



ADRP Conference Summary

Review No. 151 – Aluminium Zinc Coated Steel of a width equal to or greater than 600 millimetres exported from the Republic of Korea, Taiwan and the Socialist Republic of Vietnam

Panel Member	Jaclyne Fisher
Review type	Review of Minister's decision
Date	23 February 2022
Participants	██████████ (representing Hoa Sen Group Joint Stock Company (HSG); Mayuran Jeyarajah, Harsha Athulathmudali, Patrick Quiggin, Anti-Dumping Commission (ADC) representatives
Time opened	12.30 pm AEDT
Time closed	1.45 pm AEDT

Purpose

The purpose of this conference was to obtain further information in relation to the review before the Anti-Dumping Review Panel (Review Panel) in relation to Aluminium Zinc Coated Steel of a width equal to or greater than 600 millimetres exported from the Republic of Korea (Korea) and the Socialist Republic of Vietnam (Vietnam).

The conference was held pursuant to section 269ZZHA of the *Customs Act 1901* (the Act).

In the course of the conference, I was able to ask parties to clarify any argument, claim or specific detail contained in their application or submission. The conference was not a formal hearing of the review, and was not an opportunity for parties to argue their case before me.

I have only had regard to information provided at this conference to the extent that it relates to relevant information within the meaning of section 269ZZK of the Act. Any conclusions reached at this conference are based on that relevant information. Information that relates to some new argument not previously put in an application or submission is not something that the Review Panel may have regard to and, therefore, is not reflected in this conference summary.

At the time of the conference, I advised the participants:

- That the conference was being recorded and transcribed by Express Virtual Meetings Pty Ltd, and that the recording would capture everything said during the conference.



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- That the conference was being recorded for the Review Panel to have regard to when preparing a conference summary. The conference summary would then be published on the Review Panel's website.
- Any confidential information discussed during the conference would be redacted from the conference summary prior to publication.

Prior to the conference, participants were provided with a copy of the Review Panel's Privacy Statement. The Privacy Statement outlines who the conference recording and transcript may be disclosed to. The Privacy Statement is available on the Review Panel's website [here](#). The participants indicated that they understood the Privacy Statement and consented to:

- The recording of the conference; and
- The recording being dealt with as set out in the Privacy Statement.

Discussion

The specific information that the Review Panel sought in this conference was in relation to the HSG claim regarding the calculation of the timing adjustments, pursuant to s.269TAC(8) of the Act, to the normal value determination. This relates to whether the correct model control codes (MCC) had been used to base the timing adjustment calculation.

HSG:

1. I requested that HSG outline the process by which prices are determined for the different models based on the price lists provided with its review application. In addition, the price list provided refers to 3 December 2019, could the relevant price list/s be provided for the entire investigation period.

HSG provided the relevant prices lists for the entire period. It advised that the price lists had been provided as evidence of the importance of [REDACTED] in establishing prices and the MCC categories. The price lists were internal company documents and used as a reference point for negotiation with customers by sales staff. HSG indicated that actual prices [REDACTED] (confidential domestic pricing information – [REDACTED]). HSG indicated that the documents referred to in confidential Attachment C in its review application contained prices for the more common



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thickness products sold by HSG as well as its specialty products. It was apparent from the price lists that prices were primarily based on [REDACTED] HSG indicated that this supported its claim that the models it proposed should have been used for the timing adjustment.

2. Page 8 of HSG’s review application refers to the costing difference calculation for the model [REDACTED] used by the ADC for the timing adjustment in the December 2019 quarter being [REDACTED] per cent less than the export and surrogate domestic model control codes. Whereas the model preferred by HSG [REDACTED] had a cost difference of less than [REDACTED] per cent between the export and surrogate domestic model control codes. Could this calculation be provided for the other model proposed by HSG and for both quarters.

HSG provided the confidential spreadsheet titled ‘cost difference between MCC with timing adjustments’ with its calculations of the models proposed by HSG for the relevant quarters.

An extract of the confidential spreadsheet is outlined below for the relevant models: the ADC timing adjustment model code and the MCC codes proposed by HSG.

Models	Q1	Q2	Q3	Q4	
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	

[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

(Confidential HSG calculations of cost differences between various HSG model and the timing adjustment model used by the ADC – [REDACTED]).



HSG proposes that as there is a lower cost difference between the export models and the MCC's proposed for use of the timing adjustment calculation, it is appropriate to use these models to derive the index for adjustments to the domestic prices.

ADC

1. There is a confidential ADC file note and spreadsheet for HSG dealing with information relating to the timing adjustments to the normal value titled 'REP 558 section 6.6.2' (provided as Attachment to Section E of the Review Panel's information request). The export models in question are MCC models [REDACTED] and [REDACTED]. The ADC's choice of the MCC model code for the timing adjustment (and referred to in this summary as the ADC timing adjustment model) is [REDACTED]. The price comparison in the above-mentioned file note and spreadsheet is based on HSG MCC codes [REDACTED]. However, HSG has proposed in its review application, and in its confidential submission to the ADC dated 2 November 2021, that the timing adjustments should be based on the following model codes [REDACTED] for the June quarter and [REDACTED] for the September quarter. Could the ADC explain the analysis undertaken (from the file note) and referred to in REP 558 (pages 54 – 56) on its choice of the timing adjustment model, with particular reference to the models proposed by HSG?

The ADC outlined its approach as follows: as there were no domestic sales or no domestic sales in the ordinary course of trade (OCOT) of the export models in particular quarters, the ADC chose a surrogate domestic model for certain of the export models based on models having the closest characteristics based on the MCC hierarchy, that is with the least number of sub-category differences. In the case of one of the export models referred to above, the surrogate domestic model chosen was P2F23C (from REP 558).

For certain quarters there were no sales of the surrogate domestic model. In this case, the ADC chose the timing adjustment model of [REDACTED] to assess what timing adjustment could be applied to the surrogate domestic model to enable a price to be determined for each of the relevant quarters. The timing adjustment was calculated as an index in the change of prices of the relevant model between quarters. The timing adjustment is to reflect movements or fluctuations in domestic prices during the period of investigation, where suitable prices are not available to match with export sales. This index was then applied to the domestic surrogate model to establish a normal value for the relevant quarters.

The ADC had provided its analysis in the confidential file note and spreadsheet referred to above and provided to the Review Panel in response to its information request. This information was used in the preparation of REP 558.



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This analysis focused on pricing of the ADC timing adjustment model against the models proposed by HSG during the investigation period. The ADC considered there needed to be prices for each quarter in order to assess whether there were consistent pricing trends throughout the period for comparison purposes and to enable a quarterly index to be calculated.

Upon review, the ADC advised that the models shown in its analysis referred to above, did not reflect a comparison with the models proposed by HSG in its 2 November 2021 submission and as referred to in HSG's review application. The ADC advised it has commenced a reassessment of the analysis using the models proposed by HSG and would provide this information to the Review Panel as part of its submission which is due on 2 March 2022. Its initial assessment indicates that it does not change its findings as outlined in REP 558 as the same trends in prices are apparent. Furthermore, the need to have prices for every quarter for the index calculation as well as the least number of differences between the subcategories of models remain valid.

The Review Panel questioned why the ADC timing adjustment model was assessed against the MCC of the export model rather than the MCC of the domestic surrogate given there were no sales of the export model, and a specification adjustment was applied to the domestic surrogate to 'adjust' it to the export model?

The ADC indicated that it considered it more appropriate to choose the timing adjustment model based on the export models and it did so on the basis of using a MCC with the least number of sub-category differences to the export model and with prices throughout the period.

The ADC referred to REP 558 HSG Confidential Spreadsheet Appendix 3 Normal Value tab timing adjustment and provided an explanation of how this had been prepared. It noted that row 30 showed the ADC timing adjustment model and its selling prices during each quarter of the investigation period.

The ADC is to provide the above-mentioned analysis updated for the proposed HSG models (noting the HSG costing analysis provide above) as soon as possible, but no later than the submission date of 2 March 2022.

2. In its review application, HSG indicates that its prices are not modified by the [REDACTED] of steel but rather the [REDACTED] It refers to its price list in this regard. I note that the verification team also makes reference to the fact that the



prices do not appear to be modified by the [REDACTED] but rather the other factors mentioned above. Can the ADC provide further information why it did not find a MCC with a similar [REDACTED] given HSG's claims and in the context of the MCC hierarchy policy.

The ADC referred to its response to question one and also advised that as part of the assessment process for the timing adjustment, the ADC attempted to find a model that had the fewest sub-category differences between the export model and the 'timing adjustment model' rather than the export model and the domestic surrogate model. It indicated that this approach is consistent with policy and practice outlined in Section 14 Model Matching in the most recent Dumping and Policy Manual 2021.

In particular, it referred to Section 14.2 as follows:

The categories in the MCC structure will be listed, in descending order, according to the significance of the category to the goods when model matching. This is to ensure that the most comparable surrogate models are chosen for model matching purposes, when there are insufficient domestic sales of the same model. The most comparable model is usually considered to be the surrogate model that has the closest physical characteristics (an indicator of this may be the model that has the smallest difference in cost of production per unit).

The ADC consider the ADC timing adjustment model given it has prices throughout the investigation period, follows the more general pricing trends of sales of other models and has fewer sub-category differences as the most appropriate model on which to base the price index adjustment.

3. Could the ADC provide the HSG confidential submission dated 2 November 2021 to the Review Panel.

The ADC provided this submission to the Review Panel on 23 February 2022.

I requested that the ADC provide the following information following the conference:

- The ADC is to provide the above-mentioned analysis (including spreadsheets) updated for the proposed HSG models from its review application and submission dated 2 November 2021 (and noting the HSG costing analysis provide above) as soon as possible, but no later than the submission date of 2 March 2022.