



Australian Government
Department of Industry,
Innovation and Science

Anti-Dumping
Commission

Anti-Dumping Commission
GPO Box 2013
CANBERRA ACT 2601

Member Jaclyne Fisher
Anti-Dumping Review Panel
c/o- ADRP Secretariat

E-mail: ADRP@industry.gov.au

Dear Member Fisher,

ADRP 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

I write with regard to the notice under section 269ZZI of the *Customs Act 1901* (Cth) (the Act) published on 31 January 2022. This notice advised of your intention to review the decision of the Minister for Industry, Energy and Emissions Reduction (the Minister) to publish a dumping duty notice under sections 269TG(1) and (2) of the Act (the reviewable decision).

I have considered the applications from Hoa Sen Group Joint Stock Company (Hoa Sen) and Macsteel International Australia (Macsteel) and make a submission (with both public and confidential versions), pursuant to section 269ZZJ(aa) of the Act. The public version is at Attachment A and the confidential version is at Attachment B. My submission also refers to 2 confidential appendices to be provided to the ADRP.

Please contact the Anti-Dumping Commission if we can assist with any further information regarding my recommendation to the Minister.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Bradley Armstrong'.

Dr Bradley Armstrong PSM
Commissioner, Anti-Dumping Commission
2 March 2022

Encl.
Attachment A – Public submission
Attachment B – Confidential submission
Confidential Appendix 1 – Hoa Sen domestic sales analysis
Confidential Appendix 2 – Hoa Sen price analysis



Attachment A

COMMISSIONER, ANTI-DUMPING COMMISSION SUBMISSION

Background

1. On 4 June 2020, the Anti-Dumping Commission (commission) received an application for an investigation from BlueScope Steel Limited (BlueScope). BlueScope alleged that exports of aluminium zinc coated steel of a width equal to or greater than 600mm (the goods) from Korea and Taiwan were at dumped prices, and that the goods exported from Vietnam were at dumped and subsidised prices. BlueScope alleged that the exports from the three countries (the subject countries) had caused material injury to the Australian industry.¹
2. The then Commissioner, Mr Dale Seymour, considered the application and decided to not reject the application. The commission published notice of the decision and the intention to initiate the investigation on the commission's website on 30 June 2020.²
3. On 24 December 2021, the Minister declared that he had decided to impose anti-dumping duties on exports of the goods from Korea and Vietnam. The commission published notice of the reviewable decision on the commission's website on 24 December 2021, as Anti-Dumping Notice No. 2021/147.³
4. The Commissioner had terminated the investigation as it related to Taiwan, as well as the subsidy investigation as it related to Vietnam.⁴
5. In the reviewable decision, the Minister considered and accepted the recommendations and reasons for recommendations, including all the material findings of facts or law, set out in *Anti-Dumping Commission Report No. 558 (REP 558)*.⁵
6. Hoa Sen and Macsteel applied to the Anti-Dumping Review Panel ('ADRP') for review of the reviewable decision.

¹ Pursuant to section 269TB of the *Customs Act 1901* (Cth) (the Act). All legislative references in this submission are to the Act unless otherwise indicated. BlueScope's application can be found on the Electronic Public Record for investigation 558 (EPR 558), document 1.

² EPR 558, document 3.

³ EPR 558, document 72.

⁴ EPR 558, documents 68 and 69.

⁵ EPR 558, document 71.

7. Following receipt of the application for review, the ADRP published notice of the intention to conduct a review.⁶ In that notice, the ADRP proposed to conduct a review of the reviewable decision in relation to the following grounds:
- (a) The Minister erred by incorrectly calculating the timing adjustment in determining Hoa Sen's normal values.⁷
 - (b) The Minister erred in finding that exports from Korea caused material injury⁸ to the Australian industry producing like goods.

Ground 1 – Timing adjustment for Hoa Sen's normal value.

Approach to dumping margin calculation

8. For the purposes of establishing a dumping margin for an exporter, the commission is required to compare export prices and normal values over the investigation period.⁹ In circumstances where there are no suitable domestic sales of the same model control code (MCC), the commission will have regard to a surrogate model based on the MCC structure, with appropriate specification adjustments.¹⁰
9. Where there are no suitable domestic sales (of either the same MCC or the surrogate MCC) in the corresponding quarter in which there were exports of the goods, the commission then calculates a timing adjustment.¹¹ To calculate a timing adjustment, the commission considers the quarterly change in the normal value of a comparable MCC and applies this change to the relevant normal value corresponding to the exported MCC.
10. In determining the comparable MCC for the purposes of the timing adjustment, the commission seeks to use the model with most-alike characteristics as established by the MCC hierarchy, and limit the number of models used for each calculation. This is preferable as it increases the accuracy of the normal value adjusted for timing differences. The commission will ensure that the proposed MCC for the timing adjustment is reflective of the expected movement in price in the domestic market. This is to ensure that the commission does not introduce inconsistencies into the determination of the normal value, noting that the purpose of the timing adjustment is to reflect, as closely as possible, the normal value had the model been sold in the relevant quarter in the domestic market. This requires analysis of the price trends for the relevant quarters.

⁶ ADRP Review 151 – *Anti-Dumping Review Panel*, Public Notice dated 31 January 2022.

⁷ The normal value is defined in section 269TAC of the Act.

⁸ Relevant considerations to determine material injury are outlined in section 269TAE of the Act, as well as the Ministerial Direction on Material Injury 2012.

⁹ Section 269TACB of the Act.

¹⁰ These adjustments are pursuant to section 269TAC(8) of the Act. Further guidance is outlined at chapter 15.3 of the Dumping and Subsidy Manual (December 2021).

¹¹ As above

Hoa Sen's claim

11. The commission's choice of the MCC, for the purpose of the timing adjustment, is the ground on which Hoa Sen has applied to the ADRP for review.
12. In the application to the ADRP, Hoa Sen proposed the following MCCs for the purposes of the timing adjustment for two export models:

	MCC for timing adjustment	
Export MCC	June 2019 quarter	Sept 2019 quarter
P-2-F-2-3-C	Confidential - MCCs	
P-2-F-2-2-C		

13. Hoa Sen claims that the commission has not followed the correct methodology in determining the appropriate MCC for the timing adjustment. Hoa Sen refers to excerpts from chapter 14 of the Dumping and Subsidy Manual (the Manual)¹² in support of its claim. Hoa Sen proposes two MCCs for the purposes of determining the timing adjustment, as identified in columns 2 and 3 of the table above. In Hoa Sen's view, the use of these models follows the correct model matching methodology.¹³

Commission's assessment

14. As outlined in REP 558, for the export MCC P-2-F-2-2-C there were no domestic sales of the identical MCC in the ordinary course of trade (OCOT). As per the approach outlined in chapter 14 of the Manual, the commission identified an appropriate surrogate MCC (being P-2-F-2-3-C) and made the appropriate specification adjustment pursuant to section 269TAC(8) of the Act. Hoa Sen has not challenged this methodology.
15. Hoa Sen exported the P-2-F-2-2-C MCC in the June 2019 quarter and the March 2020 quarter. However, as there were no domestic sales of the surrogate model P-2-F-2-3-C in the June 2019 quarter, a timing adjustment is required.
16. The commission used the [confidential – MCC] for the purposes of the timing adjustment. The use of this MCC followed extensive analysis of the options available, and the specific MCCs that Hoa Sen proposed. This analysis is contained in REP 558 and below.¹⁴

¹² Dumping and Subsidy Manual (December 2021).

¹³ Refer to the application from Hoa Sen to the ADRP, pages 7 and 8.

¹⁴ REP 558, section 6.6.2.4.

17. The commission highlights the following relevant considerations:
- (a) When considering the appropriate models for the purpose of calculating a timing adjustment, the commission must ensure that these models are comparable to the relevant domestic MCC and that the selling prices accurately reflect conditions in the domestic market.
 - (b) With regards to the [confidential – MCC] model that Hoa Sen proposed, there were sales in the first two quarters of the investigation period only. Further, there was [confidential – number of sales] in the first quarter of the investigation period, of less than [confidential – volume]. Confidential Appendix 1 to this submission highlights this information.
 - (c) With regards to the [confidential – MCC] model that Hoa Sen proposed, there were sales in the middle two quarters of the investigation period only. Further, there was [confidential – number of sales] in the second quarter of the investigation period, of less than [confidential – volume]. Confidential Appendix 1 to this submission highlights this information.
 - (d) In contrast, for the model the commission selected ([confidential – MCC]) there were sales across all four quarters of the investigation period, in much higher quantities (at least [confidential – volume] each quarter, and at least [confidential – number of sales] transactions each quarter). Given the significantly greater volume of sales and number of transactions, the commission considers this model is likely to accurately reflect changes in pricing in the domestic market, especially when compared to the model that Hoa Sen proposed for [confidential – number of sales].
 - (e) As outlined in Confidential Appendix 2 to this submission, the commission analysed the domestic sales prices (in the OCOT) of the models that Hoa Sen proposed and other models. The commission found that:
 - i. The price of the commission's selected model followed the same quarterly trend (over the investigation period) as the aggregate price of all models that Hoa Sen sold domestically. This provides a degree of confidence that a timing adjustment based on this model is illustrative of fluctuations in price in the domestic market for aluminium zinc coated steel in Vietnam.
 - ii. In contrast, the price of the models that Hoa Sen propose do not align with the aggregate price of the domestic sales. This further supports the conclusion that Hoa Sen's proposed models are not preferable for use in the timing adjustment.
18. The commission also notes that to calculate a timing adjustment, the commission considers the quarterly change in the normal value of a comparable MCC and applies this change to the relevant normal value corresponding to the exported MCC. For Hoa Sen, the commission determined the quarterly change in the normal value for the model [confidential – MCC] and applied this to the surrogate normal value model P-2-F-2-3-C. The use of one

model for the timing adjustment reduces the risk of inconsistencies being introduced into the calculation.

19. In contrast, the proposal from Hoa Sen requires the use of multiple models for the timing adjustment. This is because there are no quarters where there are sales of both the proposed model for the timing adjustment ([confidential – MCC]) and the surrogate model P-2-F-2-3-C. To illustrate this:

	June 2019	September 2019	December 2019	March 2020
[confidential – MCC]	Sales	Sales	Sales	Sales
P-2-F-2-3-C	No sales	No sales	Sales	Sales
[confidential – MCC]	Sales	Sales	No sales	No sales
[confidential – MCC]	No sales	Sales	Sales	No Sales

20. The cell highlighted in green is the quarter in which a timing adjustment is required, as there are no sales of the surrogate model P-2-F-2-3-C in that quarter. In its application to the ADRP, Hoa Sen has not set out the methodology it proposes with respect to the use of multiple models. The commission has reviewed the confidential calculation spreadsheets that Hoa Sen provided to the ADRP. Based on these calculations, the commission understands Hoa Sen’s proposal to require the following steps:
- (a) Calculate the movement in price for sales of the model [confidential – MCC] from the December 2019 quarter to the September 2019 quarter. This is despite sales of this model in the September 2019 quarter being of a volume less than [confidential – volume] and being [confidential – number of sales].
 - (b) Apply the movement from step (a) to the model P-2-F-2-3-C, to reach a sales price for the September 2019 quarter.
 - (c) Calculate the movement in price for sales of the model [confidential – MCC] from the September 2019 quarter to the June 2019 quarter. This is despite sales of this model in the June 2019 quarter being of a volume less than [confidential – volume] and being [confidential – number of sales].
 - (d) Apply the movement from step (c) to the price determined for the model P-2-F-2-3-C for the September 2019 quarter from step (b) above.
21. The commission submits that Hoa Sen’s approach introduces multiple models into the timing adjustment calculation, both of which have quarters with an immaterial volume of sales.
22. The commission further submits that these volumes do not provide the best data available to reflect movements in the broader aluminium zinc coated steel market in Vietnam, particularly as the demonstrated movements in price do not align with movements in the aggregate price, as outlined in paragraph 17(e).

23. In contrast, the commission's selected model for the timing adjustment has sales of sizeable quantities in each quarter of the investigation period.
24. In its application to the ADRP, as mentioned in paragraph 13 above, Hoa Sen refer to excerpts from the Manual in support of the claim that the commission has not followed the correct model matching methodology. The commission notes that the extract Hoa Sen refers to is relevant to a scenario where there are no, or insufficient domestic sales (in the OCOT) of the identical model of the exported goods, and a surrogate model with specification adjustments is required. It does not refer to the practice regarding timing adjustments. The commission has followed its standard practice regarding timing adjustments, as outlined in paragraph 10 above.
25. For these reasons, the commission maintains that the correct or preferable decision is to rely on the [confidential – MCC] model for the purposes of the timing adjustment.

Ground 2 – material injury and causation analysis for exports of the goods from Korea

Claims from Macsteel

26. Macsteel raised a series of points regarding the commission's findings that there was material injury to the Australian industry, as well as the causal link between this injury and exports of the goods from Korea. Specifically, Macsteel raised the following points of contention:
 - (a) The small margin of dumping determined for KG Dongbu
 - (b) Exports by KG Dongbu were not injurious
 - (c) Injury to the Australian industry was negligible and not likely to continue
 - (d) Effect of injury should not be cumulated
 - (e) The margin of undercutting indicates exports from Korea were not injurious

Commission's assessment

27. REP 558 extensively analysed the available information and the claims of interested parties. Key considerations have been noted below.

Margin of dumping determined for KG Dongbu

28. The commission determined that KG Dongbu dumped the goods during the investigation period, at a dumping margin of 2.6%.¹⁵ While Macsteel describes the dumping margin of KG Dongbu as 'small', the commission notes that the dumping margin is above negligible levels.¹⁶ As outlined in chapter 8 of REP

¹⁵ REP 558, section 6.5.2.

¹⁶ A negligible level of dumping is less than 2%, pursuant to section 269TDA(1) of the Act.

558, the commission is satisfied that exports of the goods from KG Dongbu contributed to the pricing pressure experienced by the Australian industry.¹⁷

Exports by KG Dongbu were not injurious

29. Macsteel has referred to specific imports of the goods, during the investigation period, from KG Dongbu and a Taiwanese exporter Sheng Yu Steel Co. Ltd (Sheng Yu). Macsteel noted that, for one common MCC in one quarter of the investigation period, the export price for these imports was similar. In Macsteel's view, as the investigation was terminated as it related to Taiwan due to no dumping, the similarity in export prices indicates that the imports from KG Dongbu are (consequently) not injurious.
30. The investigation as it relates to Taiwan was terminated due to no dumping of the goods. While Macsteel's submission focussed on the similarity in export prices, the determination of the dumping margin requires a comparison between export prices and normal values. For Sheng Yu, the commission was satisfied that exports of the goods during the investigation period were not dumped. The injury assessment, therefore, does not include these goods. The commission assessed the injurious impact of the dumped exports from both Korea and Vietnam and this is outlined in REP 558.¹⁸

Injury to the Australian industry was negligible and not likely to continue

31. Macsteel submits that the injury to the Australian industry was negligible and not likely to continue. Macsteel referred to certain findings from REP 558, and BlueScope's performance following the end of the investigation period. Macsteel's asserts that BlueScope has not suffered material injury.
32. Chapters 7 and 8 of REP 558 details the findings regarding the material injury the Australian industry experienced. The commission analysed all available information relevant to the injury analysis period, including submissions from interested parties claiming that the injury experienced by the Australian industry was negligible. The commission's analysis concluded that the Australian industry had experienced material injury, and that exports of the goods from Korea and Vietnam caused this material injury.

Effect of injury should not be cumulated

33. Macsteel claims that there are two distinct market segments for the imported goods and like goods – being the framing segment and the roofing/walling segment. Macsteel submitted that Korean imports are understood to be exclusively sold into the roofing/walling segment, while Vietnamese imports are exclusively or predominantly sold into the framing segment. Macsteel submitted that the commission ought not to have cumulated the effects of Korean and Vietnamese exports, for the purposes of assessing material injury.

¹⁷ REP 558, section 8.8.

¹⁸ Ibid.

34. In assessing the conditions of competition between the imported goods and the Australian industry, the commission considered data from the Australian Border Force import database and noted that importers source the goods from more than one subject country.¹⁹ Further, the commission gathered evidence indicating that importers had advised the Australian industry of a range of available sources from the subject countries.
35. The commission refers the ADRP's attention to sections 8.8.2 and 8.8.3 of REP 558. In that analysis, and specifically in tables 26 and 28, the commission has considered only the roofing/walling market for the goods. The data underpinning this analysis, contained in confidential attachment 8 to REP 558, highlights that the goods from both Korea and Vietnam compete against each other, and that the goods from both countries compete against the goods that BlueScope produced. For this reason, the commission maintains that the correct and preferable approach was to consider the cumulative effect of the exports from Korea and Vietnam

The margin of undercutting indicates exports from Korea were not injurious

36. The commission determined that KG Dongbu dumped the goods during the investigation period, at a dumping margin of 2.6%. As the requirements under section 269TDA(14B) have been met, these exports must be considered in the cumulative injury assessment. Section 8.8 of REP 558 assesses the injurious impact of these exports in the following manner:
- (a) price undercutting at an aggregate level
 - (b) price undercutting at an MCC level and
 - (c) price undercutting at a customer level.

This analysis clearly illustrates the injurious effect of the dumped goods from the subject countries, and more specifically the price injury the Australian industry suffered.²⁰

37. Based on the analysis outlined in the relevant parts of REP 558, the commission submits that the correct and preferable decision is to impose dumping duties on exports of the goods from Korea and Vietnam.

¹⁹ Section 8.3 of REP 558.

²⁰ Ibid.