



Australian Government
Department of Industry,
Innovation and Science

Anti-Dumping
Commission

CUSTOMS ACT 1901 - PART XVB

**CONSIDERATION REPORT NOS.
365, 366, 368 AND 371**

**CONSIDERATION OF FOUR APPLICATIONS FOR
REVIEWS OF ANTI-DUMPING MEASURES APPLYING TO
ZINC COATED (GALVANISED) STEEL EXPORTED TO AUSTRALIA
FROM THE PEOPLE'S REPUBLIC OF CHINA AND TAIWAN BY**

**SYNN INDUSTRIAL CO., LTD;
YIEH PHUI ENTERPRISE CO., LTD;
JIANGYIN ZONGCHENG STEEL CO., LTD; AND
ANGANG STEEL COMPANY**

AUGUST 2016

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ABBREVIATIONS

Abbreviation	Full title
ABF	Australian Border Force
ADN	Anti-Dumping Notice
ACBPS	Australian Customs and Border Protection Service
the Act	the <i>Customs Act 1901</i>
ADRP	Anti-Dumping Review Panel
Angang	Angang Steel Company
the applicant	Synn Industrial Co., Ltd
BlueScope	BlueScope Steel Limited
the Commission	the Anti-Dumping Commission
the Commissioner	the Commissioner of the Anti-Dumping Commission
CTMS	cost to make and sell
Dongbu	Dongbu Steel Co., Ltd
HRC	hot rolled coil
the goods	zinc coated (galvanised) steel
ICD	interim countervailing duty
IDD	interim dumping duty
Korea	the Republic of Korea
NIP	non-injurious price
the Parliamentary Secretary ¹	the Assistant Minister for Industry, Innovation and Science and the Parliamentary Secretary to the Minister for Industry, Innovation and Science
REP 190	<i>International Trade Remedies Branch Report No. 190</i>
REP 193	<i>International Trade Remedies Branch Report No. 193</i>
REP 272 and 273	<i>Anti-Dumping Commission Report No. 272 and 273</i>
REP 274	<i>Anti-Dumping Commission Report No. 274</i>
REP 290	<i>Anti-Dumping Commission Report No. 290</i>
REP 298	<i>Anti-Dumping Commission Report No. 298</i>
Sheng Yu	Sheng Yu Co., Ltd
Ta Fong	Ta Fong Steel Co., Ltd
TAGAL	ANSC TKS Galvanising Co., Ltd
Union Steel	Union Steel Co., Ltd
Yieh Phui	Yieh Phui Enterprise Co., Ltd
Zongcheng	Jiangyin Zongcheng Steel Co., Ltd

¹ The Minister for Industry, Innovation and Science has delegated responsibility with respect to anti-dumping matters to the Parliamentary Secretary, and accordingly, the Parliamentary Secretary is the relevant decision maker. 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.

1 SUMMARY AND RECOMMENDATION

1.1 Background

This report provides the results of the Anti-Dumping Commission's (the Commission's) consideration of four separate applications lodged by Synn Industrial Co., Ltd (Synn), Yieh Phui Enterprise Co., Ltd (Yieh Phui), Jiangyin Zongcheng Steel Co., Ltd (Zongcheng) and Angang Steel Company (Angang) for reviews in respect of the anti-dumping measures relevant to their respective exports of zinc coated (galvanised) steel exported to Australia from the People's Republic of China (China) and Taiwan.

The applicants consider it appropriate to review the anti-dumping measures because one or more of the variable factors relevant to the taking of the anti-dumping measures have changed. The alleged change in variable factors relate to the normal value, export price and non-injurious price (NIP) relevant to the dumping duty notice.²

The Commission has examined each of the four applications separately, however for administrative convenience has published this combined consideration report.

1.2 Recommendation

The Commission recommends that the Commissioner of the Anti-Dumping Commission (the Commissioner) not reject each of the four applications for the reasons outlined in section 1.4 and chapter 3 of this report and initiate for separate reviews into the anti-dumping measures in so far as they relate to each applicant.

1.3 Legislative background

Division 5 of Part XVB of the *Customs Act 1901* (the Act)³ sets out, among other things, the procedures to be followed by the Commissioner in dealing with an application for a review of anti-dumping measures.

Division 5 empowers the Commissioner to reject or not reject an application for review of anti-dumping measures. If the Commissioner does not reject an application, he is required to publish a notice indicating that he is proposing to review the anti-dumping measures covered by the application.

1.4 Findings and conclusions

Based on the findings outlined in this report, the Commission is satisfied that, in relation to each of the four applications:

- the applications comply with subsections 269ZB(1) and (2); and

² It is noted that not all applicants sought a review of all of these variable factors. In addition, as outlined in section 2.1, there is a countervailing duty notice in relation to China, however all four applicants are not subject to the countervailing duty notice.

³ All legislative references in this report are to the *Customs Act 1901*, unless otherwise specified.

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- there appear to be reasonable grounds for asserting that the variable factors relevant to the taking of anti-dumping measures have changed.

Accordingly, the Commission recommends that the Commissioner not reject each of the four applications.

2 BACKGROUND

2.1 History of the existing anti-dumping measures

2.1.1 Original investigations

On 5 September 2012, a dumping investigation into galvanised steel exported from China, the Republic of Korea (Korea) and Taiwan was initiated following an application by BlueScope Steel Limited (BlueScope).

On 26 November 2012, a countervailing investigation into galvanised steel exported to Australia from China was initiated following a further application by BlueScope.

On 26 April 2013, the CEO of Australian Customs and Border Protection Service (ACBPS) terminated the dumping investigation into galvanised steel exported from Korea by Union Steel Co., Ltd; (Union Steel) and exported from Taiwan by Ta Fong Steel Co., Ltd (Ta Fong) and Sheng Yu Co., Ltd (Sheng Yu).⁴

On 17 June 2013, the then CEO of ACBPS terminated its countervailing investigation into galvanised steel exported by Angang and ANSC TKS Galvanising Co., Ltd (TAGAL).⁵

The dumping investigation, as outlined in *International Trade Remedies Branch Report No. 190* (REP 190),⁶ found that:

- galvanised steel exported to Australia from China, Korea and Taiwan during the investigation period was dumped;
- the volume of dumped goods from each of these countries, and the dumping margins for all exporters (except Union Steel, Sheng Yu and Ta Fong) were not negligible;
- for China the dumping margins were between 6.8 per cent and 62.9 per cent;
- for Korea, with the exception of Union Steel, the dumping margins were between 3.2 per cent and 28.5 per cent;
- for Taiwan, with the exception of Sheng Yu and Ta Fong, the dumping margins were between 2.6 per cent and 8.6 per cent;
- the dumped exports caused material injury to the Australian industry producing like goods; and
- continued dumping may cause further material injury to the Australian industry.

The countervailing investigation, as outlined in *International Trade Remedies Branch Report No. 193* (REP 193),⁷ found that:

⁴ TER 190A sets out the reasons for these terminations and is available on the Commission's electronic public record

⁵ TER 193(i) sets out the reasons for this termination. This report is available on the Commission's electronic public record.

⁶ REP 190 investigated galvanised steel and aluminium zinc coated steel exported from China, Korea and Taiwan. Due to the close nature of these products and common interested parties, findings from both dumping investigations were detailed in one report.

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- with the exception of Angang and TAGAL, galvanised steel exported to Australia from China was subsidised with subsidy margins ranging from 5.2 per cent and 22.8 per cent;
- the volume of subsidised goods from China was not negligible;
- the subsidised goods caused material injury to the Australian industry producing like goods; and
- continued subsidisation may cause further material injury to the Australian industry.

On 5 August 2013, the then Attorney-General, following consideration of REP 190 and REP 193, published a:

- dumping duty notice applying to galvanised steel exported to Australia from China, Korea (with the exception of Union Steel Korea) and Taiwan (with the exception of Ta Fong and Sheng Yu). The form of measures applying to the dumping duty notice was the combination of fixed and variable duty method; and
- countervailing duty notice applying to galvanised steel exported to Australia from China (with the exception of Angang and TAGAL).

The anti-dumping measures were outlined in Anti-Dumping Notice (ADN) No. 2013/66.

As outlined in ADN No. 2014/12, following a review by the Anti-Dumping Review Panel (ADRP) of certain findings made by the Attorney-General, the then Parliamentary Secretary to the Minister of Industry decided to vary the countervailing duty notice so as to reduce the applicable countervailable subsidies by the amounts referable to programs 1 to 3 described in REP 193. The then Parliamentary Secretary's decision to vary the countervailing duty notices required an amendment to the interim dumping duty (IDD) payable on imports of galvanised steel. This is because the original dumping margins were reduced by the amount of subsidy attributable to subsidy programs 1 to 3 in determining the IDD payable.

Notice of the then Parliamentary Secretary's decision was published on 20 February 2014. The notice had retrospective effect from 5 August 2013. As a result, the subsidy margins ranged from 3.0 per cent to 6.9 per cent for exporters from China (with the exception of Angang, TAGAL and Yieh Phui Technomaterial Co., Ltd).

2.1.2 Review of measures – Dongbu Steel Co., Ltd

On 1 October 2014, Dongbu Steel Co., Ltd (Dongbu) lodged an application requesting a review of the anti-dumping measures applying to its exports of galvanised steel to Australia from Korea. *Anti-Dumping Commission Report No. 272*

⁷ REP 193 investigated galvanised steel and aluminium zinc coated steel exported from China, Korea and Taiwan. Due to the close nature of these products and common interested parties, findings from both countervailing investigations were detailed in the one report.

and 273 (REP 272 and 273) recommended that the dumping duty notice have effect in relation to Dongbu as if different variable factors had been ascertained.

The then Parliamentary Secretary for Industry and Science accepted the findings in REP 272 and 273 and the decision to alter the notice as it applied to Dongbu was published in the *Commonwealth of Australia Gazette* on 3 August 2015 and *The Australian* newspaper on 4 August 2015.

2.1.3 Anti-circumvention inquiries

On 1 April 2015, BlueScope lodged an application requesting an anti-circumvention inquiry in relation to galvanised steel exported from Korea and Taiwan. Subsequent to this, on 7 May 2015, BlueScope lodged a further application requesting an anti-circumvention inquiry in relation to galvanised steel exported from China.

Due to the identical nature of the goods and the alleged circumvention activity, the Commission conducted these anti-circumvention inquiries in parallel.

As a result of the anti-circumvention inquiries, the Commissioner considered that a circumvention activity had occurred with respect to certain exporters.

On 17 March 2016, the then Assistant Minister for Science and Parliamentary Secretary to the Minister for Industry, Innovation and Science accepted the Commissioner's findings and recommendations in *Anti-Dumping Commission Report Nos. 290 and 298* (REP 290 and 298). On 18 March 2016, a notice was published (ADN No. 2016/23 refers) on the Commission's electronic public record outlining the then Parliamentary Secretary's decision to alter the original dumping duty notice by amending the goods description to include alloyed galvanised steel exported from:

- China by Angang or Benxi Iron and Steel (Group) International Economic & Trading Co., or
- Taiwan by Yieh Phui.

The notice also covered the then Parliamentary Secretary's decision to alter the original countervailing duty notice by amending the goods description to include alloyed galvanised steel exported from China by Benxi Iron and Steel (Group) International Economic & Trading Co.

Certain findings in relation to REP 290 and 298 are currently subject of a review by the ADRP. As part of the ADRP's review, the ADRP has asked the Commission to reinvestigate certain findings, including findings that relate to the altered dumping duty notice for Yieh Phui. The ADRP review is ongoing and will be taken into consideration should the ADRP's review impact on any reviews of measures that follow.

2.1.4 Accelerated review – Zongcheng

On 13 October 2014, Zongcheng, a new exporter, applied for an accelerated review of the anti-dumping measures applying to its exports of galvanised steel from China. Zongcheng did not participate in the original investigation because it did not export

galvanised steel to Australia during the original investigation period (1 July 2011 to 30 June 2012).

Anti-Dumping Commission Report No. 274 recommended that the dumping duty notice have effect in relation to Zongcheng as if different variable factors had been ascertained. It was also recommended that Zongcheng's exports of galvanised steel be no longer subject to the countervailing duty notice.

The then Minister for Industry and Science accepted the findings in REP 274 and the then Minister's decision to alter the notices as they applied to Zongcheng was published in the *Commonwealth of Australia Gazette* and *The Australian* newspaper on 17 February 2015. As of this date, Zongcheng was no longer subject to the countervailing duty notice and in relation to the dumping duty notice, became subject to IDD calculated using the floor price duty method. Under the floor price duty method, IDD is only payable for Zongcheng's exports where the actual export price is below the confidential floor price.

2.2 The current applications

The Commission received the following four applications for a review of the measures applying to galvanised steel from China and Taiwan:

- On 5 August 2016, an application was lodged by Synn requesting a review of the anti-dumping measures in relation to its exports of the goods to Australia from Taiwan;
- On 5 August 2016, an application was lodged by Zongcheng requesting a review of the anti-dumping measures in relation to its exports of the goods from China;
- On 8 August 2016, an application was lodged by Yieh Phui requesting a review of the anti-dumping measures in relation to its exports of the goods to Australia from Taiwan; and
- On 17 August 2016, an application was lodged by Angang requesting a review of the anti-dumping measures in relation to its exports of the goods from China

All four applications claim that there has been a change in the variable factors relevant to each of the particular applicants' circumstances.

The applications are not prevented by subsection 269ZA(2), which provides that an application for review must not be lodged earlier than 12 months after the publication of a dumping duty notice, or a notice declaring the outcome of the last review of the dumping duty notice.⁸

Pursuant to subsection 269ZC(1), the Commissioner must, within 20 days after receiving the application, examine the application and decide whether to reject the application.

⁸ The last time this occurred was the 3 August 2015.

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As such, the decision whether to reject the applications must be made for:

- Synn and Zongcheng, no later than 25 August 2016;
- Yieh Phui, no later than 29 August 2016; and
- Angang, no later than 16 September 2016.⁹

If the Commissioner is not satisfied, having regard to an application and to any other information that the Commissioner considers relevant, of one or more matters referred to in subsection 269ZC(2), the Commissioner must reject the application.

2.3 The goods subject to the anti-dumping measures

The goods to which the current dumping duty notice applies (the goods) are:

“flat rolled products of iron and non-alloy steel, of a width less than 600mm and, equal to or greater than 600mm, plated or coated with zinc; and

flat rolled products of alloyed steel, of a width less than 600mm and, equal to or greater than 600mm, plated or coated with zinc exported from:

- *China by Angang Steel Co, Ltd or Benxi Iron and Steel (Group) International Economic & Trading Co., or*
- *Taiwan by Yieh Phui Enterprise Co., Ltd.”*

Given that none of the four applicants are subject to the countervailing duty notice in respect of China, the reviews will not examine matters relating to the countervailing duty notice.

2.3.1 Additional information in relation to the goods

Zinc coated steel is commonly referred to as galvanised steel.

The amount of zinc coating on the steel is described as its coating mass and is nominated in grams per meter squared (g/m²) with the prefix being Z (*Zinc*) or ZF (*Zinc converted to a Zinc/Iron alloy coating*). Common coating masses used for zinc coating are: Z350, Z275, Z200, Z100, and for zinc/iron alloy coating are: ZF100, ZF80 and ZF30 or equivalents based on international standards and naming conventions.

2.3.2 Product treatment

The applications cover galvanised steel whether or not including any (combination of) surface treatment, for instance; whether passivated or not passivated, (often referred to as chromated or unchromated), oiled or not oiled, skin passed or not skin passed, phosphated or not phosphated (for zinc iron alloy coated steel only).

⁹ It is noted that if a due date for the purposes of this report falls on a weekend or a public holiday in Melbourne, the effective due date is taken to be the next working day.

2.3.3 Excluded goods

Painted galvanised steel, pre-painted galvanised steel, electro-galvanised plate steel and corrugated galvanised steel are not covered by the dumping duty notice.

2.3.4 Tariff classification of the goods

Goods identified as galvanised steel, as per the description above, are classified to the following tariff subheadings in Schedule 3 to the *Customs Tariff Act 1995*:

- 7210.49.00 statistical code 55, 56, 57 and 58;
- 7212.30.00 statistical code 61;
- 7225.92.00* statistical code 38*; and
- 7225.92.00* statistical code 71*.

*The last two tariff subheadings only apply to the following exporters/suppliers:

- Angang;
- Benxi Iron and Steel (Group) International Economic & Trading Co.; and
- Yieh Phui.

The goods exported to Australia from Taiwan are subject to a 5 per cent customs duty. The goods exported to Australia from China under tariff subheadings 7210.49.00 and 7212.30.00 are subject to a 3 per cent rate of customs duty. As a result of the Australia and China Free Trade Agreement the customs duty is progressively reducing by 1 percentage point at the beginning of each calendar year, and will be duty free from 1 January 2019. Similarly the goods exported to Australia from China under tariff subheading 7225.92.00 are subject to a 1.7 per cent rate of customs duty. As a result of the Australia and China Free Trade Agreement the customs duty will be duty free from 1 January 2017.

2.4 Australian industry producing like goods

During the original investigation, the ACBPS¹⁰ found that:

- there was an Australian industry producing like goods;
- a substantial process of the manufacture was carried out in Australia in producing the like goods; and
- the like goods were wholly manufactured in Australia.

During the review of measures for Dongbu (REP 272 and 273) the Commission was satisfied that there remains an Australian industry. A review of BlueScope's product information on its website confirms that galvanised steel continues to be offered for sale publicly by an Australian industry. As such, the Commission remains satisfied that there is an Australian industry producing like goods.

¹⁰ On 1 July 2013, the International Trade Remedies Branch of the ACBPS became the Anti-Dumping Commission.

3 CONSIDERATION OF THE APPLICATIONS

3.1 Legislative background

Subsection 269ZB(1) requires that an application for review be in writing, be in a form approved by the Commissioner for the purposes of this section, contain such information as the form requires, be signed in the manner indicated by the form and be lodged in a manner approved under section 269SMS.

Without otherwise limiting the matters that can be required by the form to be included, subsection 269ZB(2) provides that the application must include:

- a description of the kind of goods to which the anti-dumping measures the subject of the application relate; and
- a description of the anti-dumping measures the subject of the application; and
- if the application is based on a change in variable factors, a statement of the opinion of the applicant concerning:
 - the variable factors relevant to the taking of the anti-dumping measures taken that have changed; and
 - the amount by which each such factor has changed; and
 - the information that establishes that amount; and
- if the application is based on circumstances that in the applicant's view indicate that anti-dumping measures are no longer warranted, evidence (in accordance with the form) of the circumstances.

Subsection 269ZC(2) specifies the matters which the Commissioner must consider in making a decision whether to reject the application. These matters are:

- that the application complies with section 269ZB; and
- that there appear to be reasonable grounds for asserting either, or both, of the following:
 - that the variable factors relevant to the taking of anti-dumping measures have changed;
 - that the anti-dumping measures are no longer warranted.

3.2 Assessment of the applications – compliance with section 269ZB

When considering the requirements of subsections 269ZB(1) and (2), the Commission notes that each of the four applications submitted:

- are in writing;
- are in the approved form (*Form B602 – Application for a review of measures*) and contain such information as the form requires (including evidence in support of the amount by which normal value and export prices, where applicable, have changed since anti-dumping measures were last imposed and information on the causes of the change to normal values and export prices and whether these causes are likely to persist);
- are signed in the manner required by the form;

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- were lodged in a manner approved under section 269SMS, being by email to the Commission's nominated email address (as nominated in the Commissioner's instrument made under section 269SMS);
- provide a description of the kind of goods to which the anti-dumping measures the subject of the applications relate;
- provide a description of the anti-dumping measures the subject of the applications; and
- include a statement of the opinion of the applicants concerning the variable factors relevant to the taking of the anti-dumping measures taken to have changed; the amount by which each factor has changed; and the information that establishes that amount (as discussed in section 3.3. below).

As a result of the above, the Commission is satisfied that each of the four applicants have satisfied the requirements of subsections 269ZB(1) and (2).

3.3 Variable factors

The Commission considers that to comply with section 269ZB, the applicants must provide information to establish that, in the applicant's opinion, one or more of the variable factors have changed. The applicants do not have to provide information to establish that all the variable factors have changed.

The following sections will address each applicants' claims in the change of variable factors.

If the application is based on a change in variable factors, subsection 269ZB(2)(c) requires that the applicant provide a statement of its opinion regarding:

- the variable factors relevant to the taking of the anti-dumping measures that have changed;
- the amount by which each such factor has changed; and
- information that establishes that amount.

3.3.1 Synn

Synn claims that the normal value and export price of the goods in relation to its exports have changed.

The application included the identification of changes to the normal value and export price, with evidence to support those changes, including evidence provided as part of a duty assessment and price lists showing the unit cost of the goods.

Synn outlines that it did not participate in the original investigation because it did not export the goods to Australia during the original investigation period (1 July 2011 to 30 June 2012). The Commission verified this claim and considers it to be a valid consideration for Synn's assertions below.

Ascertained export price

Synn claims that the ascertained export price has changed since the original investigation and provided evidence in support of its claims. In particular, it included a listing of its exports of the goods to Australia¹¹ and price lists denoting the unit price of the goods to reflect the change in export price.

The Commission compared the export price from the original investigation relevant to Synn, which is the export price applicable to the “All Other Exporters” category, with the export price derived from the supporting evidence accompanying the application. On the basis of the information provided, the Commission found that there are reasonable grounds for Synn to assert that its ascertained export price has changed.

Ascertained normal value

In its application, Synn asserted that the ascertained normal value has changed since the original investigation, primarily as it was not a participant in the original investigation. In support of its claims, Synn provided normal value calculations from a duty assessment relevant to the proposed review period.

Further, Synn claimed that a change to its ascertained normal value can be evidenced by a global decline in the price of raw material inputs, specifically hot-rolled coil (HRC). In support of this it provided prices and a graph showing the trend of iron ore prices from China in the period January 2013 to July 2016.

The Commission compared the normal value from the original investigation relevant to Synn, which is that applicable to the “All Other Exporters” category, with the information provided and assessed as part of a duty assessment relevant to Synn.

The Commission also notes that iron ore is a core input to the production of HRC, which in turn is a material input into the production of galvanised steel. The Commission compared the pricing of iron ore and HRC (from the East Asian region) over the original investigation period and the proposed review period as demonstrated below at Figure 1.¹²

¹¹ These exports are within the proposed review period outlined at section 3.5, therefore the Commission considers them to be contemporaneous.

¹² As the iron ore pricing data is from an independent third party source, the Commission considers the data to be reliable. The HRC prices were derived from the Commission’s paid subscription source.

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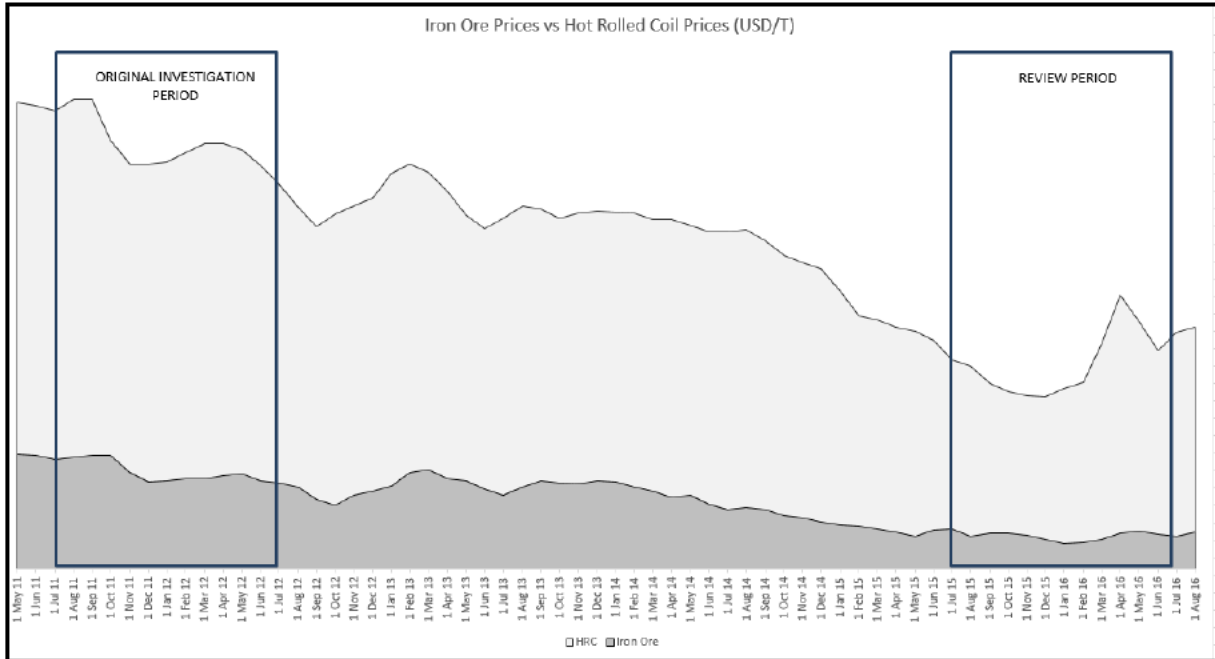


Figure 1 – Iron Ore Prices vs HRC Prices

Figure 1 shows that HRC costs have decreased. Overall, the Commission found that there are reasonable grounds for Synn to assert that its ascertained normal value has changed.

Commission's assessment - Synn

The Commission considers that Synn has provided sufficient information to establish the statement of its opinion concerning the amount by which the variable factors have changed as required by subsection 269ZB(2)(c).

Therefore, the Commission is satisfied that, in respect of the variable factors, Synn's application complies with section 269ZB.

3.3.2 Yieh Phui

Ascertained export price

Yieh Phui claims that its ascertained export price has changed since the original dumping duty notice and provided evidence in support of its claim. In particular, Yieh Phui provided its price lists relevant to the goods in June 2012 (occurring during the original investigation period) and June 2016. The price lists include unit pricing of the goods as evidence of the change in export price between the two periods.

The Commission compared the ascertained export price in the original investigation relevant to Yieh Phui, with price lists provided as part of the application. On the basis of the information provided, the Commission considers the information provided in Yieh Phui's application demonstrates reasonable grounds to support Yieh Phui's claims that its ascertained export price has changed.

Ascertained normal value

In its application, Yieh Phui asserted that its ascertained normal value has changed since the original investigation. Yieh Phui claimed that its domestic selling prices of the goods have fallen and its cost to manufacture has declined. Yieh Phui claimed that the fall in the normal value is attributed to the global decline in the price of raw material inputs, specifically HRC, and has expressed an opinion that this trend will persist due mainly to global overcapacity of steel producers.

In support of its assertions, Yieh Phui provided a list of raw material purchase prices of HRC in the original investigation period and a 2016 price quoted by its HRC supplier. The Commission compared the recent quote with the prices paid and Yieh Phui's ascertained normal value in the original investigation. On the basis of the information provided, the Commission considers there are reasonable grounds for Yieh Phui to assert there has been a change in its ascertained normal value.

Commission's assessment – Yieh Phui

The Commission considers that Yieh Phui has provided sufficient information to establish the statement of its opinion concerning the amount by which the variable factors have changed as required by subsection 269ZB(2)(c).

Therefore, the Commission is satisfied that, in respect of the variable factors, Yieh Phui's application complies with section 269ZB.

3.3.3 Angang

Ascertained export price

In its application, Angang did not seek a change in its ascertained export price. As part of the Commission's consideration, the Commission reviewed import data from the Australian Border Force import database and found that there were no exports of the goods from Angang in the proposed review period. In these circumstances, the Commission may look to whether it is appropriate to recommend setting Angang's ascertained export price equal to its ascertained normal value, or having regard to other relevant information, pursuant to subsection 269TAB(3).

Ascertained normal value

Angang is seeking a change in its ascertained normal value on the basis that its domestic selling prices of the goods have decreased since the original investigation. The application claims that the decline in normal value is attributed to a global drop in related input materials, iron ore and HRC. In support of its claims, Angang provided information on its domestic selling prices and HRC pricing trends.

In the original investigation, it was established that, in accordance with subsection 269TAC(2)(a)(ii), a situation exists in the domestic Chinese galvanised steel market that renders domestic selling prices in that market unsuitable for the purpose of determining the normal value for galvanised steel subsection 269TAC(1).

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As a result, Angang's normal value was constructed pursuant to subsection 269TAC(2)(c) using Angang's weighted average cost to make and sell (CTMS) data (revised for raw material cost uplift), by product model, and an amount for profit based on domestic sales of like goods sold in the ordinary course of trade. Adjustments were made to normal values to ensure comparability with export prices pursuant to subsection 269TAC(9).

Given that Angang's normal values were constructed in the original investigation, and because the application provided no grounds to warrant a departure from the previous market situation finding, the information provided by Angang in its application regarding domestic selling prices is not a reasonable ground for asserting that Angang's ascertained normal value has changed.

However, the Commission considers that the methodology applied to determine normal values for Chinese exporters in the original investigation remains a relevant aspect in determining any changes to the ascertained normal value.

In respect to this, the Commission considers that the cost of HRC (a major raw material input in galvanised steel) is a relevant consideration in determining Angang's normal value. In its application, Angang provided information regarding published HRC prices from an independent third party source paid for by subscription and the Commission considers the data to be reliable. Further, the Commission's own sources of independent third party pricing data further validated the decline in HRC pricing since the original investigation period. The decline in HRC costs is demonstrated above in Figure 1.

As such, the Commission is satisfied that there are reasonable grounds for Angang to assert there is a change in its ascertained normal value.

Commission's assessment - Angang

The Commission considers that Angang has provided sufficient information to establish the statement of its opinion concerning the amount by which the variable factors have changed as required by subsection 269ZB(2)(c).

Therefore, the Commission is satisfied that, in respect of the variable factors, Angang's application complies with section 269ZB.

3.3.4 Zongcheng

Zongcheng claims that the normal value and export price of the goods in relation to its exports have changed. The application included the identification of changes to the normal value and export price, with evidence to support its assertion that these variable factors have changed.

The Commission notes that Zongcheng did not participate in the original investigation because it did not export the goods to Australia during the original investigation period (1 July 2011 to 30 June 2012).

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Subsequently, Zongcheng applied for an accelerated review on 13 October 2014. During this accelerated review, the Commission found that Zongcheng did not export the goods to Australia during the review period 1 July 2013 to 30 June 2014. Having regard to the circumstances of the accelerated review, the Commission considered it appropriate to determine its export price to be the same amount as its normal value. This is relevant in the discussions below regarding export price.

Additionally, as a result of Zongcheng not participating in the original investigation, the basis for determining a change in the variable factors will be established by reference to the variable factors (ascertained export price and ascertained normal values) determined as part of the accelerated review.

Ascertained export price

Zongcheng claims that its ascertained export price has changed since the accelerated review and provided supporting documentation in support of its claims.

In particular, it included a listing of its exports of the goods to Australia from within the proposed review period and corresponding export source documentation.

The Commission compared the export price from the accelerated review, which was determined to be equal to Zongcheng's ascertained normal value, with the export price derived from the supporting evidence accompanying the application. On the basis of the information provided, the Commission found that there are reasonable grounds for Zongcheng to assert that its ascertained export price has changed.

Ascertained normal value

In its application, Zongcheng asserted that a change to its ascertained normal value can be evidenced by a global decline in the price of raw material inputs, iron ore which in turn is an input to HRC. In support of this, it provided prices and a graph showing the trend of iron ore prices from China in the period January 2013 to July 2016. In addition, the application included information provided and assessed as part of a duty assessment.

As outlined at section 3.3.3, in the original investigation, in accordance with subsection 269TAC(2)(a)(ii), a situation exists in the domestic Chinese galvanised steel market that renders domestic selling prices in that market unsuitable for the purpose of determining the normal value for galvanised steel subsection 269TAC(1)..

Based on the existence of a market situation, the Commission considers that the methodology applied to determine normal value in Zongcheng's accelerated review remains a relevant aspect in determining any changes to the ascertained normal value.

In the accelerated review, normal values for domestic sales by Zongcheng were established in accordance with subsection 269TAC(2)(c) using Zongcheng's

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weighted average CTMS data (revised for raw material cost uplift¹³), by product model, and an amount for profit based on domestic sales of like goods sold in the ordinary course of trade.

In respect to this, the Commission considers that HRC costs are a relevant consideration in determining Zongcheng's normal value. In its application, Zongcheng provided information regarding published HRC prices from an independent third party source.¹⁴

The Commission also notes that iron ore is a core input to the production of HRC, which in turn is a material input into the production of galvanised steel. The Commission compared the pricing of iron ore and HRC over the accelerated review period and the proposed review period as demonstrated below at Figure 2 below.¹⁵

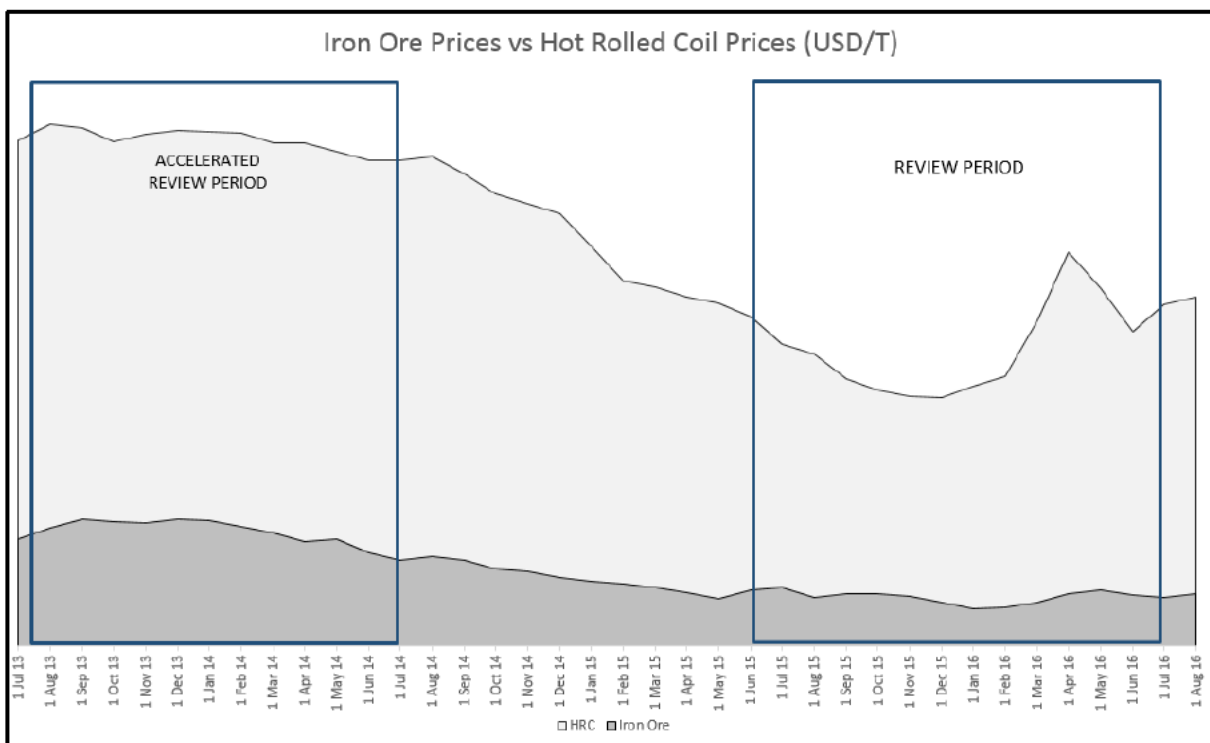


Figure 2 shows that the prices of iron ore and HRC have declined. As such, the Commission is satisfied that there are reasonable grounds for Zongcheng to assert there is a change in its ascertained normal value.

¹³ Established by reference to the East Asian weighted average published HRC prices from SBB Platts.

¹⁴ As the iron ore pricing data is from an independent third party source, the Commission considers this data to be reliable. The HRC prices were derived from the Commission's paid subscription source.

¹⁵ The Commission's own sources of independent third party pricing data.

Commission's assessment

The Commission considers that Zongcheng has provided sufficient information to establish the statement of its opinion concerning the amount by which the variable factors have changed as required by subsection 269ZB(2)(c).

Therefore, the Commission is satisfied that, in respect of the variable factors, Zongcheng's application complies with section 269ZB.

3.3.5 Non-injurious price

Of the four applications, only Yieh Phui claimed a change in the variable factor of the NIP.

In the original investigation, the ACBPS considered the most appropriate basis for estimating the NIP and found that it was reasonable to expect that the Australian industry would be able to achieve as a minimum, selling prices that reflected un-dumped import parity pricing. Accordingly, the ACBPS considered that the NIP for each exporter should equal the respective normal value.

The Commission considers that it is appropriate to review the NIP in respect of any review that follows the applications.

3.4 Assessment of applications – compliance with section 269ZC

In determining whether to reject an application under section 269ZC, a further matter that is required to be considered by the Commissioner is whether there appear to be reasonable grounds for asserting that the variable factors relevant to the taking of anti-dumping measures have changed.

The Explanatory Memorandum to the *Customs Legislation (Anti-Dumping Amendments) Bill 1998* that introduced section 269ZC, states that:

'[f]or a review to commence, there must be "reasonable grounds" for the relevant anti-dumping measure to be amended or revoked. That is, there are sufficient grounds to allow the [Commissioner] to determine that, if on the basis of information available to him or her, the [Commissioner] would be induced to recommend to the Minister a change in the relevant factors...'

The Commission considers that on the basis of information available to him the Commissioner has sufficient grounds to determine whether or not he would be induced to recommend to the Parliamentary Secretary a change in the relevant variable factors.

Based on the Commission's analysis in section 3.3, there appear to be reasonable grounds for asserting under subsection 269ZC(2)(b)(i) that the variable factors relevant to the taking of anti-dumping measures have changed.

Based on this assessment, the Commission recommends that the Commissioner not reject each of the four applications pursuant to subsection 269ZC(1) as it is satisfied of the matters referred to in subsection 269ZC(2).

3.5 Conclusions and recommendations

The Commission has considered each of the applications in accordance with sections 269ZB and 269ZC. The Commission is satisfied, on the basis of the information provided in the applications, and other relevant information, that for each of the four applications:

- the applications comply with section 269ZB; and
- there appear to be reasonable grounds for asserting that the variable factors relevant to the taking of the anti-dumping measures have changed.

The Commission recommends that the Commissioner:

- not reject the applications and initiate four reviews into the current anti-dumping measures applying to Synn, Yieh Phui, Angang and Zongcheng; and
- the review period for each review be set as 1 July 2015 to 30 June 2016.