



ANTI-DUMPING NOTICE NO. 2017/158

Customs Act 1901 – Part XVB

Aluminium Zinc Coated Steel

**Exported from the People's Republic of China
and the Republic of Korea**

Initiation of a Continuation Inquiry into Anti-Dumping Measures

Notice under subsection 269ZHD(4) of the Customs Act 1901

I, Dale Seymour, the Commissioner of the Anti-Dumping Commission, have initiated an inquiry into whether the continuation of anti-dumping measures, in the form of a dumping duty notice in respect of aluminium zinc coated steel exported from the People's Republic of China (China) and the Republic of Korea (Korea), and in the form of a countervailing duty notice in respect of goods exported to Australia from China, is justified. The anti-dumping measures are due to expire on 5 August 2018.¹

The Goods

The goods subject to the anti-dumping measures² and therefore this inquiry are:

Flat rolled products of iron and non-alloy steel of a width equal to or greater than 600mm, plated or coated with aluminium-zinc alloys, not painted whether or not including resin coating.

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

¹ On and from 6 August 2018, if not continued, the anti-dumping measures would no longer apply.

² Anti-Dumping Notice (ADN) No. 2012/40, updated by Anti-Dumping Notice (ADN) No. 2016/23, refer.

³ These tariff classifications and statistical codes may include goods that are both subject and not subject to the anti-dumping measures. The listing of these tariff classifications and statistical codes are for convenience or reference only and do not form part of the goods description. Please refer to the goods description for authoritative detail regarding goods subject to the anti-dumping measures.

Tariff Subheading	Statistical Code	Description
7210		FLAT-ROLLED PRODUCTS OF IRON OR NON-ALLOY STEEL, OF A WIDTH OF 600 mm OR MORE, CLAD, PLATED OR COATED:
7210.6		Plated or coated with aluminium
7210.61.00		Plated or coated with aluminium-zinc alloys
	60	Of a thickness of less than 0.5mm
	61	Of a thickness of 0.5 mm or more but less than 1.5mm
	62	Of a thickness of 1.5mm or more

Background to the anti-dumping measures

The anti-dumping measures were initially imposed by public notice on 5 August 2013 by the then Attorney-General, following consideration of *International Trade Remedies Report No. 190* (REP 190) and *International Trade Remedies Report No. 193* (REP 193).

These measures are applicable to all exporters from China and Korea, except for exports by Dongkuk Steel Mill Co Ltd from Korea and, in respect of the countervailing duty notice, except for exports by Angang Steel Company Ltd, Jiangyin Zong Cheng Steel Co, Union Steel China and Yieh Phui Technomaterial Co Ltd.

These investigations followed applications made by BlueScope Steel Limited (BlueScope), representing the Australian industry.

A summary of the anti-dumping measures currently applying to exports of aluminium zinc coated steel to Australia from China and Korea are available on the Dumping Commodity Register on the Anti-Dumping Commission (the Commission) website (www.adcommission.gov.au).⁴

Application for continuation of the anti-dumping measures

On 25 August 2017, a notice was published on the Commission website inviting certain persons to apply for the continuation of anti-dumping measures regarding aluminium zinc coated steel⁵ exported to Australia from China and Korea in accordance with subsection 269ZHB(1) of the *Customs Act 1901* (the Act).⁶

On 6 October 2017, an application for continuation of the anti-dumping measures was received from BlueScope. A non-confidential version of the application is available on the electronic public record on the Commission's website.

Standing to apply for continuation of anti-dumping measures

Subsection 269ZHB(1)(b) provides standing to apply for a continuation of anti-dumping measures to:

- the person who applied for the initial measures under section 269TB; and
- the person representing the whole or a portion of the Australian industry producing like goods to the goods covered by the measures.

⁴ Refer to the Dumping Commodity Register for [galvanised steel](#) and [aluminium zinc coated steel](#).

⁵ Anti-Dumping Notice (ADN) No. 2017/118 refers.

⁶ All legislative references in this notice are to the *Customs Act 1901*, unless otherwise stated.

Having regard to the application, the previous investigation, other investigations undertaken by the Commission and publically available information, I am satisfied that BlueScope has standing to apply for a continuation of the measures. It was BlueScope that applied under section 269TB for the existing anti-dumping measures. In addition, BlueScope is a manufacturer of the goods and provided evidence that it supplies the Australian market. BlueScope therefore represents a portion of the Australian industry producing like goods to the goods covered by the anti-dumping measures.

Application of law to facts

Division 6A of Part XVB sets out, among other things, the procedures to be followed in dealing with an application for the continuation of anti-dumping measures.

Pursuant to subsections 269ZHD(1) and 269ZHD(2), I must reject an application for the continuation of anti-dumping measures if I am not satisfied that:

- the application complies with section 269ZHC; or
- there appear to be reasonable grounds for asserting that the expiration of the anti-dumping measures to which the application relates might lead, or might be likely to lead, to a continuation of, or a recurrence of, the material injury that the measures are intended to prevent.

Compliance with section 269ZHC

I consider that the application complies with the requirements of section 269ZHC, in that it is in writing, in a form approved by me for the purposes of this section, contains the information that the form requires, is signed in the manner indicated by the form, and was lodged in a manner approved under section 269SMS, being by email to the Commission's email address provided in the instrument under section 269SMS.

Assessment under subsection 269ZHD(2)(b)

Subsection 269ZHD(1)(b) requires me to consider whether there appear to be reasonable grounds for asserting that the expiration of the existing anti-dumping measures might lead, or be likely to lead, to a continuation, or a recurrence, of the material injury they are intended to prevent (under subsection 269ZHD(2)(b)).

BlueScope's claims

In its application, BlueScope claims, among other things, that:

- exporters of the goods from China and Korea have maintained distribution links into the Australian market and exports of the goods have continued, although in considerably lower volumes following the imposition of the anti-dumping measures in 2013;
- an oversupply in the region combined with low utilisation rates and financial viability concerns of steel makers would provide incentives to exporters to increase export volumes should the measures be allowed to expire;
- anti-dumping measures appear to have had the desired effect during the period since 5 August 2013;
- BlueScope continues to experience price undercutting from dumped (and subsidised) exports from exporters the subject of measures in China and Korea;

- other inquiries by the Commission (such as that set out in *Anti-Dumping Commission Report No. 379*, concerning hollow structural sections) show increased support for steel manufacturers by the Government of China - 45 subsidy programs were investigated in that report, and all were found to be countervailable; and
- anti-dumping measures apply to exporters in China and Korea in a number of other jurisdictions.

Additionally, BlueScope has claimed that recent reviews of measures (under Division 5 of Part XVB) applicable to exporters of the goods from China and Korea have resulted in a favourable outcome to exporters in the context of a rising market, that there has been an increase in the volume of exports from the exporters subject to the measures, and that these have also injured the Australian industry.

As part of its application, BlueScope provided International Steel Statistics Bureau (ISSB) export data for the goods, to demonstrate that China and Korea continue to export the goods to Australia.

Consideration of reasonable grounds

The Commission has examined the Australian Border Force import database, which confirms that exporters from China and Korea continue to export the goods to Australia.

The Commission has previously established that there has been over production and excess capacity in the Chinese steel industry, and that this has influenced steel markets throughout Asia.⁷ Although the Commission is aware that China has set targets for reducing steel capacity, there are ongoing concerns regarding these issues.⁸

As outlined in REP 190 and REP 193, the market for aluminium zinc coated steel is extremely price sensitive with price being the primary factor in purchasing decisions. The Commission notes BlueScope's claim that it has been unable to increase prices in line with rapid increases in raw material costs, and hence its losses have increased in 2016/17. In the absence of the anti-dumping measures, it is reasonable to expect that further reduction in prices would be likely to lead to increased volumes of aluminium zinc coated steel being supplied from the subject exporters and that both price and volume injury would be caused to the Australian industry.

Conclusion

Having regard to BlueScope's claims and other relevant information, and having examined the application, I am satisfied that, in accordance with subsection 269ZHD(2)(b), there appear to be reasonable grounds for asserting that the expiration of the anti-dumping measures might lead, or might be likely to lead, to a continuation of, or a recurrence of, the material injury that the measures are intended to prevent.

Based on the above findings, I have therefore decided to not reject the application.

⁷ *Analysis of Steel and Aluminium Markets Report to the Commissioner of the Anti-Dumping Commission (August 2016)* refers.

⁸ See, for example, *Capacity Developments in the World Steel Industry* ([OECD](#), August 2017).

Continuation Inquiry

Inquiry period

For the purposes of this inquiry, I will use the period from 1 October 2016 to 30 September 2017 (the inquiry period) to determine whether the anti-dumping measures relating to aluminium zinc coated steel exported to Australia from China and Korea should:

- remain unaltered; or
- cease to apply to a particular exporter or to a particular kind of goods; or
- have effect in relation to a particular exporter or to exporters generally, as if different variable factors had been ascertained; or
- expire on the specified expiry date, 5 August 2018.

I note that I have been requested by the Assistant Minister for Industry, Innovation and Science and Parliamentary Secretary to the Minister for Industry, Innovation and Science (the Parliamentary Secretary)⁹ to initiate a review of the anti-dumping measures applying to aluminium zinc coated steel exported from China and Korea. I have now initiated that review of measures (Anti-Dumping Notice No. 2017/156 refers).

Accordingly, for the purposes of this continuation inquiry, I will have regard to the variable factors established in the review of measures in order to assess whether dumping and subsidisation has occurred during the inquiry period, and whether dumping and subsidisation is likely to continue or recur if the anti-dumping measures are not continued.

Public record

I must maintain a public record for this inquiry. The public record must contain, among other things, a copy of all submissions from interested parties. Documents included in the public record may be examined at www.adcommission.gov.au or at the Commission's office by contacting the case manager on the details provided below.

Submissions

Interested parties, as defined in subsection 269T(1), are invited to lodge written submissions concerning this inquiry, no later than the close of business on **17 December 2017**, being 37 days after publication of this notice.¹⁰ The Commission's preference is to receive submissions by email to investigations1@adcommission.gov.au.

Submissions may also be addressed to:

The Director, Investigations 1
Anti-Dumping Commission
GPO Box 2013
CANBERRA ACT 2601

or can be faxed to +61 3 8539 2499.

⁹ On 19 July 2016, the Prime Minister appointed the Parliamentary Secretary to the Minister for Industry, Innovation and Science as the Assistant Minister for Industry, Innovation and Science. For the purposes of this inquiry the Minister is the Parliamentary Secretary to the Minister for Industry, Innovation and Science.

¹⁰ As this is a Sunday, the effective due date for submissions will be the following business day, 18 December 2017.

Interested parties wishing to participate in the inquiry must ensure that submissions are lodged promptly. Interested parties should note that I am not obliged to have regard to a submission received after the date indicated above if to do so would, in my opinion, prevent the timely placement of the statement of essential facts (SEF) on the public record.

Interested parties claiming that information contained in their submission is confidential, or that the publication of the information would adversely affect their business or commercial interests, must:

- (i) provide a summary containing sufficient detail to allow a reasonable understanding of the substance of the information that does not breach that confidentiality or adversely affect those interests; or
- (ii) satisfy me that there is no way such a summary can be given to allow a reasonable understanding of the substance of the information.

Submissions containing confidential information must be clearly marked "FOR OFFICIAL USE ONLY". Interested parties must lodge a non-confidential version or a summary of their submission in accordance with the requirement above (clearly marked "PUBLIC RECORD").

Statement of essential facts

The dates specified in this notice for lodging submissions must be observed to enable me to report to the Assistant Minister for Industry, Innovation and Science and Parliamentary Secretary to the Minister for Industry, Innovation and Science (the Parliamentary Secretary)¹¹ within the legislative timeframe. The SEF will be placed on the public record by **28 February 2018**, or by such later date as I may allow in accordance with subsection 269ZHI(3).¹² The SEF will set out the essential facts on which I propose to base a recommendation to the Parliamentary Secretary concerning the continuation of the measures. Interested parties are invited to respond to the issues raised within 20 days of the SEF being placed on the public record.

Submissions received in response to the SEF within 20 days of the SEF being placed on the public record will be taken into account in completing my report and recommendation to the Parliamentary Secretary.

Report to the Parliamentary Secretary

A recommendation to the Parliamentary Secretary will be made in a report on or before **14 April 2018**¹³ (or such later date as I may allow in accordance with subsection 269HI(3)).

¹¹ On 19 July 2016, the Prime Minister appointed the Parliamentary Secretary to the Minister for Industry, Innovation and Science as the Assistant Minister for Industry, Innovation and Science. For the purposes of this inquiry the Minister is the Parliamentary Secretary to the Minister for Industry, Innovation and Science.

¹² On 14 January 2017, the Parliamentary Secretary delegated the powers and functions of the Minister under section 269ZHI of the Act to the Commissioner. Refer to ADN No. 2017/10 for further information.

¹³ As this is a Saturday the effective due date for the final report will be the following business day, 16 April 2018.

The Parliamentary Secretary must make a declaration within 30 days after receiving the report, or due to special circumstances, such longer period, ending before the day the dumping duty notice is due to expire, as the Parliamentary Secretary considers appropriate.

Commission contact

Enquiries about this notice may be directed to the case manager on telephone number +61 3 8539 2440 or email at investigations1@adcommission.gov.au.

Dale Seymour
Commissioner
Anti-Dumping Commission

10 November 2017