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Australian Government
Anti-Dumping Commission

EXEMPTION INQUIRY EX0021

**ZINC COATED (GALVANISED) STEEL
EXPORTED TO AUSTRALIA FROM THE
PEOPLE'S REPUBLIC OF CHINA,
THE REPUBLIC OF KOREA AND TAIWAN**

CMC STEEL DISTRIBUTION

MAY 2014

PUBLIC RECORD

Exemption Inquiry EX0021 –Galvanised steel exported from China, Korea and Taiwan

PUBLIC RECORD

CONTENTS

CONTENTS	2
1 Summary and recommendations	3
1.1 Recommendation.....	3
1.2 Application of law to facts	3
1.2.1 Application	3
1.2.2 Authority to make decision.....	3
1.2.3 Initiation of inquiry.....	3
1.3 Findings and conclusions.....	4
2 Background	5
2.1 Original investigation.....	5
2.2 Legislative framework	6
2.3 Exemption inquiry	6
3 The “goods subject to measures” and the “goods subject of the application for exemption”	7
3.1 The goods subject to measures	7
3.2 Tariff classification	7
3.3 Goods subject of the application for exemption	8
4 Galvanised steel subject to TCO	9
4.1 Assessment	9
4.2 Effective date of exemption.....	9
4.3 Conclusion	9
5 ATTACHMENTS	10

PUBLIC RECORD

1 Summary and recommendations

This report sets out the Anti-Dumping Commission's (Commission) findings in response to an application by CMC Steel Distribution (CMC) requesting an exemption from dumping duty and countervailing duty (collectively, the measures) applying to certain zinc coated (galvanised) steel exported from the People's Republic of China (China), the Republic of Korea (Korea) and Taiwan. The exemptions are being sought under paragraphs 8(7)(b) and 10(8)(aa) of the *Customs Tariff (Anti-Dumping) Act 1975* (the *Dumping Duty Act*).¹

This report sets out the Commission's findings on which the Commissioner of the Anti-Dumping Commission (the Commissioner) relied on to make a recommendation to the Parliamentary Secretary to the Minister for Industry (the Parliamentary Secretary)² on whether to exempt goods from measures.

1.1 Recommendation

The Commission has found that for the goods the subject of CMC's application, Tariff Concession Orders (TCOs) under Part XVA of the *Customs Act 1901* (the Act) are in force. Accordingly, the Parliamentary Secretary can be satisfied that the conditions of subsections 8(7)(b) and 10(8)(aa) of the *Dumping Duty Act* for granting an exemption are met. The goods are described fully in section 3.3 of this report.

The Commissioner recommends the Parliamentary Secretary exempt from measures for galvanised steel, the goods to which TC1342242 and TC1342243 apply, and that the Parliamentary Secretary sign the instrument at **Attachment 1** to give effect to this decision.

1.2 Application of law to facts

1.2.1 Application

On 20 March 2014, CMC applied to the Commission for an exemption from measures in relation to its imports of galvanised steel (**Confidential Attachment 1**). The Commission accepted CMC's application for an exemption.

CMC has applied for an exemption under subsections 8(7)(b) and 10(8)(aa) of the *Dumping Duty Act*.

1.2.2 Authority to make decision

Subsections 8(7) and 10(8) of the *Dumping Duty Act* set out, *inter alia*, the matters to be considered by the Parliamentary Secretary in deciding whether to exempt goods from dumping duty and countervailing duty.

1.2.3 Initiation of inquiry

After examining the application, the Commission was satisfied that:

- the claims put forward in the application warranted further inquiry;

¹ A reference to a division, section or subsection in this report is a reference to a provision of the *Customs Tariff (Anti-Dumping) Act 1975* unless otherwise specified.

² In December 2013 the Minister for Industry delegated responsibility for anti-dumping matters to the Parliamentary Secretary to the Minister for Industry. Accordingly, the Parliamentary Secretary is the relevant decision maker with respect to this exemption enquiry.

PUBLIC RECORD

- that an exemption inquiry should commence; and
- that a final report and recommendation to the Parliamentary Secretary presenting evidence on which he may rely to exercise his power to exempt goods under sections 8 and 10 of the Dumping Duty Act be prepared.

1.3 Findings and conclusions

The Dumping Duty Act provides that the Parliamentary Secretary may exempt goods if a TCO is in force.

The Commission has found that:

- the TCOs came into effect on 17 March 2014 and are currently in force;
- the TCOs apply to a sub-set of goods subject to the measures;
- the grounds for granting an exemption under the Dumping Duty Act are therefore satisfied.

PUBLIC RECORD

2 Background

2.1 Original investigation

In August 2013, the Commission completed an investigation into:

- the alleged dumping of galvanised steel exported to Australia from China, Korea and Taiwan, which commenced on 5 September 2012; and
- the alleged subsidisation of galvanised steel exported to Australia from China, which commenced on 26 November 2012.

The Commission reported its findings and recommendations to the Attorney-General. The Attorney-General accepted the Commission's recommendation that galvanised steel had been exported at dumped and subsidised prices and that dumping and subsidisation had caused material injury to the Australian industry. A dumping duty notice and countervailing duty notice in respect of the goods was published on 5 August 2013.

Anti-Dumping Notice (ADN) No. 2013/66 contains details of the measures, including a description of the goods subject to measures.

The recommendations made to the Attorney-General regarding this case are contained in Reports 190 and 193.

The findings in both Report 190 and Report 193 have been subject to review by the Anti-Dumping Review Panel (ADRP).

The Commission conducted a reinvestigation in accordance with the requirements of 269ZZL(1) in November 2013. The delegate of the Commissioner (the delegate), in accordance with s.269ZZL(3) of the Customs Act 1901 (the Act), affirmed the findings subject to the reinvestigation. The reasons are set out in report to the ADRP 230 (REP 230).

The Parliamentary Secretary to the Minister for Industry considered and accepted the recommendation of the ADRP and the reasons for the recommendation including all material findings of fact or law as set out in the ADRP Report. The Parliamentary Secretary decided to vary the dumping duty notice, with effect from 5 August 2013, by excluding from the description of goods the subject of the notice unchromated products exported from Korea.

The Parliamentary Secretary did not accept the ADRP's recommendation to revoke the countervailing duty notices but decided to vary the countervailing duty notices so as to reduce the countervailing subsidies by the amounts referable to programs 1 to 3 described in REP 193.

To give effect to these decisions, the Parliamentary Secretary published two notices under section 269ZZM of the Act.

The first notice varies the countervailing duty notices³ published in respect of galvanised steel and aluminium zinc coated steel exported to Australia from China, which were published on 5 August 2013 in The Australian and the Gazette. Further details are available in ADN No. 2014/12.

³ Under subsection 269TJ(2) of the Act

PUBLIC RECORD

The second notice varies the dumping duty notice⁴ published in respect of aluminium zinc coated steel exported to Australia from Korea, which was published on 5 August 2013 in The Australian and the Gazette. Further details are available in ADN No. 2014/13.

The outcomes of the ADRP reviews do not materially impact this exemption enquiry.

2.2 Legislative framework

Following the imposition of measures, the Act allows for the granting of an exemption in particular circumstances.

Subsection 8(7)(b) of the Dumping Duty Act provides:

- (7) *The Minister may, by notice in writing exempt goods from interim dumping duty and dumping duty if he or she is satisfied:*
- ...
- (b) *that a Tariff Concession Order under Part XVA of the Customs Act 1901 in respect of the goods is in force;*

Subsection 10(8)(aa) provides that:

- (8) *The Minister may, by notice in writing exempt goods from interim countervailing duty or countervailing duty if he or she is satisfied:*
- (aa) *that a Tariff Concession Order under Part XVA of the Customs Act 1901 in respect of the goods is in force;*

The tariff concession system, administered by Australian Customs and Border Protection Service (ACBPS), is designed to assist industry to become more internationally competitive and reduces costs to the general community by the reduction of duties where there is no local industry to protect. A TCO is made when the CEO of ACBPS is satisfied that no substitutable goods were produced in Australia in the ordinary course of business.

2.3 Exemption inquiry

On 20 March 2014, the Commission accepted CMC's application for an exemption of measures. The Commission reviewed information as to the applicable TCOs published by ACBPS.

The Commission invited the sole Australian manufacturer, BlueScope, to respond to CMC's application on 5 May 2014 and requested that a response be received no later than 19 May 2014.

BlueScope responded on 5 May 2014 stating that it did not object to the granting of the exemption requested by CMC (**Confidential Attachment 2**).

⁴ Under subsections 269TG(1) and 269TG(2) of the Act

PUBLIC RECORD

3 The “goods subject to measures” and the “goods subject of the application for exemption”

3.1 The goods subject to measures

Galvanised steel, the imported goods subject to anti-dumping measures are described as:

“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.”⁵

Galvanised steel of any width is included.

The amount of zinc coating on the steel is described as its coating mass and is nominated in grams per metre squared (g/m^2) 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.

Trade and other names often used to describe galvanised steel include:

- “GALVABOND®” steel;
- “ZINCFORM®” steel;
- “GALVASPAN®” steel;
- “ZINCHITEN®” steel;
- “ZINCANNEAL” steel;
- “ZINCSEAL” steel;
- Galv;
- GI;
- Hot Dip Zinc coated steel;
- Hot Dip Zinc/iron alloy coated steel; and
- Galvanneal.

Product Treatment

The anti-dumping measures 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).

Goods excluded from the scope of the investigation

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

3.2 Tariff classification

Galvanised steel is classified to tariff subheadings 7210.49.00 (and statistical codes 55, 56, 57 and 58) and 7212.30.00 (and statistical code 61) of Schedule 3 to the *Customs Tariff Act 1995*.

⁵ Galvanised Steel Application, page 10.

PUBLIC RECORD

The general rate of duty is currently 5% for goods imported under these tariff subheadings. Imports from China are subject to the DCS duty rate which is free. Imports from Korea and Taiwan are subject to the DCT duty rate which is 5%.⁶

3.3 Goods subject of the application for exemption

CMC has sought an exemption for goods that are covered by the following TCOs:

- TC1342242
- TC1342243

TC1342242 relates to the following goods:

STEEL, flat rolled, non-alloy, hot dipped zinc coated, in coils, having ALL of the following:

- (a) yield strength NOT less than 340 MPa and NOT greater than 420 MPa;
- (b) tensile strength NOT less than 410 MPa;
- (c) elongation NOT less than 21%;
- (d) coating mass NOT less than 60 g/m² and NOT greater than 90 g/m² on each side; and
- (e) thickness 2.00 mm and width 1 045 mm.

For the purposes of this Order, tolerances allowable for specification (e) are:

- (a) thickness +/- 10%; and
- (b) width +/- 1%.

TC1342243 relates to the following goods:

STEEL, flat rolled, non-alloy, hot dipped zinc coated, in coils, having ALL of the following:

- (a) yield strength NOT less than 180 MPa and NOT greater than 240 MPa;
- (b) tensile strength NOT less than 300 MPa;
- (c) elongation NOT less than 33%;
- (d) coating mass NOT less than 60 g/m² and NOT greater than 90 g/m² on each side; and
- (e) thickness 1.20 mm and width 1,020 mm.

For the purposes of this Order, tolerances allowable for specification (e) are:

- (a) thickness +/- 10%; and
- (b) width +/- 1%.

⁶ 'DCT' and 'DCS' are codes applied to classes of countries and places in relation to which special rates apply as specified in Parts 4 and 5 of Schedule 1 of the *Customs Tariff Act 1995*.

PUBLIC RECORD

4 Galvanised steel subject to TCO

4.1 Assessment

The Commission verified that TC1342242 and TC1342243 came into effect on 17 March 2014 and are currently in force. Their relevant tariff subheading is 7210.49.00.

4.2 Effective date of exemption

The applicant has requested that the exemption be backdated to the date the TCOs became effective, being 17 March 2014.

The timing in relation to the granting of an exemption is at the discretion of the Parliamentary Secretary. It is the Commission's policy to recommend that an exemption is backdated to the date of the application, that is, to 20 March 2014.

4.3 Conclusion

The Commission recommends that the Parliamentary Secretary exempt these goods from interim dumping duty and interim countervailing duty, under paragraphs 8(7)(b) and 10(8)(aa) of the Dumping Duty Act on the basis that a TCO in respect of the goods is in force.

PUBLIC RECORD

5 ATTACHMENTS

Attachment 1	Instrument
Confidential Attachment 1	CMC's application
Confidential Attachment 2	BlueScope's response to the questionnaire