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**Australian Government**

**Australian Customs and  
Border Protection Service**

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## ***CUSTOMS ACT 1901 - PART XVB***

### **INTERNATIONAL TRADE REMEDIES BRANCH**

#### **TERMINATION OF INVESTIGATION**

**TER 190B**

**DUMPING OF ALUMINIUM ZINC COATED STEEL**

**EXPORTED FROM**

**TAIWAN**

**30 April 2013**

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# PUBLIC RECORD

## 1 CONTENTS

<b>1</b>	<b>CONTENTS</b> .....	<b>2</b>
<b>2</b>	<b>SUMMARY AND FINDINGS</b> .....	<b>3</b>
2.1	Introduction .....	3
2.2	Findings .....	3
2.3	Application of law to facts .....	4
<b>3</b>	<b>BACKGROUND</b> .....	<b>6</b>
3.1	Introduction .....	6
3.2	Preliminary Affirmative Determination .....	6
3.3	Statement of Essential Facts .....	7
3.4	Relevant Legislation .....	7
<b>4</b>	<b>THE GOODS UNDER CONSIDERATION</b> .....	<b>9</b>
4.1	Goods description .....	9
4.2	Product standards .....	9
4.3	Tariff classification .....	10
<b>5</b>	<b>DUMPING INVESTIGATION</b> .....	<b>11</b>
5.1	Yieh Phui Enterprise Co. Ltd – Taiwan .....	11
5.2	Selected non-cooperating exporters – Taiwan .....	14
5.3	Conclusion .....	15
<b>6</b>	<b>ATTACHMENTS</b> .....	<b>16</b>

# PUBLIC RECORD

## 2 SUMMARY AND FINDINGS

### 2.1 Introduction

Investigation 190B is in response to an application lodged by BlueScope Steel Limited (BlueScope) in relation to the allegation that dumped aluminium zinc coated steel<sup>1</sup> exported to Australia from the People's Republic of China (China), the Republic of Korea (Korea) and Taiwan caused material injury to the Australian industry producing like goods.

This Termination Report No. 190B (TER 190B) sets out the facts on which the Delegate of the Chief Executive Officer (CEO) of the Australian Customs and Border Protection Service (Customs and Border Protection) based the decisions to terminate the investigation so far as it relates to exports from Taiwan.

### 2.2 Findings<sup>2</sup>

As a result of Customs and Border Protection's investigation, the Delegate of the CEO of Customs and Border Protection is satisfied that:

- there has been no dumping by Yieh Phui Enterprise Co. Ltd (Yieh Phui Enterprise) from Taiwan; and
- there has been no dumping by any other exporters of aluminium zinc coated steel from Taiwan and therefore the volume of aluminium zinc coated steel exported to Australia from Taiwan that has been dumped is negligible.

Therefore, the Delegate of the CEO has decided to terminate:

- in accordance with section (s)<sup>3</sup>.269TDA(1) of the *Customs Act 1901*<sup>4</sup> (the Act), the investigation so far as it relates to Yieh Phui Enterprise; and
- in accordance with section 269TDA(3) of the Act the investigation so far as it relates to Taiwan.

As a result of these findings, on 30 April 2013, the Delegate of the CEO<sup>5</sup> terminated the investigation.

A notice regarding the termination of the investigation was published in *The Australian* newspaper on 2 May 2013. ACDN 2013/32 also relates to the termination.

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<sup>1</sup> Refer to the full description of the goods in section 4 of this report.

<sup>2</sup> On which the Delegate's termination decision was based.

<sup>3</sup> The terms "section", "sub-section" and "s." are used interchangeably in this report.

<sup>4</sup> A reference to a division, section or subsection in this report is a reference to a provision of the *Customs Act 1901*, unless otherwise specified.

<sup>5</sup> The terms "the Delegate of the CEO" and "the CEO" are used interchangeably in this report.

# PUBLIC RECORD

## 2.3 Application of law to facts

### 2.3.1. Authority to make decision

Division 2 of Part XVB of the Act sets out, among other matters, the procedures to be followed and the matters to be considered by the CEO in conducting investigations in relation to the goods covered by an application.

The CEO's powers under this Division have been delegated to certain officers of Customs and Border Protection.

### 2.3.2. Application

On 3 August 2012, an application was lodged on behalf of BlueScope requesting that the Minister publish a dumping duty notice in respect of aluminium zinc coated steel exported to Australia from China, Korea and Taiwan.

On 17 August 2012<sup>6</sup> and 27 August 2012, additional information and data was received in respect of the application. As a result, Customs and Border Protection restarted the 20 day period for considering the applications.

The CEO was satisfied that the application was made in the prescribed manner by a person entitled to make the application.

### 2.3.3. Initiation of investigation

On 5 September 2012, following consideration of the application, the CEO decided not to reject the application and Customs and Border Protection initiated an investigation. Public notification of initiation of the investigation was made in The Australian newspaper on 5 September 2012.

### 2.3.4. Statement of Essential Facts

The statement of essential facts (SEF) for the investigation (SEF 190) was placed on the Public Record on 18 March 2013<sup>7</sup>. In formulating the SEF, the CEO had regard to the application concerned, any submissions concerning publication of the notice that were received by Customs and Border Protection within 40 days after the date of initiation of the investigation and any other matters considered relevant.

SEF 190 should be read in conjunction with this report.

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<sup>6</sup> Additional information relating to minor issues was also provided on 20 and 21 August 2012.

<sup>7</sup> The Minister under s. 269ZHI of the Act extended the deadline for the publication of the SEF for the dumping investigations to 16 March 2013 (as this date is a Saturday, the report was published on the following Monday, 18 March 2013)

# **PUBLIC RECORD**

## **2.3.5. Submissions**

Customs and Border Protection received two submissions in relation to the dumping margin of Yieh Phui Enterprise – one from Yieh Phui Enterprise and one from BlueScope. Both of these submissions can be found on the Public Record.

# PUBLIC RECORD

## 3 BACKGROUND

### 3.1 Introduction

On 3 August 2012, an application was lodged on behalf of BlueScope requesting that the Minister publish a dumping duty notice in respect of aluminium zinc coated steel exported to Australia from China, Korea and Taiwan.

BlueScope alleges that the Australian industry has suffered material injury caused by aluminium zinc coated steel exported to Australia from China, Korea and Taiwan at dumped prices.

On 17 August 2012<sup>8</sup> and 27 August 2012 additional information and data was received in respect of the application. As a result, Customs and Border Protection restarted the 20 day period for considering the application.

After examining the application, the delegate of the CEO was satisfied that:

- there was, or was likely to be established, an Australian industry in respect of like goods; and
- there appeared to be reasonable grounds for the publication of a dumping duty notice in respect of goods the subject of the application.

The CEO decided not to reject the application and notice of the initiation of the investigation was published in *The Australian* newspaper on 5 September 2012. Australian Customs Dumping Notice (ACDN) No. 2012/40 provides further details of the investigation and is available on Customs and Border Protection's website at [www.customs.gov.au](http://www.customs.gov.au).

In respect of the investigation:

- the investigation period for the purpose of assessing dumping is 1 July 2011 to 30 June 2012; and
- the injury analysis period for the purpose of determining whether material injury has been caused to the Australian industry is from 1 July 2007.

### 3.2 Preliminary Affirmative Determination

The CEO, after having regard to the application and submissions, was satisfied that there were sufficient grounds for the publication of a dumping duty notice in respect of aluminium zinc coated steel exported to Australia from China, Korea and Taiwan, and made a preliminary affirmative determination (PAD)<sup>9</sup> to that effect on 6 February 2013. Report PAD 190 contains details of the decision and is available on the public record.

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<sup>8</sup> Additional information relating to minor issues was also provided on 20 and 21 August 2012.

<sup>9</sup> Section 269TD

# PUBLIC RECORD

Customs and Border Protection decided to require and take securities<sup>10</sup> in respect of any interim dumping duty that may become payable in respect of the goods from China, Korea and Taiwan that were entered into home consumption on or after 6 February 2013.

## 3.3 Statement of Essential Facts

The CEO must, within 110 days after the initiation of an investigation, or such longer period as the Minister allows, place on the public record a SEF on which the CEO proposes to base their recommendations in relation to the application.

The initiation notice advised that the SEF for the investigation would be placed on the public record by 24 December 2012, however, the Delegate of the CEO was satisfied that the prescribed 110 days to place the SEF on the public record for the investigations was likely to be insufficient and requested that the Minister extend the publication timeframes.

The Minister under s. 269ZHI of the Act extended the deadline for the publication of the SEF for the dumping investigations to 16 March 2013<sup>11</sup>. ACDN 2012/63 was issued on 21 December 2012 notifying the Minister's decision.

The SEF for the investigation (SEF 190) was placed on the Public Record on 18 March 2013. In formulating the SEF, the CEO had regard to the application, any submissions concerning publication of the notice that were received by Customs and Border Protection within 40 days after the date of initiation of the investigation and any other matters considered relevant.

SEF 190 contained preliminary findings that the dumping margin for aluminium zinc coated steel exported by Yieh Phui Taiwan during the investigation period was 3.3%.

SEF 190 should be read in conjunction with this report.

## 3.4 Relevant Legislation

Sub-section 269TDA(1) of the Act provides:

*If:*

(a) *application is made for a dumping duty notice; and*  
(b) *in an investigation, for the purposes of the application, of an exporter to Australia of goods the subject of the application, the CEO is satisfied that:*

- (i) *there has been no dumping by the exporter of any of those goods; or*
- (ii) *there has been dumping by the exporter of some or all of those goods, but the dumping margin for the*

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<sup>10</sup> Section 42 of the Act

<sup>11</sup> As this date is a Saturday, the report will be published on the following Monday, 18 March 2013.

## PUBLIC RECORD

*exporter, or each such dumping margin, worked out under section 269TACB, when expressed as a percentage of the export price or weighted average of export prices used to establish that dumping margin, is less than 2%;*

*the CEO must terminate the investigation so far as it relates to the exporter.*

Sub-section 269TDA(3) of the Act provides:

*If:*

*(a) application is made for a dumping duty notice; and  
(b) in an investigation, for the purposes of the application the CEO is satisfied that the total volume of goods the subject of the application:*

- (i) that have been, or may be, exported to Australia over a reasonable examination period from a particular country of export; and*
- (ii) that have been, or may be, dumped; is negligible;*

*the CEO must terminate the investigation so far as it relates to that country.*



# PUBLIC RECORD

## 4 THE GOODS UNDER CONSIDERATION

### 4.1 Goods description

The imported goods the subject of the application are described as:

*“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”<sup>12</sup>.*

The amount of aluminium zinc coating on the steel is described as its coating mass and is nominated in g/m<sup>2</sup> with the prefix being AZ (*Aluminium Zinc*). Common coating masses used are: AZ200, AZ150, AZ100, and AZ70.

The application stated that trade and other names often used to describe aluminium zinc coated steel, include:

- ZINCALUME® steel;
- GALVALUME® steel;
- Aluzinc, Supalume, Superlume, ZAM, GALFAN;
- Zinc aluminium coated steel;
- Aluminium zinc coated steel;
- Alu-Zinc Steel sheet in Coils;
- Al/Zn; and
- Hot Dipped 55% Aluminium-Zinc Alloy coated steel sheet in coil.

#### *Product treatment*

The application covers aluminium zinc coated steel whether or not including any (combination of) surface treatment, for instance; whether passivated or not passivated, (often referred to as chromated or unchromated), resin coated or not resin coated (often referred to as Anti Finger Print (AFP) or not AFP), oiled or not oiled, skin passed or not skin passed.

#### *Goods excluded from investigation scope*

Painted aluminium zinc coated steel and pre-painted aluminium zinc coated steel are not covered by the application and subsequent investigation.

### 4.2 Product standards

The application stated that:

*“Typically each Australian and International Standard has a range of steel grades nominated as Commercial, Formable or Structural grades. The commercial/formable grades are those with mechanical properties*

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<sup>12</sup> Aluminium Zinc Coated Steel Application, page 10.

# PUBLIC RECORD

*suitable for general pressing and forming whereas the structural grades are those with guaranteed minimum properties that structural engineers utilize in the design of their final product designs”.*

## 4.2.1. Australia

The Australian and New Zealand Standard Industrial Classification Code applicable to aluminium zinc coated steel is category 2711.

## 4.2.2. International

There are a number of relevant International Standards for aluminium zinc coated steel products (figure 1 refers) that cover a range of products through specific grade designations, including the recommended or guaranteed properties of each of these product grades.

International Standards	Product Grades
<i>General and Commercial Grades</i>	
AS/NZS 1397	G1, G2
ASTM A792	CS, type A, B and C
EN10346	DX51D, DX52D
JIS 3321	SGLCC
<i>Forming, Pressing &amp; Drawing Grades</i>	
AS/NZS 1397	G3
ASTM A792	FS, DS
EN10346	DX53D, DX54D
JIS 3321	SGLCD, SGLCDD
<i>Structural Grades</i>	
AS/NZS 1397	G250, G300, G350, G450, G500, G550
ASTM A792	33 (230), 37 (255), 40 (275), 50 (340), 55 (380), 80 (550)
EN10346	S220GD, S250GD, S280GD, S320GD, S350GD, S550GD
JIS 3321	SGLC400, SGLC440, SGLC490, SGLC570

Figure 1: International Standards for aluminium zinc steel<sup>13</sup>

## 4.3 Tariff classification

Aluminium zinc coated steel is classified to tariff subheading 7210.61.00 (and statistical codes 60, 61, and 62) of Schedule 3 to the Tariff Act.

The general rate of duty is currently 5% for goods imported under this tariff subheading. 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%.

<sup>13</sup> Aluminium Zinc Coated Steel Application, page 11.

# PUBLIC RECORD

## 5 DUMPING INVESTIGATION

### 5.1 Yieh Phui Enterprise Co. Ltd – Taiwan

#### 5.1.1. Preliminary findings in the SEF

Preliminary export prices for Yieh Phui Enterprise for:

- indirect exports through Asiazone were established in accordance with s.269TAB(1)(a) of the Act, using the invoiced export price, by product model, less any expenses that represent a charge for any matter arising after exportation; and
- indirect exports through other traders were established in accordance with s.269TAB(3) of the Act, using the invoiced price to the customer.

Preliminary normal values for domestic sales by Yieh Phui Enterprise were established in accordance with:

- for certain models, s.269TAC(1) of the Act using sales in the domestic market that were arm's length transactions and sold at prices that were in the OCOT; and
- for certain models, s.269TAC(2)(c) of the Act using Yieh Phui Enterprise's weighted average CTMS data, by product model, and for certain models an amount of profit based on domestic sales of like goods made in the OCOT.

To ensure fair comparison, the following adjustments were made to normal values:

#### *Negative*

domestic inland freight;  
domestic packaging;  
domestic warranty;  
specification adjustment (to account for variances in coating mass, with and thickness, as required);

#### *Positive*

direct export expenses;  
selling, general and administrative expenses in respect of Asia zone  
specification adjustment (to account for variances in coating mass, with and thickness, as required).

The preliminary dumping margin for aluminium zinc coated steel for exports by Yieh Phui Enterprise was established in accordance with s.269TACB(2)(a) of the Act, by comparing the weighted average of export prices over the whole of the investigation period with the weighted average of corresponding normal values over the whole of that period. The preliminary dumping margin for Yieh Phui Enterprise at the time of SEF190 was 3.3%.

# PUBLIC RECORD

## 5.1.2. Submissions received

Yieh Phui Enterprise<sup>14</sup> and BlueScope made submissions in relation to Yieh Phui Enterprise's dumping margin determination. The submissions can be found on the Public Record<sup>15</sup>.

### Treatment of Yieh Phui and Asiazone as a single entity

BlueScope submitted that it does not agree with the approach of treating Yieh Phui and Asiazone as a single entity. It highlights that Asiazone:

- does not have domestic sales of like goods;
- has been involved with export sales of "like goods";
- has its own financial statements and therefore operates as a going concern;
- operates from Hong Kong;
- is a trader of goods manufactured by Yieh Phui; and
- has different SG&A expenses.

BlueScope argues that Asiazone should instead be treated as a trader and therefore an upwards adjustment for its trader's margin should be applied to its normal value.

### Rebates

BlueScope noted that rebates have been paid by Yieh Phui Enterprise on certain domestic sales. It then argues that

*"As Asiazone was not listed for rebate sales, there should be no benefit afforded in Yieh Phui's normal value for rebates for comparison with Asiazone's export sales to Australia".*

### HRC costs

BlueScope noted that Yieh Phui Enterprise does not record and differentiate the cost of HRC by grade. It is concerned that this results in an underestimation of costs and that it does not accurately reflect the true cost of manufacturing the galvanised steel and aluminium zinc coated steel.

### Coating mass code

Yieh Phui Enterprise claimed that it had found an error in the coating mass code in the domestic and export sales spreadsheets provided to Customs and Border Protection. It stated that certain coating masses were assigned the wrong code, resulting in an incorrect matching of domestic and export models. Yieh Phui Enterprise submitted that the error did not affect cost information.

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<sup>14</sup> Yieh Phui Enterprise made a submission on 28 Feb 2013 in response to its visit report, however it was not considered as to do so would have prevented the timely placement of the SEF on the public record. Yieh Phui Enterprise subsequently re-lodged the submission in response to the SEF.

<sup>15</sup> Documents 85, 91 & 112 of the public record

# PUBLIC RECORD

## 5.1.3. Customs and Border Protection's assessment

### Treatment of Yieh Phui and Asiazone as a single entity

Customs and Border Protection agrees that should Asiazone be treated as a trader, then the appropriate adjustment is the trader's margin rather than its SG&A. However, Customs and Border Protection does not agree with the approach suggested by BlueScope and supports the visit team's decision to treat Yieh Phui Enterprise and Asiazone as a single entity. In order for Asiazone to be treated as a trader, Customs and Border Protection must be satisfied that the transactions between Yieh Phui Enterprise and Asiazone are arm's length transactions. It is clear from the Yieh Phui visit report that Yieh Phui Enterprise directly negotiates with its Australian Customer<sup>16</sup> and given the arrangement and its relationship with Asiazone, Customs and Border Protection would not be satisfied that the transactions between Yieh Phui Enterprise and Asiazone are arm's length.

In addition, Asiazone is not the manufacturer of the goods nor does it place the goods in the hands of a freight forwarder for delivery to Australia. Therefore, Asiazone would not have met the definition as an exporter.

### Rebates

It is Customs and Border Protection's policy to use the actual prices paid, net of discounts and rebates, when determining prices (for both export and domestic). Customs and Border Protection does not see any reason to depart from this policy.

### HRC costs

The visit team advised that during the verification visit, it also queried Yieh Phui Enterprise on the issue regarding HRC grade. Yieh Phui Enterprise stated that the range of price differs between HRC grades, this represents a small percentage of the costs. It also stated that domestic selling prices are not differentiated by HRC grades and the domestic price extras list does not have HRC grades as an extra cost. For these reasons, the visit team advised that it considered the issue low risk and did not further pursue the subject.

Customs and Border Protection is satisfied with this explanation and considers that cost differences between HRC grades, if any, would have been negligible.

### Coating mass code table

Customs and Border Protection has carefully examined the error claimed by Yieh Phui Enterprise and considers the claim to be valid. In assessing the information, Customs and Border Protection has confirmed that the error identified does not affect the cost information provided. Yieh Phui Enterprise's dumping margin has been re-calculated using the adjusted coating mass

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<sup>16</sup> Section 5.1.2 of the Yieh Phui Enterprise visit report.

# PUBLIC RECORD

codes provided (**confidential attachment 1**), which resulted in a revised dumping margin for Yieh Phui of -1.7%.

## **5.2 Selected non-cooperating exporters – Taiwan**

### **5.2.1. Preliminary findings in the SEF**

Preliminary export prices for aluminium zinc coated steel export sales by all selected non-cooperating Taiwanese exporters were established in accordance with s.269TAB(3) of the Act, as sufficient information for these exporters was not furnished. Specifically, Customs and Border Protection used the lowest weighted average export prices for the entire investigation period from the selected co-operating exporters, excluding any part of that price that relates to post-exportation charges.

Preliminary normal values for aluminium zinc coated steel domestic sales by all selected non-cooperating Taiwanese exporters were established in accordance with s.269TAC(6) of the Act, as sufficient information for these exporters was not furnished. Specifically, Customs and Border Protection used the highest weighted average normal values for the entire investigation period from the selected cooperating exporters.

The preliminary dumping margins for aluminium zinc coated steel for selected non-cooperating Taiwanese exporters were established in accordance with s.269TACB(2)(a) of the Act, by comparing the weighted average of export prices over the whole of the investigation period with the weighted average of corresponding normal values over the whole of that period. The preliminary dumping margin for selected non-cooperating Taiwanese exporters at the time of SEF190 was 4.3%.

### **5.2.2. Submissions received**

No submissions were received in relation to the dumping margin determination for selected non-cooperating exporters.

### **5.2.3. Customs and Border Protection's assessment**

Because sufficient information was not received in relation to exports by selected non-cooperating exporters, Customs and Border Protection has used s.269TAB(3) to determine an export price and s.269TAC(6) to determine a normal value for exports by these exporters, having regard to all relevant information in both determinations.

The investigation so far as it relates to the only two cooperating exporters from Taiwan (Yieh Phui Enterprise and Sheng Yu) has been terminated. These exporters accounted for over 80% of the total volume of aluminium zinc coated steel exported from Taiwan during the investigation period. Customs and Border Protection considers it relevant that the two largest exporters by volume were found not to be dumping during the investigation period. Information pertaining to these two exporters' export price and normal value is

# PUBLIC RECORD

considered the most relevant information to determine a dumping margin for all other exporters from Taiwan. Even if the lowest export price of the two exporters and the highest normal value is used, this still results in a negligible dumping margin.

As a result, Customs and Border Protection has found that the dumping margin for selected non-cooperating exporters from Taiwan is negligible.

## 5.3 Conclusion

Under s.269TDA(1) of the Act, if the CEO of Customs and Border Protection is satisfied that there has been no dumping by the exporter, the CEO must terminate the investigation so far as it relates to that exporter. Therefore, the CEO must terminate the aluminium zinc coated steel anti-dumping investigation so far as it relates to exports by Yieh Phui Enterprise.

Under s.269TDA(3) of the Act, if the CEO of Customs and Border Protection is satisfied that there has been no or negligible dumping of the total volume of goods from a country, the CEO must terminate the investigation so far as it relates to that country. Therefore, the CEO must terminate the aluminium zinc coated steel anti-dumping investigation so far as it relates to Taiwan.

As a result of the terminations, anti-dumping securities will no longer be required from 2 May 2013 for importations of the relevant goods from Taiwan and dumping securities already collected will be cancelled.

# PUBLIC RECORD

## 6 ATTACHMENTS

Confidential Attachment 1

Yieh Phui Enterprise's revised  
dumping margin calculation