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14 October 2026

Director – Investigations 1
Australian Trade Remedies Commission
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Public File

Dear Director,

Continuation Inquiry No. 698 – Aluminium zinc coated steel (≥600mm) from Korea, Vietnam

Australian Industry Response to Statement of Essential Facts No. 698

1. Introduction

BlueScope Steel Limited (**BlueScope**) makes this submission in response to Statement of Essential Facts No. 698 (**SEF 698**).¹ BlueScope is the sole Australian producer of like goods and was the applicant in the original investigation and this continuation inquiry.

Having reviewed SEF 698 and the evidentiary record, BlueScope supports the Commission's preliminary findings concerning the Australian market, the economic condition of the Australian industry and the likelihood that dumping and material injury would continue or recur if the measures expired. BlueScope supports the proposed continuation of the measures and, subject to its submissions concerning Hoa Sen below, the proposed form of measures.

BlueScope submits, however, that three matters warrant further consideration in the final report:

- the implications of the Korean hot rolled coil (**HRC**) market for the determination of normal value and the assessment of KG Dongbu's recorded HRC costs;
- the preliminary negative dumping margin for Hoa Sen Group Joint Stock Company (**Hoa Sen**), and the resulting floor price proposed for Hoa Sen; and
- the export price determined for uncooperative and all other exporters from Vietnam.

¹ EPR 698, document no. 14.

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Those matters affect the level and operation of the measures proposed in SEF 698, rather than BlueScope's support for their continuation. The continuation case is supported by the Commission's findings independently of the outcome of those three matters.

2. Observations on SEF 698

BlueScope supports the proposed continuation of the measures as if different variable factors had been ascertained. The findings in SEF 698 concerning the Australian market, the condition of the Australian industry and the likely effects of expiry support the conclusion that dumping and material injury would continue or recur if the measures expired.²

The Australian market

SEF 698 identifies the goods as commodity products for which Australian-produced and imported goods compete directly, are generally interchangeable and are supplied to common customers. Customers can switch suppliers and use competing import offers in price negotiations. These characteristics make import pricing central to competition in Australia.³

These characteristics create price-sensitive conditions in which lower-priced import offers place direct pressure on the Australian industry's selling prices, sales volumes and returns. They are relevant both to the likely effects of expiry and to the capacity of the measures to prevent renewed injurious pricing.

Economic condition of the Australian industry

SEF 698 finds that the economic condition of the Australian industry presents a mixed picture, but that, overall, the industry remains weaker than at the commencement of the injury analysis period.⁴ BlueScope agrees with that conclusion. The factors identified include:⁵

- price depression, with weighted average unit prices declining throughout the injury analysis period and reaching their lowest level in CY2025;
- price suppression throughout the injury analysis period;
- reduced profit and profitability in CY2025, following an improvement in CY2024;
- revenue in CY2025 approximately 21 per cent below its CY2022 level;
- productivity in CY2025 approximately 10 per cent below its CY2022 level; and
- return on investment (**ROI**) in CY2025 at approximately 27 per cent of its CY2022 level, the lowest level recorded in the injury analysis period.

BlueScope also notes the Commissioner's observation that ROI declined notwithstanding substantial increases in assets and capital investment, which by CY2025 had reached approximately 2.6 and 4.3 times their CY2022 levels respectively.⁶ The Australian industry has continued to invest in its capacity to supply the Australian market while generating materially lower returns on that investment.

The Commissioner found that sales volume, market share, capacity utilisation and employment improved over the injury analysis period and, unlike Anti-Dumping Commission Report No. 558 (**REP 558**), did not identify injury in the form of declining sales volumes or market share.⁷

² SEF 698, sections 5.1 and 7.1, pp. 30 and 45–46.

³ SEF 698, sections 4.1, 4.3–4.4 and 4.6, pp. 26–28.

⁴ SEF 698, section 5.3, beginning p. 30.

⁵ SEF 698, sections 5.5–5.7, pp. 33–36, including Table 10.

⁶ SEF 698, section 5.7, Table 10, p. 36.

⁷ SEF 698, section 5.3, p. 31.

To put this in context, the increase in the Australian industry's market share coincided with a reduction in the market share of imports from Vietnam and other countries.⁸ That pattern is consistent with the measures having affected exports from the subject exporters. Taken together, those matters do not demonstrate any reduction in the Australian industry's vulnerability to dumped imports.

The volume improvements were achieved while prices continued to decline. The Australian industry's unit price fell in every year of the injury analysis period, as did revenue. The Australian industry retained sales volume notwithstanding sustained price pressure from competing imports, and injury was expressed through prices, revenue and returns rather than volume.

BlueScope submits that an industry with prices declining in each year, revenue below its starting level and ROI at its lowest point in the injury analysis period remains vulnerable to renewed dumping. Those findings support the conclusion that material injury would continue, or recur, if the measures expired.

Dumping during the inquiry period

SEF 698 preliminarily finds that the variable factors for all exporters have changed since they were last ascertained.⁹ The preliminary margins identified in SEF 698 are:

- KG Dongbu Steel Co., Ltd (**KG Dongbu**) (Korea): 2.2 per cent;
- uncooperative and all other exporters from Korea: 7.1 per cent;
- Hoa Sen (Vietnam): negative 0.9 per cent; and
- uncooperative and all other exporters from Vietnam: 5.1 per cent.

BlueScope notes that KG Dongbu and the uncooperative and all other exporters from both Korea and Vietnam were found to have exported the goods at dumped prices during the inquiry period while the measures were in force.¹⁰ Continued dumping in those circumstances supports the conclusion that dumping would be likely to continue if the measures expired.

BlueScope submits that lower margins while the measures were in force should not, without more, be treated as evidence that dumping would not continue in the absence of the measures.

BlueScope addresses the Commissioner's preliminary finding in respect of Hoa Sen in section 4 below, and the export price for uncooperative and all other exporters from Vietnam in section 5. BlueScope notes that Hoa Sen's normal value was used to calculate the normal value for uncooperative and all other exporters from Vietnam, and KG Dongbu's normal value was used for uncooperative and all other exporters from Korea.¹¹ Any matter affecting the appropriateness of those normal values therefore also affects the corresponding rates for uncooperative and all other exporters.

BlueScope also notes that the normal value for KG Dongbu, and hence for uncooperative and all other exporters from Korea, was determined under s 269TAC(1), and that the Commissioner did not have regard to BlueScope's submissions concerning a particular market situation (**PMS**) in the Korean steel market.¹² BlueScope's comments on this are addressed in section 3. For the avoidance of doubt, BlueScope does not accept the Commission's preliminary treatment of the Korean PMS issue and maintains its submissions concerning the suitability of Korean domestic sales for determining normal value.

⁸ SEF 698, section 5.4.2, p. 32.

⁹ SEF 698, chapter 6, beginning p. 37.

¹⁰ SEF 698, section 7.6.1, p. 52.

¹¹ SEF 698, sections 6.5.2 and 6.6.2, pp. 43–44.

¹² SEF 698, section 2.4.2, pp. 17–19.

Likelihood of continuation or recurrence

SEF 698 concludes that expiry of the measures would likely lead to a continuation or recurrence of dumping and material injury. BlueScope considers that conclusion to be supported by the factors identified in SEF 698, including the following:¹³

- exports from Korea and Vietnam continued throughout the life of the measures, and exporters maintain established distribution links with Australian importers, traders and end users, the existence of which both cooperating exporters confirmed;
- the cooperating exporters' combined excess capacity is approximately 3.9 times the current Australian market, such that even a small redirection of available volumes would represent a significant increase in imports;¹⁴
- global excess steelmaking capacity remains significant and is forecast to continue growing;
- SEF 698 identifies 184 anti-dumping and countervailing measures relating to products classified under tariff subheadings 7210.61 and 7225.99, including measures affecting exports from Korea and Vietnam, and considers that those measures make Australia a comparatively more attractive export destination;¹⁵
- export prices from Korea, Vietnam and major non-subject countries remained broadly comparable during and after the inquiry period, and price competition continued after the inquiry period;¹⁶
- Korean imports undercut the Australian industry's prices by approximately 4 per cent on a weighted average basis, increasing to approximately 5.6 per cent in the December quarter;¹⁷
- six of the eight imported models were priced below the equivalent Australian product, with the largest price differences occurring in higher-volume models;¹⁸
- Vietnamese imports, including those of Hoa Sen, undercut the Australian industry's prices in the December quarter; and
- customers used competing import offers when negotiating prices with the Australian industry.

Particular weight should be given to the pricing evidence. The undercutting identified occurred during the inquiry period, while the measures were in force. Korean exporters continued to undercut the Australian industry's prices across most models, including higher-volume models, notwithstanding the duties payable. BlueScope submits that the price effect of those imports would likely be greater if the measures expired.

On volume, imports from the subject countries increased by 122 per cent over the injury analysis period in INV 558. Following the imposition of the measures, exports from the subject exporters and their share of the Australian market declined significantly.¹⁹ That pattern indicates that the measures affected both import volume and market share, and provides relevant evidence of the likely outcome if they were removed.

Lower-priced dumped imports would place significant downward pressure on domestic prices, causing price depression, price suppression and reduced profit and profitability or, if those prices were not met, lost sales volume and market share. BlueScope submits that the likely outcome is a recurrence of the volume, price and profit injury found in REP 558.

Form of measures

BlueScope supports the proposed recommendation that the combination duty method continue to apply to KG Dongbu, to uncooperative and all other exporters from Korea, and to uncooperative and all other exporters from Vietnam.²⁰ The recommendation is consistent with the form of measures imposed following the original investigation.²¹

¹³ SEF 698, chapter 7, beginning p. 45; section 7.5.2, pp. 48–49.

¹⁴ SEF 698, section 7.5.3, pp. 49–51.

¹⁵ SEF 698, sections 7.5.4 and 7.6.3, pp. 51 and 55.

¹⁶ SEF 698, section 7.6.2, pp. 53–54.

¹⁷ SEF 698, section 7.8.2, pp. 57–58.

¹⁸ SEF 698, section 7.8.2, pp. 57–58.

¹⁹ SEF 698, section 7.8.1, p. 56.

²⁰ SEF 698, chapter 9, beginning p. 63.

²¹ SEF 698, section 2.3.1, Table 3, p. 14.

BlueScope submits that the combination method remains the most appropriate form of measure for the goods, because:

- the variable component establishes a minimum effective import price below which additional duty is payable, directly addressing the price undercutting identified in SEF 698 during the inquiry period;
- the remedial effect of an ad valorem duty diminishes as export prices fall, whereas, in the declining price environment identified in SEF 698, the variable component preserves the effectiveness of the measures as prices decline; and
- because import offers exert a strong influence on pricing outcomes in Australia, a method that constrains the import price is directly suited to preventing dumped prices from affecting domestic pricing.

SEF 698 proposes that the floor price duty method apply to Hoa Sen, with the floor price set equal to Hoa Sen's ascertained normal value, such that duty is payable only where Hoa Sen exports below that level.²² BlueScope supports the continued application of the measures to Hoa Sen, and the Commissioner's finding that dumping by Hoa Sen would likely recur if the measures expired.²³ The floor price method at least retains a price-constraining mechanism in respect of Hoa Sen's exports.

However, because the floor price is set equal to Hoa Sen's ascertained normal value, its effectiveness depends on the accuracy of the normal value assessment. BlueScope's submissions concerning Hoa Sen's ascertained variable factors relate directly to the level at which the floor price would be set and whether the floor price or combination duty method is the appropriate form of measure for Hoa Sen.

Issues affecting the level and operation of the measures

The findings in SEF 698 provide a sufficient basis for continuation of the measures. The remaining issues concern the variable factors and the resulting level and operation of those measures. They should be considered separately from, and do not qualify, BlueScope's support for continuation.

3. Korean HRC market issue – determination in the final report

The Korean HRC market issue concerns whether conditions affecting Korean HRC prices were transmitted into Korean aluminium zinc coated steel costs and domestic prices, and the consequences for normal value. BlueScope does not submit that REP 689, by itself, establishes a PMS affecting Korean aluminium zinc coated steel. BlueScope submits that the Commissioner's final report should assess and determine the implications of the Korean HRC market issue for the suitability of Korean domestic sales, the determination of normal value and the assessment of KG Dongbu's recorded HRC costs.

BlueScope made two submissions in this inquiry concerning the Korean HRC market, dated 19 June 2026 and 15 September 2026 (**the supplementary submission**).²⁴ The supplementary submission restates and develops the 19 June submission, responds to KG Dongbu's submission and verification report, and addresses the findings in Anti-Dumping Commission Report No. 689 (**REP 689**).²⁵ A copy of the supplementary submission is included as Appendix A, and forms part of this submission.

In summary, the supplementary submission relied on the following findings and propositions:

- REP 658 found that a particular market situation existed in the Chinese domestic HRC market, and that Government of China influence affected HRC production costs and selling prices;²⁶
- in selecting an external steel coil benchmark, REP 689 assessed that Chinese exports of black HRC influenced Korean domestic HRC prices more than Japanese domestic prices and, having regard to that assessment and other

²² SEF 698, section 9.3, p. 63.

²³ SEF 698, section 7.6.1, p. 52.

²⁴ EPR 698, document nos. 8 and 13.

²⁵ EPR 698, document no. 13, pp. 1–2.

²⁶ EPR 698, document no. 13, pp. 3 and 6; REP 658, Appendix A, pp. 151–152.

market considerations, selected adjusted Japanese domestic steel coil prices as the preferable benchmark for competitive market costs for Chinese steel coils;²⁷

- Confidential Attachment 1 indicates that Chinese HRC increased its share of total Korean HRC imports from approximately [XX] per cent in CY2022 to approximately [XX] per cent in CY2025, and increased its share of Korean apparent consumption over the same period;
- Confidential Attachment 1 identifies a close relationship between Chinese HRC import prices and Korean domestic HRC prices over the period examined;
- HRC is the principal raw material input used to manufacture aluminium zinc coated steel.²⁸

The supplementary submission did not contend that exposure to Chinese imports is, on a stand-alone basis, sufficient to establish a PMS, or that KG Dongbu's records are inaccurate. It requests that the Commission test, using KG Dongbu's verified cost and sales information, whether the identified conditions were transmitted into the costs and domestic prices of aluminium zinc coated steel in Korea.

KG Dongbu's submission

SEF 698 summarises KG Dongbu's submission of 29 June 2026, including the following contentions:²⁹

- BlueScope had not provided evidence specific to the Korean aluminium zinc coated steel market, and had not established a sufficient evidentiary basis for a particular market situation assessment;
- the claim was directed at the cost of an upstream input, HRC, rather than the domestic prices of the goods, and BlueScope had not demonstrated a connection between the alleged distortion in HRC prices and domestic selling prices of the goods in Korea;
- the Commission's guidance concerning market situations and substitute input costs is directed to government influence in the country of export, and KG Dongbu contended that the alleged influence of Chinese HRC imports on the Korean market did not engage that framework; and
- normal value should continue to be determined from Korean domestic sales under the ordinary methodology, without rejecting KG Dongbu's sales or substituting an external benchmark for its recorded HRC costs.

The Commissioner's decision under s 269ZHE(3)

SEF 698 records that the Commissioner exercised the discretion under s 269ZHE(3) not to have regard to BlueScope's submissions for the purposes of the SEF.³⁰ The Commissioner's reasons were that:

- the submissions were received 92 and 180 days after 19 March 2026, being 37 days after initiation;
- a proper consideration of the claim requires an in-depth analysis of the Korean market for the goods, which under the Commission's usual practice involves questionnaires to interested parties (including the government of the exporting country), consultation, publication and verification, and those steps could not be completed without preventing the timely placement of the SEF on the public record; and
- the submissions did not provide a sufficient evidentiary basis to warrant delaying publication of the SEF.

BlueScope notes that the Commissioner did not determine the claim on its merits. BlueScope submits that the decision concerned only the timely placement of the SEF on the public record and does not preclude consideration of the claim for the purposes of the final report.

²⁷ EPR 698, document no. 13, pp. 2–3; REP 689, pp. 55–56.

²⁸ EPR 698, document no. 13, pp. 2 and 3.

²⁹ SEF 698, section 2.4.2, p. 18; EPR 698, document no. 9.

³⁰ SEF 698, section 2.4.2, pp. 18–19.

In formulating the recommendations in the final report, the Commissioner must have regard to submissions made in response to the SEF within 20 days of publication and may have regard to any other matter the Commissioner considers relevant.³¹ This submission, including Appendix A, is such a submission. BlueScope therefore requests that the Commissioner have regard to it, and determine the issues it raises, in the final report.

Response to the Commission's reasons

Submission timings

BlueScope acknowledges that its submissions were received after 19 March 2026 but submits that it was reasonable and appropriate to raise the issue when it did.

The Commission's assessment on which BlueScope subsequently placed particular reliance had not appeared on the public record when the 37-day period expired. Before SEF 689, the Commission's findings in REP 590, REP 610 and REP 611 had treated Korean HRC prices as reflecting competitive conditions and as unaffected by Chinese prices.³² The Commission's assessment that Korean domestic HRC prices were more influenced by Chinese exports of black HRC than Japanese domestic prices first appeared on the public record in SEF 689, published on 22 May 2026,³³ more than two months after the 37-day period in this inquiry had closed. The Commission confirmed that assessment in REP 689, dated 23 July 2026.³⁴

BlueScope made representations promptly on each development:

- BlueScope lodged its first submission on 19 June 2026, within four weeks of the publication of SEF 689, and before the verification of KG Dongbu commenced on 24 June 2026; and
- BlueScope lodged the supplementary submission on 15 September 2026, after REP 689 had confirmed the relevant benchmark assessment and after the KG Dongbu verification report (placed on the public record on 1 September 2026) had specifically reserved the issue.³⁵

BlueScope could not reasonably have relied on the subsequent assessment in SEF 689 and REP 689 within the 37-day period because that assessment had not yet appeared on the public record. SEF 689 does not refer to the timing of SEF 689 or REP 689 in its consideration of the timing of BlueScope's submissions. BlueScope submits that these timing issues are directly relevant, and should be taken into account in the final report.

Sufficiency of the existing record

The Korean HRC issue should also be assessed having regard to the information now available on the verified record.

The verified information obtained from KG Dongbu appears to provide a practical starting point for testing whether the conditions identified in REP 689 were transmitted into Korean aluminium zinc coated steel costs and domestic prices. The supplementary submission identifies the specific matters for consideration:

- the proportion of KG Dongbu's cost to make the goods represented by HRC;
- KG Dongbu's sources and terms of HRC supply;
- the relationship between movements in KG Dongbu's HRC costs and its Korean domestic prices;
- the relationship between Korean HRC prices and Korean domestic prices of the goods;
- the extent to which conversion costs, coating costs, product mix and margins explain differences in price movements;
- and

³¹ Customs Act 1901 (Cth), s 269ZHF(3).

³² EPR 698, document no. 13, relevant discussion of REP 590, REP 610 and REP 611, pp. 2–3.

³³ EPR 689, document no. 14 (SEF 689, 22 May 2026).

³⁴ EPR 689, document no. 17 (REP 689, 23 July 2026).

³⁵ EPR 698, document no. 11, p. 4.

- whether the identified conditions prevent a proper comparison with export sales.

BlueScope requests that the Commission assess the extent to which those matters can be resolved on the existing record. If a matter cannot be resolved fairly on that record, the final report should identify the additional information or process that would be required. It should also explain whether, and to what extent, BlueScope's claim has been determined on its merits.

Merits of the issue

Against that procedural background, the substantive question is not whether influence on Korean HRC prices should be assumed to pass through to aluminium zinc coated steel, but whether the evidence supports that conclusion. BlueScope does not ask the Commission to infer transmission from REP 689 or from price co-movement alone. Rather, BlueScope requests that the Commission use the verified information available to determine whether the identified Korean HRC market conditions were transmitted into KG Dongbu's costs and domestic prices, and whether any such transmission affects the suitability of Korean domestic sales for determining normal value. BlueScope does not suggest that the Commission must undertake every test identified in the supplementary submission if the verified record does not permit it, or that the final-report process should dispense with any procedural step necessary for a fair determination.

Evidence and implications

BlueScope's PMS claim relies on the cumulative evidence of:

- the government-originated distortion in Chinese HRC found in REP 658;
- the Commission's assessment, made for benchmark-selection purposes in REP 689, that Chinese exports of black HRC influenced Korean domestic HRC prices more than Japanese domestic prices;
- the increasing share of Chinese HRC in Korean imports and apparent consumption;
- the close relationship between Chinese import prices and Korean domestic HRC prices; and
- the significance of HRC as the principal raw material input.

Only the Commission can determine which of those tests can be completed because it holds KG Dongbu's verified cost, sourcing and model-level pricing data. If the evidence indicates material transmission into Korean domestic prices, the Commission must then determine whether the effect on the relationship between domestic costs and prices, compared with export transactions, is such that the domestic sales do not permit a proper comparison, and what consequences follow for the suitability of Korean domestic sales and the assessment of KG Dongbu's recorded HRC costs.

Approach

In REP 689, the Commission assessed that Chinese exports of black HRC influenced Korean domestic HRC prices more than Japanese domestic prices, and having regard to that assessment and other market considerations, selected adjusted Japanese domestic steel coil prices as the preferable benchmark for competitive market costs for Chinese steel coils.³⁶ The inquiry periods in REP 689 and this inquiry overlap. Although made for benchmark selection, that assessment raises a related underlying economic question in this inquiry: whether Korean HRC prices reflect competitive conditions.

REP 689 provides relevant evidence, but it does not resolve the issues raised in this inquiry. The Commission must still test the materiality of the identified influence and whether it was transmitted into KG Dongbu's HRC costs and Korean domestic prices of the goods. In its comparative benchmark assessment, REP 689 considered Korean domestic prices to be more influenced by Chinese exports of black HRC than Japanese domestic prices and selected adjusted Japanese domestic steel coil prices as the preferable benchmark having regard to that assessment and other relevant considerations. The Commission should therefore explain whether the verified evidence in this inquiry supports treating Korean HRC prices as reflecting competitive market costs for the different purposes arising under s 269TAC and the Regulation.

³⁶ REP 689, pp. 55–56.

BlueScope therefore requests that the Commission:

1. have regard to this submission, including Appendix A, in formulating the recommendations in the final report;
2. assess and determine whether Korean domestic sales of aluminium zinc coated steel are unsuitable for determining normal value under s 269TAC(1), within the meaning of s 269TAC(2)(a)(ii), and, if so, determine normal value under s 269TAC(2)(c); and
3. irrespective of the outcome under item 2, determine whether KG Dongbu's recorded HRC costs reasonably reflect competitive market costs for the purposes of subsection 43(2) of the Customs (International Obligations) Regulation 2015, having regard to the Commission's benchmark assessment in REP 689 concerning the influence of Chinese exports of black HRC on Korean domestic HRC prices, both in the ordinary course of trade assessment and in any constructed normal value.

In the alternative, if the Commission considers that these issues cannot be resolved within the time available, BlueScope requests that the final report expressly state that BlueScope's claim has not been determined on its merits, and explain the reasons for that position.

4. Hoa Sen – negative dumping margin

BlueScope submits that the preliminary dumping margin of negative 0.9 per cent for Hoa Sen warrants further examination before it is relied on in the final report.

The margin represents a movement of approximately 9 percentage points from the margin of 8.1 per cent established in REP 558.³⁷ BlueScope has reviewed SEF 698, Hoa Sen's exporter questionnaire response (EQR), the Hoa Sen verification report, REP 558 and Anti-Dumping Review Panel Report No. 151 (ADRP Report No. 151). Those materials identify several changes in approach since REP 558 and several matters on the record that may affect the margin calculation. BlueScope does not contend that any one matter necessarily changes the outcome. However, because the preliminary margin is close to zero, their cumulative effect may be material both to Hoa Sen's margin and to the rate applicable to uncooperative and all other exporters from Vietnam.

Surrogate model selection

Two of Hoa Sen's four exported models had insufficient domestic sales, and the normal value for both was based on the same surrogate domestic model, P-2-F-5-2-C, with a specification adjustment:³⁸

- for export model P-2-F-2-2-C, the domestic surrogate differs by three base metal thickness bands, being 0.40–0.50 mm compared with 1.00–2.00 mm; and
- for export model P-2-D-4-2-C, the domestic surrogate differs in both steel grade and base metal thickness.

The surrogate selection differs from the approach adopted in REP 558. In REP 558, the surrogate used for P-2-F-2-2-C was within the same thickness band, and the Commission rejected alternative surrogates proposed by Hoa Sen in part because one of them differed by more than one thickness sub-category.³⁹

ADRP Report No. 151 observed that specification adjustments depend on differences in the goods themselves and that it is usually preferable to use the most alike model when making adjustments under s 269TAC(8).⁴⁰

³⁷ SEF 698, section 7.6.1, Table 14, p. 53.

³⁸ EPR 698, document no. 12, Table 3, p. 10.

³⁹ REP 558, Table 18, p. 54, and pp. 55–56.

⁴⁰ ADRP Report No. 151, para. 54.

Hoa Sen appears to have sold the following domestic models with fewer physical differences from the relevant export model:

- for export model P-2-F-2-2-C: domestic model P-1-F-2-2-C, N-2-F-2-2-C and P-2-F-3-2-C; and
- for export model P-2-D-4-2-C: domestic models P-2-D-3-2-C, P-2-D-5-2-C, P-1-D-4-2-C and P-3-D-4-2-C.

SEF 698 does not publicly explain whether those models were considered, or why they were not used. BlueScope requests that the Commission identify the models considered and explain the basis on which P-2-F-5-2-C was selected for each export model.

The specification adjustment is also cost-based. Where the selected surrogate differs materially in base metal thickness or across multiple physical characteristics, a cost-based adjustment may not reflect the actual price difference observed between the models in Hoa Sen's domestic sales. BlueScope therefore requests that the Commission test whether the adjustment reasonably reflects the domestic price difference between the products, using verified domestic sales and pricing information.

Related party sales

The verification team has removed Hoa Sen's domestic sales to related customers from the normal value calculation after finding that those sales were not at arm's length. Hoa Sen's exporter verification report states that it sells the goods to subsidiaries, branches and affiliates, which then on-sell the goods to unrelated customers.⁴¹

BlueScope does not dispute the Commission's finding that the reported transactions with related parties were not at arm's length. However, the resulting exclusion means that significant volumes of goods ultimately sold to unrelated Vietnamese customers have not been reflected in the normal value assessment.

That approach departs from the Commission's treatment of Hoa Sen in Investigation No. 249 (**INV 249**).⁴² In INV 249:⁴³

- the Commission found that Hoa Sen's branches were part of the Hoa Sen legal entity, even though each maintained its own administration and accounting systems;
- it did not treat transfers from Hoa Sen to its branches as sales, because they occurred within the same legal entity;
- it requested a listing of the branches' sales to unrelated customers, and accepted a listing limited to the principal branches where complete data was not practicable to obtain; and
- it determined normal value using branch sales to unrelated customers that were at arm's length and in the ordinary course of trade.

The public verification report in this inquiry does not distinguish between Hoa Sen's branches and its subsidiaries and affiliates. Consistent with the approach in INV 249, BlueScope submits that the Commission should determine whether the relevant branches formed part of the Hoa Sen legal entity during the inquiry period and, if so, whether their sales to unrelated customers satisfy the requirements for inclusion in normal value.

For sales made through Hoa Sen's subsidiaries, the resale to the first unrelated customer may provide relevant evidence of an arm's length domestic price. BlueScope requests that the Commission consider whether those resale prices can be taken into account, with any necessary adjustments, in determining Hoa Sen's normal values.

The exclusion of these sales may also have contributed to domestic sales of two of Hoa Sen's exported models being insufficient, which in turn required the use of surrogate models. The Commission should test that possible connection when reassessing the available domestic sales base and surrogate selection.

⁴¹ EPR 698, document no. 12, section 4.4.2.2, p. 17; material revision 6, p. 15.

⁴² Zinc coated (galvanised) steel exported from India and Vietnam, Investigation No. 249. The investigation was terminated on 30 July 2015.

⁴³ Investigation No. 249, Exporter Visit Report – Hoa Sen Group, EPR 249, document no. 047, sections 2.1.4, 7.3, 7.6 and 7.8, pp. 10, 44–45, 48 and 49.

The record also raises a related question concerning how prices to related customers were established.⁴⁴ The verification team found that prices to related parties were set by an internal pricing guide, without genuine negotiation.⁴⁵ BlueScope requests that the Commission explain how that finding was taken into account in selecting the domestic sales used for normal value.

BlueScope therefore requests that the Commission:

- obtain from Hoa Sen information concerning sales by its branches and related subsidiaries to unrelated customers during the inquiry period;
- include sales by branches forming part of the Hoa Sen legal entity where those sales satisfy the requirements for determining normal value;
- consider whether resale prices from subsidiaries to first unrelated customers should be taken into account, with any necessary adjustments; and
- assess the cumulative effect of the matters identified above and reassess Hoa Sen's normal values and dumping margin to the extent supported by that assessment.

Downward adjustments to normal value

Hoa Sen's normal value includes two deductions that were not made in REP 558, described as "domestic handling and other" and "domestic other expenses".⁴⁶ The latter was identified by the Commission rather than claimed by Hoa Sen and was allocated according to each transaction's value as a proportion of total domestic sales revenue.⁴⁷

The allocation of "domestic other expenses" by transaction value appears more consistent with an indirect expense than with a difference in the terms or circumstances of sale affecting price comparability. The public verification report does not identify the expenses included in that category or whether they overlap with the separate deductions for domestic inland transport, insurance and handling. BlueScope therefore requests that the Commission explain the nature of the expense, confirm that the deduction does not duplicate another adjustment, assess whether allocation by revenue is appropriate and recalculate Hoa Sen's normal value and dumping margin if the deduction is not substantiated.

5. Export price – uncooperative and all other exporters from Vietnam

BlueScope submits that the Commission should explain whether any difference in the available information or export patterns warrants determining the export price for uncooperative and all other exporters from Vietnam differently from Korea. If no material difference exists, the export price for Vietnam should be determined on the same basis as Korea, being the lowest weighted average export price.

SEF 698 determines the export price for uncooperative and all other exporters from both Korea and Vietnam under s 269TAB(3), having regard to all relevant information and using data from the ABF import database.⁴⁸ However:

- for Korea, the Commission used the data to "select the lowest weighted average export price";⁴⁹ and
- for Vietnam, the Commission used the data to "calculate a weighted average export price".⁵⁰

The stated normal-value and dumping-margin methodology is otherwise materially similar. For each country, normal value was calculated using the cooperating exporter's quarterly weighted average normal value, and the dumping margin was determined

⁴⁴ EPR 698, document no. 3, D-1.2 and H-3.15.

⁴⁵ EPR 698, document no. 12, section 3.3.2.2, pp. 8–9.

⁴⁶ EPR 698, document no. 12, Table 1, p. 7; REP 558, Table 19, p. 57.

⁴⁷ EPR 698, document no. 12, Table 4, p. 11.

⁴⁸ SEF 698, sections 6.5.1 and 6.6.1, pp. 43–44.

⁴⁹ SEF 698, section 6.5.1, p. 43.

⁵⁰ SEF 698, section 6.6.1, pp. 43–44.

by comparing weighted averages.⁵¹ Against that background, the different approach to determining export price warrants explanation.

SEF 698 does not explain why the lowest weighted average export price was used for Korea but not for Vietnam. BlueScope has found no finding in SEF 698 identifying any feature of Vietnamese exports, or of the information available for them, that would warrant a different approach.

The significance of that difference is illustrated by the outcome for two exporters that held individual rates under the current measures and are now included within the relevant uncooperative and all other exporter categories:⁵²

- Dongkuk Coated Metal Co Ltd (Korea) is currently subject to a rate of 3.9 per cent and, not having cooperated, will be subject to the rate for uncooperative and all other exporters from Korea of 7.1 per cent; and
- Hoa Phat Steel Sheet Co. Ltd (Vietnam) is currently subject to an individual rate of 5.5 per cent and, not having cooperated, will be subject to the rate for uncooperative and all other exporters from Vietnam of 5.1 per cent.

Hoa Phat would therefore be subject to a lower rate after ceasing to cooperate than the rate it held as a cooperating exporter. That outcome is difficult to reconcile with the approach taken for Korea.

Annex II, paragraph 7 of the Anti-Dumping Agreement recognises that non-cooperation and the resulting withholding of relevant information may lead to a result less favourable to the party than if it had cooperated.⁵³ BlueScope does not submit that non-cooperation, of itself, warrants selection of an adverse export price. Rather, the question under s 269TAB(3) is which of the relevant information available provides the appropriate basis for determining export price.

BlueScope therefore requests that the Commission identify any material factual basis for the different treatment. If none exists, the Commission should determine the export price for uncooperative and all other exporters from Vietnam using the lowest weighted average export price, consistent with the approach adopted for Korea, and recalculate the dumping margin.

6. Conclusion

For the reasons above, BlueScope submits that the findings in SEF 698 provide a sufficient basis for the proposed recommendation that the measures continue in respect of the goods and that the combination duty method continue to apply, subject to its submissions concerning Hoa Sen.

BlueScope further submits that the final report should:

- assess and determine, on the verified record, the Korean HRC market issue, including:
 - whether Korean domestic sales are unsuitable for determining normal value under s 269TAC(1), within the meaning of s 269TAC(2)(a)(ii), and
 - whether KG Dongbu's recorded HRC costs reasonably reflect competitive market costs for the purposes of subsection 43(2) of the Customs (International Obligations) Regulation 2015;
- assess the cumulative effect of the matters identified in section 4 and reassess Hoa Sen's normal values, dumping margin and resulting floor price to the extent supported by that assessment; and
- explain the different export-price methodology applied to uncooperative and all other exporters from Vietnam and, if no material factual difference warrants that treatment, determine the export price on the same basis as for Korea.

⁵¹ SEF 698, sections 6.5.2–6.5.3 and 6.6.2–6.6.3, pp. 43–44.

⁵² SEF 698, Table 1, p. 7; Table 3, p. 14; Table 15, p. 64.

⁵³ Anti-Dumping Agreement, Annex II, paragraph 7: "if an interested party does not cooperate and thus relevant information is being withheld from the authorities, this situation could lead to a result which is less favourable to the party than if the party did cooperate".

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BlueScope respectfully requests that the Commission address each of these matters in the final report.

For and on behalf of BlueScope

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