that the likely volume of galvanised steel exports from China, Korea, and Taiwan would be significant if the measures lapse.

Continuation 449

The Commission's market share assessment over the 2008 to 2017 period found that BlueScope had increased its market share steadily (albeit in a smaller market by volume), and that subject countries had largely maintained their share in the market, with imports from non-subject countries losing market share.[61] The salient points of the Commission's analysis were such that:[62]

- exports from China to Australia had dropped significantly following the imposition of the original measures. Volumes of galvanised steel from China to Australia had however increased significantly between 2015 and the CON 449 inquiry period;

- exports from Korea to Australia had dropped significantly following imposition of the original measures. Volumes then remained constant between 2013 and 2017; and

- exports from Taiwan to Australia had dropped significantly following imposition of the original measures. Volumes decreased from 2013 to 2015 before increasing sharply in 2016 and decreasing during the inquiry period.

The Commission's forward view for China in CON 449 was such that the increase in exports over the assessment period would have otherwise been greater in the absence of measures due to excess capacity and maintained distribution links.[63] In the case of Korea and Taiwan, the Commission considered it likely that future exports of galvanised steel would be dumped on the Australian market in the absence of the then current measures.[64]

Current Inquiry

BlueScope considers that the expiration of measures would likely lead to material injury to the Australian industry in the form of reduced sales and a reduced market participation rate. In the absence of measures, exporters from the subject countries are likely to increase export volumes to Australia.

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[60] Dumping and Subsidy Manual, November 2018, p. 176.
[61] CON 449 Final Report, p. 30.
[62] Ibid, p. 41.
[63] Ibid., p. 44.
[64] Ibid, p. 48.

As noted above, the Commission has previously found that the market share of imports from China, Korea, and Taiwan had decreased following the imposition of the original measures. It is therefore reasonable to conclude that in a price-sensitive market, the imposition of anti-dumping measures on the subject exporters had lessened their competitive advantage through dumped and subsidised prices. This is a clear demonstration of the restraining effect the anti-dumping measures had on imports from the subject countries.

The subsequent increase in volumes noted above was the result of variable factor review outcomes from *Anti-Dumping Commission Report No's 365, 366, 367, 368, 371, 372, 375, 376, 385, and 386* (**REP 365 et al**). In observing the impact of these, the Commission noted that:[65]

> *…the outcomes of REP 365 et al and REP 385 and 386 resulted in anti-dumping measures which proved to be favourable to certain exporters in the context of a rising market for both products. These outcomes appear to have been* ***a catalyst for an increase in export volumes from certain exporters (which proved to be dumped), a switch in source of export volumes (which proved to be dumped)*** *or for improved competitiveness on price.* [**emphasis** added].

The favourable anti-dumping outcomes from REP 365 et al was the revision downwards of dumping margins (in certain cases to nil), and the lowering of floor prices, for a multitude of low/nil volume subject country exporters. The legislative shortcoming that led to these outcomes was later remedied by *Customs Amendment (Anti-Dumping) Bill 2017*. In an immediate application of this new Bill, variable factors review no. 457 (**REV 457**) was conducted (aligning with the CON 449 investigation), revising upwards dumping margins and floor prices for subject country exporters.[66]

Demonstrated here is the effectiveness of anti-dumping measures on dumped and injurious galvanised steel exports to Australia, and that in their absence (or via a legislative loophole that permits similar), subject country producers will transact additional volumes through already well-established and well-utilised distribution links at materially dumped and injurious prices.

During the likely FY2022 continuation inquiry period, the SARS-CoV-2 (**COVID-19**) global pandemic that commenced in late 2019 has disrupted global demand and the supply of many products including steel, and the raw materials to produce it. BlueScope submits that had the COVID-19 not disrupted global supply chains, export volumes from the subject countries would have been higher. As supply chains stabilise, Australian industry sales volumes will become vulnerable from exports as a result of an increase in volumes.

The Commission has recently assessed the impact of COVID-19 on supply chains in HSS CON 590, noting:[67]

> *While the economic uncertainty driven by the COVID-19 pandemic is likely to continue in the short term, the commission does not consider that the growth in the Australian market experienced during the inquiry period is likely to be replicated on an ongoing basis.*
>
> …
>
> *The commission considers that the growth in the Australian market during the inquiry period was anomalous when assessed against the longer term trend. The commission expects that as the impacts associated with the pandemic recede, the Australian market will return to more normalised conditions, characterised by gradual growth over the long term, within the context of the shorter time variability inherent to the business cycle (i.e. variance within shorter time periods).*
>
> …

[65] CON 449, Final Report, p. 51.
[66] BlueScope's Confidential Appendix A2 evidences the import volumes trends resulting from, firstly, REP 365 et al, then consequently REV 457. The Chinese trend is particularly notable.
[67] CON 590 Statement of Essential Facts, p. 107-108, 109.

The commission considers the Australian industry remains susceptible to injury from dumping and subsidisation as those favourable conditions evident during the inquiry period likely dissipate over coming years.

These above conclusions can be similarly applied to galvanised steel exports to Australia; logistical bottlenecks that had been contributing to rapidly rising inventory levels in countries such as China and across Asia will eventually unwind, resulting in increased exports of the subject goods to Australia at materially injurious levels.

The above contemporary volume-related evidence is even more convincing than that on which the Commission relied upon in CON 449 to secure the continuation of galvanized steel measures against China, Korea, and Taiwan. No other conclusion is thus warranted in this regard other than for the Commission to extend the measures beyond August 2023.

As evidenced above, subject producers maintain extensive production capacity, and have the means, existing supply channels, and motive to export substantial volumes of galvanised steel to Australia. Given the attractiveness of the Australian market and its geographic proximity, they would not hesitate to do so without the discipline of the measures.

The Likely Price Effects Would be Significant

In considering the likely price effects of subject imports, the Commission considers whether there is likely to be significant underselling by the subject imports, and whether the subject imports are likely to enter the Australian market at prices that otherwise would have a significant depressing or suppressing effect on domestic like product prices. In this continuation review, the evidence relating to these factors demonstrates that the likely price effects of subject galvanised steel imports on the domestic like product would be significant.

Original Investigation – Investigation 190

The Commission's consideration of its injury determinations in the original investigation, reflecting the industry's condition prior to the imposition of measures, is important because that period was the most recent time during which imports of Chinese, Korean, and Taiwanese subject imports competed in the Australian market free of the discipline of interim dumping duties.

INV 190, with an inquiry period ending June 2012 and an injury assessment period spanning 2008 – 2012, found that the Australian industry had suffered material injury, and that there was a causal link between the material injury experienced and the dumped goods imported from the subject countries. The then Customs and Border Protection found that due to the dumped imports, BlueScope suffered injury in the form of lost sales volume, reduced market share, reduced sales revenues, price depression, price suppression, reduced profit and profitability, reduced return on investment, reduced production capacity, and reduced employment.[68]

The then Customs and Border Protection found that the Australian industry suffered injury during the investigation period due to exports of dumped and subsidised galvanised steel from the subject countries, and that this had resulted in a significant decrease in BlueScope's profit and profitability from 2009-10 with an exponential decrease occurring in 2011/12.[69] Conclusively:[70]

The lower import prices of China, Korea and Taiwan relative to all other countries demonstrate that greatest price pressure for BlueScope in setting IPP comes from countries selling at dumped prices. This

[68] INV 190, Final Report, p. 12-13, 121-122.
[69] Ibid, p. 121.
[70] Ibid, p. 118.

is demonstrated at a micro level for particular products and specific exporters, and also at a macro level by product group and country.

Continuation 449

The Commission found that Chinese, Korea, and Taiwanese galvanised steel exports during the inquiry period, when sold in the contested Australian market, undercut the prices obtained by the Australian industry.

For China, the Commission analysed pricing of galvanised steel exported to Australia and found those to be amongst the lowest prices in the market, competing directly with other exporting countries subject to the measures and with exporters from other countries which are also subject to measures.[71] For the Korean subject exporter Dongbu Steel Co. Ltd. (**Dongbu**), the Commission considered that Dongbu's exports were at dumped prices despite its claimed focus on sales in the domestic market and constrained manufacturing capacity. The Commission also found that Dongbu's prices were lower than most other exporters, including those subject to measures.[72] In relation to Taiwan, the Commission found that Taiwanese prices were below prices from China and Korea in three of the four quarters of the CON 449 inquiry period. Taiwanese prices were generally below those of galvanised steel originating from Korea and China. Taiwan exporters had also recently experienced significant growth in market share, and cooperating Taiwanese exporters had significant excess capacity.[73]

The Commission's forward view in CON 449 was that the dumping of galvanised steel exported from China, Korea, and Taiwan would place downwards pressure on prices in the Australian market, and that BlueScope would respond by reducing its own prices. The Commission considered it likely that material injury would be experienced by BlueScope as a result of the continuation and recurrence of dumping of galvanised steel exported from the subject countries.[74]

Current Inquiry

Given the substitutability of the domestic like goods and subject imports and price-based competition for galvanised steel in the Australian market, if the measures expire, a significant volume of dumped galvanised steel from China, Korea, and Taiwan would again substantially undersell the domestic like product to gain market share. In turn, this would depress and suppress domestic like product prices to a significant degree. With subject country exporters no longer bound by the measures (in particular, by a floor price in the combination duty method), a recurrence of the price injury experienced by the Australian industry in the original investigation period is highly likely.

The Australian market for galvanised steel remains highly price sensitive as a result of the substitutable nature of the domestic like product and the subject goods. Expiration of the measures would likely lead to a recurrence of injury to the domestic industry by negatively impacting both sales and prices. BlueScope submits that the significant excess capacity in subject country markets, and the close proximity of the Australian market, provides a strong incentive for subject exporter to adopt a lower export market profit strategy or a marginal cost pricing strategy in order to obtain market share in the Australian market.

Without the discipline of trade relief, unfairly traded galvanised steel imports would again be free to re-enter the Australian market unrestrained, and they would regain market share through underselling. This would suppress and depress prices, causing subject imports to adversely affect the profitability and stability of the domestic industry, just as they did prior to the imposition of the measures.

[71] CON 449 Final Report, p. 45.
[72] Ibid, p. 47-48.
[73] Ibid, p. 48.
[74] Ibid, p. 45-48.

Contemporary Foreign Jurisdictional Considerations

BlueScope submits that anti-dumping, safeguard, and other similar trade measures applying to imports of steel products (including galvanised steel) in other countries and jurisdictions will influence the future export orientation towards countries where such measures do not apply. Accordingly, in the absence of anti-dumping measures applying to the goods exported to Australia from Korea, and Taiwan, and anti-dumping and anti-subsidy measures applying to imports of the goods from China, BlueScope submits that the volume of the goods exported to Australia from the subject countries will increase.

BlueScope has outlined above the trade measures imposed by the U.S. on subject goods exports to that market from China, Korea, and Taiwan. As discussed, following the imposition of the CORE trade remedy measures and the Section 232 tariff, exports of galvanised steel to the U.S. from the subject countries decreased dramatically.

As noted above also, galvanised steel is included in the recently extended EU safeguard on certain steel products. In affirming the extension, the EU concluded:[75]

> *…the Commission found that the Union steel industry, after the first three years of the safeguard measure, still finds itself in a fragile economic situation.*
>
> *The Commission also found that imports from the main steel exporting countries have exerted and **still continue exerting very high import pressure** on the Union's steel market, with **an aggressive and opportunistic pattern of commercial behaviour, that is to say, using any margin to increase market presence**.*
>
> *Furthermore, given the prevailing downward trends in worldwide exports and domestic consumption by the main steel exporting countries over the period considered, which were already underway prior to the COVID-19 pandemic, **and in an overall context of significant overcapacity, the Commission then noted that exporters are in need to increase their sales on any possible market to continue operating**.*
>
> *The investigation also confirmed that other significant steel markets, including the second largest importing country, the US, continue having **trade restrictions** in place **affecting the ability of exporting countries to sell thereto**, in a general context of continuous decline in steel consumption.*
>
> *The investigation further confirmed that the Union market is comparatively more attractive for imports in terms of size and price levels, thereby becoming a market where large volumes of steel could be directed.*
>
> *…at this moment* [there is] *a high likelihood that very substantial volumes of steel unsold in other parts of the world could end up being directed towards in the Union market.*
>
> *These additional imports, together with the currently existing ones, would overall lead to a **very serious further deterioration of the economic situation** of the Union industry, and could seriously endanger its viability. It is therefore established that the lapsing of the safeguard measure would result in serious injury to the Union industry caused by increased imports.*
>
> *The Commission concluded that such increased volumes could undermine significantly any meaningful economic recovery and the efforts being made by the Union steel industry in its process of adjustment*

[75] Non-Confidential Attachment 20: Commission Implementation Regulation (EU) 2021/129 of 24 June 2021; amending Commission Implementation Regulation (EU) 2019/159 to prolong the safeguard measure on imports of certain steel products. P. 14.

> *to a higher level of imports. Therefore, the Commission considered that the safeguard measure continues to be necessary to prevent serious injury*. (**emphasis** added).

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

Given that the trade measures in the U.S. and EU will remain in effect following the expiration of the anti-dumping measures currently applying to the goods exported to Australia, BlueScope considers that is highly likely that subject country exports, which would have otherwise been destined for the U.S. and EU markets, will be diverted to the Australian market if the measures expire.

BlueScope submits that should the measures expire, producers and exporters in the subject countries are likely to supply the Australian market, unencumbered, with volumes that would have been exported to the U.S. and EU markets in order to offload excess capacity. This anticipated trade diversion to Australia in particular is also likely given the proximity of the subject countries to Australia, with shipping costs not expected to be prohibitive for exporters and importers. Therefore, BlueScope considers it highly likely that trade diversion to Australia would occur, and it is therefore likely that exports of the goods to Australia from the subject countries would continue or recur at materially injurious prices if the measures expire.

iii. Conclusion

The Commission needs to appropriately consider the period beyond the life of the current measures to determine if it is likely that dumped and injurious galvanised steel exports from China, Korea, and Taiwan will likely recommence. The above indicates that the likely impact of galvanised steel imports from the subject countries on the domestic industry would be significant if the measures were discontinued. As shown above, should the discipline of the measures be removed, subject producers will likely export a significant volume of galvanised steel to the Australian market. Those unfairly traded imports would likely take sales from the Australian industry and depress and/or suppress Australian prices. These developments would then likely cause Australian industry's output, sales, market share, profits, productivity, return on investments, and capacity utilisation to decline. They would also likely have significant negative effects on other aspects of the industry's performance, such as employment, wages, growth, and investment.

Accordingly, the likely adverse impact of the subject imports would be significant if the measures expire in August 2023. The Australian industry therefore remains vulnerable to material injury in the event of expiration. Should trade relief be terminated, the Australian galvanised steel industry will experience a continuation or recurrence of material injury, as it did prior to the imposition of the measures. Given the Commission's previous determinations with respect to the volumes and injurious price effects of subject imports, as well as the importance of price to BlueScope, a substantial volume of dumped subject imports will inevitably result in the decline of Australian prices and the overall financial performance of the domestic industry. The history of the original investigation, alongside Continuation 449, shows that dumped subject imports can cause material injury to the Australian industry within a short period of time.